

OCEANIC WIND ENERGY INC.

(A Development Stage Company)

Management's Discussion & Analysis For the year ended September 30, 2021

Containing information up to and including January 26, 2022

This Management's Discussion and Analysis ("MD&A") reviews the activities of Oceanic Wind Energy Inc., (the "Company" or "Oceanic"). For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the Company's consolidated financial statements for the years ended September 30, 2021 and 2020 and the accompanying notes, and the MD&A for the year ended September 30, 2020. The above-mentioned documents along with additional information and disclosure relating to the Company can be found on SEDAR at www.sedar.com or on the Company's website, www.oceanicwind.ca.

Forward-Looking Information and Report Date

This MD&A contains certain forward-looking information. Investors are cautioned that all information, other than historical facts included herein, including without limitation, data regarding future plans and objectives of the Company, is forward-looking information based on management's expectations, assumptions and estimates. Although the Company believes these underlying estimates and assumptions to be reasonable, they are difficult to predict, and actual results may differ materially from those in the forward-looking statements.

Forward-looking information can be subject to significant risks, uncertainties, estimates and assumptions can prove to be inaccurate. There are many factors that could result in materially different outcomes than the forward-looking information contained herein including, but not limited to, the state of capital and financial markets, the general economy, the political climate, the commodity markets, foreign exchange fluctuations, the energy sector, electricity demand, technology, environmental factors, community relations and First Nations. Investors should be aware that there can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

The information herein is only provided as of the date of this MD&A, January 26, 2022 (the "Report Date").

Description and Overview of Business

Oceanic Wind Energy Inc. is a British Columbia ("BC") based renewable energy company with a current focus on an offshore wind energy project. Headquartered in Vancouver, the Company trades on the TSX Venture Exchange-NEX (TSXV-NEX: NKW.H). On March 27, 2020, the Company signed definitive agreements (the "Agreements") to sell its development rights in its offshore wind project to Northland Power Inc. ("Northland"), a company with extensive experience in the development of offshore wind projects in Europe and Asia. The details of the definitive agreements can be found on the Company's website and on Sedar at www.sedar.com under Oceanic Wind Energy Inc., filed April 20, 2020 under the category Material Document(s). On May 15, 2020, at the Company's Annual General and Special Meeting, the shareholders voted 99% in favour of the sale of the development rights to Northland and in favour of the name change of the Company to Oceanic Wind Energy Inc. Upon closing, which took place on September 1, 2020, Northland has the right to develop the offshore wind project located in Hecate Strait off the north coast of British Columbia.

Pursuant to the terms of the Agreement, the Company has the right to receive the following:

- upon the project reaching its financial close, as defined in the Agreements, a payment based on the size of the developed project (\$67,500 per installed megawatt (“MW”) to a maximum of \$33,750,000), which is expected to be equal to the majority of the Company’s historical development costs on the project (the “Cash Consideration”);
- upon the project becoming operational, future payments consisting of 35% of annual cash distributions from the project after the operating costs and a specified return on equity have been recovered by Northland (the “Cash Distribution”); and
- subject to financial close of the project, an option to purchase up to a 10% interest in Northland’s interest in their project(s) (the “Option”).

Wind Energy Project in Hecate Strait

The area’s wind resource is recognized as one of the best in the world. This is due to the strong, consistent, and high wind speeds, with mean annual wind speeds exceeding 10.0 meters/second (rated as a Class 7 resource). The wind is the strongest and most consistent in the fall and winter when electricity demand in BC is the highest. Other characteristics that make Hecate Strait an ideal location for offshore wind projects include its flat sedimentary seabed, relatively shallow waters, access to BC Hydro’s power grid, and its proximity to the increasing electricity demand in northern British Columbia.

Northland has the exclusive right to develop the offshore wind project located in Hecate Strait off the north coast of British Columbia.

