# OCEANIC WIND ENERGY INC.

**Audited Consolidated Financial Statements**

**For the years ended September 30, 2024 and 2023**

## MANAGEMENT'S REPORT

To the Shareholders of

**Oceanic Wind Energy Inc. (the "Company")**

The preparation and presentation of the Company's consolidated financial statements as at September 30, 2024 and 2023 is the responsibility of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and where appropriate include managements best estimates and judgments.

Management is responsible for installing and maintaining a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

Independent auditors are appointed by the Company's shareholders to give an opinion on the financial statements based upon their scope of examination as outlined in their Auditor's Report.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility with the assistance of the Audit Committee. The Audit Committee meets with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the consolidated financial statements and recommend that the financial statements be presented to the Board of Directors for approval.

***Signed: "Wilbur J. Lang"***

Wilbur J. Lang - Chief Financial Officer

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Oceanic Wind Energy Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Oceanic Wind Energy Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2024 and 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has recurring operating losses, negative cash flow from operations, and as of September 30, 2024 has a working capital deficiency of $194,383 and a shareholders' deficiency of $261,916. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

Davidson & Company LLP

Vancouver, Canada    Chartered Professional Accountants

January 24, 2025

## OCEANIC WIND ENERGY INC.
**Consolidated Statements of Financial Position**
**in Canadian Dollars**

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 13,448 | $ 35,111 |
| Accounts receivable | 54,130 | 559 |
| Prepaid expenses and other current assets | 1,474 | 898 |
| | 69,052 | 36,568 |
| Non-current assets | | |
| Deposit - Natural Resources Canada (note 5) | 360,000 | - |
| **Total assets** | $ 429,052 | $ 36,568 |
| **Liabilities** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 138,435 | $ 73,542 |
| Short term loan (note 8) | 125,000 | - |
| CEBA loan (note 9) | - | 40,000 |
| Deferred government grants (note 9) | - | 20,000 |
| Deferred compensation payable (note 7) | - | 1,000,000 |
| | 263,435 | 1,133,542 |
| Non-Current Liabilities | | |
| Reclamation provisions (note 5) | 427,533 | - |
| **Total liabilities** | 690,968 | 1,133,542 |
| **Shareholders' Deficiency** | | |
| Share capital (note 4(a)) | 49,219,671 | 48,950,902 |
| Contributed surplus | 2,650,456 | 2,688,225 |
| Deficit | (52,132,043) | (52,736,101) |
| **Total shareholders' deficiency** | (261,916) | (1,096,974) |
| **Total liabilities & shareholders' deficiency** | $ 429,052 | $ 36,568 |

Nature of operations and going concern (notes 1 and 2)
Contingent liabilities (notes 7 and 10)
Subsequent events (note 13)

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board of Directors and authorized for issue on January 24, 2025.

Director: "Dave Rehn" Director: "Michael O'Connor"

## OCEANIC WIND ENERGY INC.

**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**
**For the years ended September 30, 2024 and 2023**
**in Canadian Dollars**

| | | September 30, 2024 | | September 30, 2023 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Accretion (note 5) | $ | 14,869 | $ | - |
| Compensation (note 7) | | 142,524 | | 212,691 |
| Consultant | | 950 | | - |
| Interest and borrowing costs | | 2,930 | | - |
| Office and administration | | 62,541 | | 83,903 |
| Public and community relations | | 39,579 | | 1,980 |
| Professional fees | | 90,287 | | 36,866 |
| Travel | | 11,529 | | 4,533 |
| | | (365,209) | | (339,973) |
| Provision reversal (note 7) | | 1,000,000 | | - |
| Other income (note 9) | | 20,000 | | - |
| Interest income | | 1,932 | | 2,045 |
| Transaction costs (note 5) | | (40,760) | | - |
| Reclamation provision adjustment (note 5) | | (11,905) | | - |
| | | 969,267 | | 2,045 |
| Income (loss) and comprehensive income (loss) for the year | $ | 604,058 | $ | (337,928) |
| Income (loss) per share, basic and diluted | $ | 0.01 | $ | (0.00) |
| Weighted average number of shares outstanding basic and diluted | | 86,841,011 | | 83,274,345 |

The accompanying notes are an integral part of these consolidated financial statements.