Outlook

The significant wind energy resource in Hecate Strait provides an opportunity to supply renewable energy for the increasing requirements in the provinces of BC and Alberta, and the western USA. The generation costs per megawatt and the energy production of offshore wind have significantly improved over the past few years. Electricity prices in Europe, based on recent projects, are now below €100/MWh. WindEurope CEO Giles Dickson said: “the cost of offshore wind continues to fall – now to below €50/MWh including grid connection. Offshore wind is now the second cheapest form of new power generation in NW Europe – behind onshore wind. The technology continues to develop. The supply chain continues to evolve ...”. In 2018 the 800 MW offshore wind project in Massachusetts was awarded to Vineyard Wind LLC and included electricity pricing of US\$ 65/MW. These prices make offshore wind competitive with most long-term energy prices and costs are expected to continue to drop with the advent of larger and more efficient turbines, other improvements in the industry, and supply of major components from Asia. The significant projections for offshore wind development in Asia demonstrate the speed of the world-wide development of offshore wind. Research from global natural resources consultancy Wood Mackenzie indicates Asia Pacific’s offshore wind capacity will rise 20-fold to 43 GW by 2027. Wood Mackenzie project that East Asia needs around US\$37 billion in investments to meet the mammoth growth in offshore wind capacity over the next five years. The development of a strong supply chain from Asia is expected to further reduce the costs of offshore wind in BC.

BC Government Climate Action Plans and Renewable Energy “Road Map”

The wind resource in Hecate Strait is a remarkable utility scale world-class wind resource that can be developed in a relatively brief time frame to meet the power needs in BC, Alberta, and the western USA.

The BC Government policy announcements (CleanBC and Climate Change Policies) make it clear that to achieve the Paris Accord Climate Action objectives and the province's GHG targets, BC must electrify most energy consuming uses and must convert most carbon-based fuel industries to electricity. Couple these aggressive policy commitments with the likelihood that British Columbia will not build another new Hydro Dam or a large gas generation facility, it is clear that future energy supply must come from utility scale renewable resources like Northland's offshore wind project.

Northwest BC is a Unique Region supplied by a single HVAC Transmission Line

With the growing demand for abundant and affordable electrical energy, there are compelling reasons for Northland's project to proceed to the development stage. The wind resource in Hecate Strait is located in the northwest region of BC, a unique part of the province serviced by one 600km long HVAC transmission line with a finite capacity. Additional electrical power for this part of the province must be provided locally or via a new multi-billion-dollar transmission line that would take up to a decade to approve and complete. Providing electrical power locally is by far the most practical and cost-effective alternative for the fast growing commercial and industrial demand in the region. Northland's wind project is the only large-scale project in the region that can meet the demand for power. It is highly likely all future developments in the northwest region of BC, which require power, will depend extensively on renewable power sources in the region.

Risks and Uncertainties

The Company's future and growth is dependent on a number of risk factors common to other companies in the renewable energy sector and, wind energy companies. Some factors that may have a material impact on the Company's future include, but are not limited to:

Electricity Purchase Agreement ("EPA")

A significant milestone and risk factor for the Company would be an award of an EPA to Northland from BC Hydro, a large industrial user of electricity, or a large corporate purchaser of renewable energy. With the approved sale to Northland, the Company is committed to support Northland in its endeavors to develop a project and to assist where needed in demonstrating how the wind energy field will meet the Provincial Governments' clean energy plans (Clean BC). Oceanic is optimistic about the proposed plans of the Provincial and Federal Governments to proceed with a significant renewable energy program in the near future. Given the scale, cost, and availability of the resource, and Northland as the developer, Oceanic is optimistic Northland's wind project can become part of these programs.

However, Oceanic cannot predict if an EPA will be awarded to Northland or if Northland will reach a financial close and successfully develop the wind project.

Capital Resources

Since the sale to Northland, the Company has substantially reduced its activity level and cash expenditures. During the three months ended December 31, 2019, \$300,750 was raised from the exercise of 2,700,000 options and 250,000 warrants. On January 17, 2020, 2,750,000 warrants were exercised, the proceeds of which were used to repay the Company's short-term loan. During the three months ended June 30, 2020, \$113,750 was raised from the exercise of 1,160,526 options. Additionally, the

Company secured loans of \$40,000 in April 2020 and \$20,000 in December 2020 under the Federal Government Covid-19 relief program Canadian Emergency Business Assistance (“CEBA”).

During the year ended September 30, 2021, the Company completed a private placement issuing 2,068,967 units at \$0.145 per unit, raising \$300,000. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant is exercisable at an exercise price of \$0.20 for a period of one year from the date of issuance. The private placement closed August 18, 2021.

To complete its planned business objectives and cover ongoing operational costs, the Company intends to raise additional capital when necessary, by issuing additional equity and/or borrowing funds.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and our business are not known at this time. The impact on the capital markets could adversely impact the ability of the Company to raise capital.

Wind Resource and Weather

Long-term historical wind data obtained from Environment Canada at or around the site for the Northland’s project, along with data received from the Met Mast, indicate this is a world-class, affordable wind resource. However, wind speeds may vary over time and may or may not continue at the historical trend due to changes in weather patterns. The 20 plus years of correlated data indicate the resource may be growing stronger over time, however, this is not assured. During construction, the weather and marine environment at the project site can cause scheduling delays resulting in cost overruns or a delay in the operation start date.

Financial Summary

The following summarizes selected financial information for the three years ended September 30, 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Loss and comprehensive loss	\$294,651	\$560,034	\$1,255,310
Loss per common share	<u>\$0.00</u>	<u>\$0.01</u>	<u>\$0.02</u>

The following summarizes the total assets and total liabilities as at September 30, 2021, 2020, and 2019.

	September 30, <u>2021</u>	September 30, <u>2020</u>	September 30, <u>2019</u>
Total Assets	\$273,303	\$96,098	\$609,440
Total Liabilities	\$1,120,820	\$1,146,088	\$1,832,020

The loss during the year ended September 30, 2021 is primarily due to the Company's expenditures on the project and administration, all of which were expensed in the period incurred. The increase in total assets and decrease in total liabilities is related to the proceeds of the private placement which was closed on August 18, 2021.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters. For more detail information, refer to the consolidated financial statements for the applicable periods.

Quarter ended	Revenues - \$	Project, general and administrative expenses - \$	Net loss (income) - \$	Basic and diluted loss (income) per share - \$
30-Sep-21	Nil	129,151	129,151	(0.00)
30-Jun-21	Nil	116,739	116,739	(0.00)
31-Mar-21	Nil	129,922	24,922	(0.00)
31-Dec-20	Nil	128,839	23,839	(0.00)
30-Sep-20	Nil	149,094	(100,906)	(0.00)
30-Jun-20	Nil	206,601	176,601	0.00
31-Mar-20	Nil	219,476	219,476	0.00
31-Dec-19	Nil	264,937	264,863	0.00

The level of expenditures and loss varies from period to period depending on the level of Company activity. Expenditures in the year ended September 30, 2020 include costs related to negotiating and finalizing the deal with Northland and the associated due diligence. The deal closed September 1, 2020 at which point the activities of the Company were significantly reduced. In the year ended September 30, 2020 the Company received \$30,000 in proceeds from the sale of crown claims that originated with the predecessor company to Oceanic; and the Company recorded \$40,000 income resulting from the sale of the ARO and associated NRCan deposit as part of the agreement with Northland. The quarters ended June 30, 2020, September 30, 2020, December 31, 2020, and March 31, 2021 reflects the income of \$35,000 per month under the Development Services Agreement ("DSA"). The increase in net loss for the quarter ended June 30, 2021 reflects the fact that the DSA fees ended March 27, 2021.

Results of Operations

The Company reported a loss of \$294,651 for the year ended September 30, 2021 compared with a loss of \$560,034 for the same period last year. Cash used in operations for the year ended September 30, 2021 was \$133,517 compared to \$640,617 for the same period last year.

Project, general and administrative expenses ("PG&A") for the year ended September 30, 2021 totaled \$504,651 (2020 - \$840,108) of which (\$4,433) (2020 - \$34,190) related to public and community relations, \$3,582 related to interest expense (2020 - 7,419), \$65,141 (2020 - \$159,434) related to professional fees,

\$90,758 (2020 - \$134,196) for office and administrative expenses and \$2,119 (2020 - \$10,014) related to travel. Compensation expense for the year ended September 30, 2021, which is also included in PG&A, amounted to \$347,484 (2020 - \$482,355). PG&A expenses were lower for the year ended September 30, 2021 than the prior year for all categories with major differences as follows: compensation (\$134,871), office and administration (\$43,438), public and community relations (\$38,623), and professional fees (\$94,293). Expenses were generally lower as the Company had finalized the sale to Northland during the year ended September 30, 2020 and all future development efforts are the responsibility of Northland. Compensation costs were down as there was less involved with due diligence than in the previous year and the CEO's compensation was amended to reflect the decrease in responsibilities post-closing on the sale to Northland.