**OCEANIC WIND ENERGY INC.**
**Consolidated Statements of Changes in Shareholders' Deficiency**
**For the years ended September 30, 2024 and 2023**
**in Canadian Dollars**

| | Number of Common Shares (Note 4) | Share Capital (Note 4) | Contributed Surplus | Deficit | Total Shareholders' Deficiency |
|---|---|---|---|---|---|
| Balance, September 30, 2022 | 79,027,056 | $ 48,769,326 | $ 2,560,990 | $ (52,398,173) | $ (1,067,857) |
| Total comprehensive income (loss) for the year | - | - | - | (337,928) | (337,928) |
| Share based compensation expense - options | - | - | 70,000 | - | 70,000 |
| Private placement | 5,000,840 | 181,576 | 57,235 | - | 238,811 |
| Balance, September 30, 2023 | 84,027,896 | $ 48,950,902 | $ 2,688,225 | $ (52,736,101) | $ (1,096,974) |
| Total comprehensive income for the year | - | - | - | 604,058 | 604,058 |
| Exercise of warrants | 3,300,000 | 268,769 | (37,769) | - | 231,000 |
| Balance, September 30, 2024 | 87,327,896 | $ 49,219,671 | $ 2,650,456 | $ (52,132,043) | $ (261,916) |

The accompanying notes are an integral part of these consolidated financial statements.

## OCEANIC WIND ENERGY INC.
**Consolidated Statements of Cash Flows**
**For the years ended September 30, 2024 and 2023**
**in Canadian Dollars**

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Cash flows provided by (used in) | | |
| OPERATING ACTIVITIES | | |
| Income (loss) for the year | $ 604,058 | $ (337,928) |
| Items not affecting cash | | |
| Accretion | 14,869 | - |
| Share based compensation expense | - | 70,000 |
| Forgiveness on portion of CEBA loan | (20,000) | - |
| Transaction costs | 40,760 | - |
| Reclamation provision adjustment | 11,905 | - |
| Reversal of provision | (1,000,000) | - |
| Changes in non-cash working capital | | |
| Accounts receivables | (53,571) | 218 |
| Prepaid expenses and other | (576) | 15,920 |
| Accounts payable and accrued liabilities | 64,892 | (1,836) |
| Net cash used in operating activities | (337,663) | (253,626) |
| FINANCING ACTIVITIES | | |
| Proceeds from private placement | - | 238,811 |
| Proceeds from exercise of warrants | 231,000 | - |
| Proceeds of shareholder loans | 125,000 | - |
| Repayment of CEBA loan | (40,000) | - |
| Net cash from financing activities | 316,000 | 238,811 |
| **Decrease in cash** | (21,663) | (14,815) |
| **Cash, beginning of year** | 35,111 | 49,926 |
| **Cash, end of year** | $ 13,448 | $ 35,111 |
| Cash paid for interest and taxes | $ 2,930 | $ - |

The accompanying notes are an integral part of these consolidated financial statements.

## 1. Corporate Information

Oceanic Wind Energy Inc. ("Oceanic" or the "Company"), is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange-NEX (TSXV-NEX : NKW.H). The Company's registered office is at Suite 720 - 999 West Broadway Street, Vancouver, BC, V5Z 1K5. The Company's primary business is the development of renewable energy projects. The Company has been developing an offshore wind project on the north coast of British Columbia in Hecate Strait. As the Company has been in the development phase, it has not generated any revenue from the sale of wind energy.

During the year ended September 30, 2020, the Company signed and formally closed a definitive agreement related to the sale of the development rights in its offshore wind project in Hecate Strait to Northland Power Inc. ("Northland") (the "Agreement"). Pursuant to the terms of the Agreement, the Company sold 100% of its interest in its wholly owned subsidiary NaiKun Wind Development Inc. ("Devco") which held the certain intellectual information and property, permits, a deposit with Natural Resources Canada ("NRCan") with respect to certain asset retirement obligations, an asset retirement obligation associated with fully depreciated Metmast wind-monitoring equipment, and Canadian tax losses.

Under terms in the Agreement between Oceanic and Northland, the control and ownership of the Hecate Strait project have now been returned to Oceanic in fiscal 2024. The agreements for this return, between Oceanic and two of Northland Power wholly owned subsidiaries, closed on November 13, 2023, and reinstates Oceanic's interest in the project as further disclosed in note 5.

## 2. Basis of presentation and going concern

### (a) Going concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Company has recurring operating losses, negative cash flow from operations, and as of September 30, 2024 has a working capital deficiency of $194,383 and a shareholders' deficiency of $261,916 which includes an accumulated deficit of $52,132,043 (2023 - $52,736,101). The Company also expects to incur losses in future years until it secures a relationship with a major offshore wind company to progress the wind project.

The Company’s ability to continue as a going concern is dependent on its ability to obtain additional financing in order to meet its planned business objectives. The Company will need to raise additional funds through grants, strategic collaborations, public or private equity, debt financing, or other funding sources. Additional funding will be required and 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. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption is not appropriate for these consolidated financial statements, adjustments affecting the carrying values of assets, liabilities, reported net losses and statement of financial position classifications may be required and such adjustments could be material.

### (b) Statement of compliance

These financial statement have been prepared in accordance with IFRS Accounting Standards ("IFRS") and were authorized for issue by the Board of Directors on January 24, 2025.

### (c) Use of estimates and judgments

The preparation of the consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting periods. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected.

Areas requiring the use of management estimates relate to the amount of the determination of share compensation expense associated with stock options and valuation of warrants. A discussion of these estimates is provided in the relevant accounting policy notes and in note 4. Management estimates are required to calculate the reclamation provisions as discussed in note 5. Significant judgment is applied in the determination of the Company's ability to continue as a going concern as discussed in note 2(a). Management assesses its ability to continue as a going concern taking into account its forecast cash requirements, its budgeted non-discretionary expenditures, its available cash, and expected sources of financing.

**(d) Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its directly wholly-owned subsidiaries. Control exists when the company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

For partially owned subsidiaries, non-controlling interest represents the portion of a subsidiary's earning and losses and net assets that is not held by the Company. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

| Name of Subsidiary | Percentage of Ownership | Principal Activity |
|---|---|---|
| NaiKun Wind Development Inc | 100% | Holding Company |
| NP B.C. Offshore Wind GP | 100% | General Partner of LP |
| NP B.C. Offshore Wind Limited Partnership | 100% | Development Company |

## 3. Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Oceanic.

**a) Foreign currency translation**

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. Foreign exchange gains and losses resulting from the settlements of such transactions are recognized in the income statement. At each financial reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated using the historical rate on the date that the fair value was determined.

**b) Cash**

Cash includes short term investments that are readily convertible into cash with original maturities of three months or less.

**c) Income taxes**

Tax expense comprises current and deferred tax. Tax expense is recognized in income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**d) Interest income**

Interest earned on the Company's cash and cash equivalent balances is recorded as investment income on an accrual basis.

**e) Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. If the Company had reported positive earnings, diluted earnings per share would be calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. As the Company has had a net loss for all periods presented herein, the unexercised stock options and share purchase warrants, disclosed in notes 4(b) and 4(c), have not been included in any calculations of loss per share as their inclusion would have been anti-dilutive.

**f) Share based payments**

Compensation expense for stock options granted to employees or consultants is measured at fair value, using the Black-Scholes valuation model, factoring in amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of the stock options, the fair value of the Company's stock and the risk-free interest rate. The estimated fair values of stock-based compensation are charged to expense over the vesting period with offsetting amounts recognized as contributed surplus. The value assigned to stock options shown on the consolidated statement of financial position as contributed surplus is subsequently reduced if the options are exercised, and the amount so reduced is then credited to share capital. Any values assigned to stock options that have expired remain in contributed surplus.