During the year ended September 30, 2021 the Company received \$210,000 (2020 – \$210,000) under the DSA signed with Northland. The agreement terminated March 27, 2021.

During the three months ended September 30, 2021 the Company recorded a net loss of \$129,151 versus a net income of \$100,906 in the same period last year. In the three months ended September 30, 2020 the Company received three months of fees under the DSA totalling \$105,000 (2021 – nil). In the transaction with Northland, in which the Company sold Devco to Northland, there was a gain of \$40,000 related to the derecognition of the ARO (\$400,000) and the associated deposit held by NRCan (\$360,000), which was transferred to Northland. Additionally, the Company sold crown claims in the Goldbridge/Bralorne region to Talisker Resources and realized \$30,000 in other income related to this transaction. There was also a reduction in expenses in the three months ended September 30, 2021 versus the same period last year as planned activities were lower post closing of the sale to Northland.

Liquidity

As at September 30, 2021, the Company had \$238,303 in cash and cash equivalents compared to \$51,820 as at September 30, 2020. Working capital, being current assets less current liabilities, as at September 30, 2021 was a deficit of \$803,486 as compared to a deficit of \$1,009,990 as at September 30, 2020. The increase in cash and cash equivalents and the decrease in working capital deficit during the year ended September 30, 2021 is the result of lower expenditures related to the ongoing overhead and administration to maintain the Company, net of funds received under the DSA with Northland, and the \$300,000 proceeds of the private placement received during the fourth quarter of the year ended September 30, 2021.

During the three months ending December 31, 2019, \$300,750 was raised from the exercise of 2,700,000 options and 250,000 warrants. In January 2020, 2,750,000 warrants were exercised, the proceeds of which were used to repay the Company's short-term loan. During the three months ended June 30, 2020, \$113,750 was raised from the exercise of 1,160,526 options.

During the three months ended September 30, 2021, the Company completed a private placement issuing 2,068,967 units at \$0.145 per unit, raising \$300,000. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant is exercisable at an exercise price of \$0.20 for a period of one year from the date of issuance. The private placement closed August 18, 2021.

Subsequent to September 30, 2021, the Company sold the Portable Assessment Credits that originated with its predecessor company, Uniterre Resources Ltd. The proceeds were \$30,000 and will be recorded as a gain on sale of assets of \$30,000 in fiscal 2022 as no asset was recorded at September 30, 2021 due to the uncertainty of receipt of any further proceeds. This was the final asset from Uniterre Resources Ltd.

To provide near term funding, the Company borrowed \$40,000 in April 2020 and \$20,000 in December 2020 under the federal government Covid-19 relief program Canadian Emergency Business Assistance ("CEBA"). These funds are interest free until December 31, 2022 and if the loans are repaid by December 31, 2022, \$20,000 of the amount is forgiven. After December 31, 2022 the loans bear interest at 5% per annum and all principal and interest amounts must be paid no later than December 31, 2025. Once there is greater certainty as it relates to both the markets and the future progress of the project, the Company will look at raising sufficient funds to maintain its reduced level of activity into the future, including the repayment of the loans.

The Company believes there is growing support for renewable energy to support the need for clean power to enable the development of the resources in the northwest. When those plans are better understood there will be strong demand for electricity and the project could play a role in meeting that demand.

The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing. The Company will need to raise funds through grants, strategic collaborations, public or private equity, debt financing, or other funding sources. The funding may not be available on acceptable terms, or at all, and may be dilutive to shareholder interests. If the Company is unable to generate positive cash flows or obtain adequate financing, the Company would need to curtail operations.

Capital Resources

During the year ended September 30, 2020, 380,291 common shares with a fair value of \$43,124 were issued to directors as remuneration, 3,860,526 options were exercised for proceeds of \$389,500, and 3,000,000 warrants were exercised for proceeds of \$300,000.