**g) Financial instruments**

Under IFRS 9 Financial Instruments, financial assets and liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

*Recognition, classification and measurement*

All financial assets are initially recorded at fair value and subsequently classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL.

- the asset is held within a business model whose objective is to hold the asset to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

All financial liabilities are initially recorded at fair value and subsequently classified as measured at amortized cost or FVTPL. On initial recognition, the Company may irrevocably designate a financial liability at FVTPL when doing so results in more relevant information, because either:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets of liabilities or recognizing the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed with its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

For financial assets classified as measured at FVTPL or designated at FVTPL, changes in fair value are recognized in profit or loss. For financial assets classified as measured at FVOCI or an irrevocable election has been made, changes in fair value are recognized in other comprehensive income or loss. For financial assets and other financial liabilities measured at amortized cost, interest income and interest expense is calculated using the effective interest method and is recognized in profit or loss.

*Equity Instruments*

Equity instruments issued by the Company are recorded at the proceeds received net of direct issuance costs. If an equity instrument is comprised of a common share and a share purchase warrant, the gross proceeds are allocated between share capital for the common share component, and contributed surplus, for the warrant component, on a relative fair value basis where the value of the warrants is estimated using a Black-Scholes valuation model.

*Fair value measurements*

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

(i) Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices)

(iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**h) Reclamation provisions:**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets which those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligations is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitations as a liability when the liability is incurred and increases the carrying value of related assets for that amount. Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

**i) Impairment of financial assets:**

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets.

*Financial instruments and contract assets*

The Company recognizes loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortized costs; and
- contracted assets

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which the credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are probability-weighted estimate of credit losses, and credit losses are measured as the present value of cash shortfalls from a financial asset.

The Company determines whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating lifetime ECLs, by considering reasonably available quantitative and qualitative information based on the Company's credit risk experience, forward looking information, and other reasonable estimates.

**j) Government grants:**

Under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the Company classifies forgivable loans from the government as a government grant when there is a reasonable assurance that the Company will meet the terms for forgiveness on the loan. If this threshold is not met, the Company classifies forgivable loans as other liabilities, measured initially at fair value in accordance with IFRS 9. The Company recognizes forgivable government loans classified as liabilities in profit or loss during the period in which the loan is forgiven. The benefit of a government loan at below-market rate of interest is treated as a government grant. The difference between the present value of future cash flows of the loan discounted at the market interest rate and the loan proceeds received is recognized in profit or loss on the same basis that the related interest expense is recognized on the liability.

**k) New standards adopted during the year:**

The Company adopted the following amendment to accounting standards, which is effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
The amendment was applied effective October 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

**in Canadian Dollars**

**l) New standards issued but not yet effective:**

IFRS 18 - *Presentation and Disclosure in Financial Statements* - is effective for reporting periods on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

## 4. Share Capital

**a) Authorized Capital**

Authorized: Unlimited common shares of no par value

During the year ended September 30, 2023, the Company completed a private placement issuing 5,000,840 units at $0.05 per unit, raising $250,042. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant was exercisable at an exercise price of $0.07 for a period of one year from the date of issuance. The private placement closed November 25, 2022. The proceeds of the private placement were allocated between share capital and contributed surplus based on the relative fair value of the components, net of $11,231 in related share issuance costs. The fair value of the warrants was determined using a Black-Scholes valuation model with significant assumptions being a 1 year life, an expected volatility of 101%, and a risk free rate of 03.56%.

On November 24, 2023 the Company received proceeds from the exercise of outstanding warrants. A total of 3,300,000 warrants were exercised at a price of $0.07 resulting in proceeds of $231,000. The remaining 1,700,840 warrants expired on November 24, 2023, unexercised.