During the year ended September 30, 2021, the Company issued 287,695 common shares at an average fair value of \$0.15 per common share to directors as full payment of their remuneration. On August 18, 2021, the Company completed a private placement to raise \$300,000 and issued 2,068,967 shares at \$0.145 per share. As at September 30, 2021 the Company had 78,850,962 common shares issued and outstanding.

Subsequent to September 30, 2021, the Company issued 86,250 common shares at a fair value of \$0.125 per common share and 89,844 common shares, at a fair value of \$0.12 per common share to directors as full payment of their remuneration. These subsequent issuances covered compensation for the period of July 1, 2021 to September 30, 2021, and October 1, 2021 to December 31, 2021 respectively. As of Report Date, the Company had 79,027,056 common shares issued and outstanding.

On October 1, 2020 1,400,000 stock options were issued to officers and directors at an exercise price of \$0.145 and an expiration date of September 30, 2030. On October 25, 2021 1,500,000 stock options were issued to officers and directors at an exercise price of \$0.14 and an expiration date of October 24, 2031.

As of Report Date, the Company had 3,989,474 stock options and 2,068,967 warrants outstanding.

Description	Exercise Price	Expiry Date	Number Outstanding
Stock Options	\$0.095	November 1, 2027	689,474
Stock Options	\$0.10	January 24, 2029	400,000
Stock Options	\$0.145	September 30, 2030	1,400,000
Stock Options	\$0.14	October 24, 2031	1,500,000
Warrants	\$0.20	August 28, 2022	2,068,967

Commitments

On March 27, 2020, the Company signed the definitive agreements to sell the development rights to Northland. The Company provided development services to Northland under a Development Services Agreement, earning fees for services of \$35,000 per month. This agreement expired on March 27, 2021.

Contingent Liabilities

To preserve cash, the Company entered into agreements with several consultants and the CEO to defer all or a portion of their retainer, fees, or compensation; the payment of which is triggered by a future Success Event. "Success Event" is defined as the point in time at which an agreement has been announced to undertake the first phase of the project, to develop the project(s) on some deferred timeframe or to sell all or part of the Company assets. The agreement to proceed, to develop, or to sell assets may be undertaken by an arms-length third party acceptable to the Board of Oceanic that may or may not be partially owned by Oceanic. In order for the deferred retainers and fees to become payable, the Success Event must provide Oceanic shareholders with a significant increase in share value and further, this event must provide Oceanic with sufficient liquidity to pay the outstanding amounts due. The accumulated amounts have not been accrued due to the uncertainty of the occurrence of a future Success Event.

The Company also entered into an agreement with its CEO to defer \$220,000 per annum of his compensation. As at September 30, 2021, the total accumulated accrued amount of this deferral, which commenced January 1, 2016, is \$1,000,000 (2020 - \$1,000,000). In addition, a matching amount is contingently payable and triggered by a future Success Event. This portion has not been accrued due to the uncertainty of the occurrence of a future Success Event.

As at September 30, 2021, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is \$672,375 (2020 – \$672,375) and for CEO compensation, the amount is \$1,000,000 (2020 – \$1,000,000).

Effective September 1, 2020 an agreement was reached, through a contract revision with the CEO, to freeze both the success bonus and deferred compensation amounts at \$1,000,000, and to reduce the CEO's compensation to \$8,000 per month.

Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the year ended September 30, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Wages and benefits	\$150,360	\$439,231
Share-based	197,124	43,124
	<u>\$347,484</u>	<u>\$482,355</u>

During the year ended September 30, 2021, the Company issued 287,695 common shares (2020 – 380,291 common shares) with a fair value of \$43,124 (2020 - \$43,124) to directors as their full annual compensation.

As at September 30, 2021 \$10,781 (2020 - \$10,781) in directors' remuneration was accrued in accounts payable and accrued liabilities and was subsequently paid by issuance of common shares of the Company.

As at September 30, 2021 \$1,000,000 (2020 – \$1,000,000) was payable to the Company's CEO and included in deferred compensation payable.

Internal Controls and Procedures over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the certifying officers (the Chief Executive Officer and Chief Financial Officer) do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The board of directors of the Company has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com under Oceanic Wind Energy Inc. or at www.oceanicwind.ca.

Dated January 26, 2022