**b) Stock Options**

The Company has an incentive stock option plan ("Option Plan") whereby the Company may grant stock options to its directors, officers, employees, and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue. The Option Plan provides for the issuance of up to 10% of the issued and outstanding share capital, and having a maximum term of ten years. The board of directors has the exclusive power over the granting of options. Options will vest at the discretion of the directors. Compensation costs attributable to share options granted to employees, directors or consultants are measured at fair value at the grant date, using the Black-Scholes formula, and expensed with a corresponding increase to contributed surplus over the vesting period.

Stock option transactions are summarized as follows:

| | Options Outstanding and Exercisable | Expiry Date | Weighted Average Exercise Price |
|---|---|---|---|
| Balance, September 30, 2022 | 3,989,474 | | $ 0.130 |
| Issued - October 27, 2022 | 1,750,000 | 26-Oct-2032 | 0.050 |
| Balance, September 30, 2023 and 2024 | 5,739,474 | | $ 0.106 |

On October 27, 2022 1,750,000 stock options were granted to directors and officers with an exercise price of $0.05 per share, an expiry date of October 26, 2032, vesting 50% at issuance and 50% in 180 days.

As at September 30, 2024, the Company had the following outstanding stock options:

| Issue date | Options outstanding | Exercise price | Expiry date |
|---|---|---|---|
| December 5, 2017 | 689,474 | $0.095 | November 1, 2027 |
| January 24, 2019 | 400,000 | $0.10 | January 24, 2029 |
| October 1, 2020 | 1,400,000 | $0.145 | September 30, 2030 |
| October 25, 2021 | 1,500,000 | $0.140 | October 24, 2031 |
| October 27, 2022 | 1,750,000 | $0.050 | October 26, 2032 |

At September 30, 2024 5,739,474 of the outstanding stock options were fully exercisable.

During the year ended September 30, 2023, share based compensation expense associated with stock options was $70,000 for options awarded on October 27, 2022.

**in Canadian Dollars**

The inputs used in the measurement of the fair values at grant date were as follows.

| | 2023 Directors/Officers 1,750,000 stock options |
|---|---|
| Fair value at grant date | $0.040 |
| Share price at grant date | $0.050 |
| Exercise price | $0.050 |
| Expected volatility (weighted-average) | 72% |
| Expected life in years | 10 |
| Risk-free interest rate | 2.96% |

**c) Warrants**

As of September 30, 2024 the Company has the following common share purchase warrants outstanding totalling nil (2023 - 5,000,840):

| Issue date | Warrants outstanding | Exercise price | Expiry date |
|---|---|---|---|
| Balance, September 30, 2022 | - | | |
| Issued November 25, 2022 | 5,000,840 | $0.07 | November 25, 2023 |
| Balance, September 30, 2023 | 5,000,840 | 0.07 | |
| Exercised November 24, 2023 | (3,300,000) | 0.07 | |
| Expired November 25, 2023 | (1,700,840) | 0.07 | |
| Balance, September 30, 2024 | - | $ - | |

## 5. Hecate Strait Project

In accordance with the November 13, 2023 agreement, as described in note 1, Oceanic received Devco, NP B.C. Offshore GP Inc. ("GP"), and NP B.C. Offshore Limited Partnership ("LP"), the entity that is furthering the development of the project. The Company is the general partner and major limited partner in LP.

The Company has recorded a reclamation provision in regards to its wind measuring equipment ("Metmast") installed in Hecate Strait. The Company did an analysis of the methodology of removing this equipment and received an estimate of the related costs from a marine contractor. On the date of acquisition the Company applied an inflation rate of 2% and a discount rate of 4.22% to these costs and a discount period of three years. Based on this analysis the provision was estimated to be $400,759. The Company remains obligated to remove such equipment at a future date. Related to this obligation, the Company has a deposit with Natural Resources Canada in the amount of $360,000.

The acquisition was treated as an acquisition of assets as Devco, GP, and LP did not meet the definition of a business under IFRS 3. The value of the assets and liabilities acquired was based on the relative fair value.

The allocation of the consideration to the estimated fair value of assets and liabilities is as follows:

| | |
|---|---|
| Purchase price: | |
| Cash paid | $1 |
| Total purchases price | $1 |
| | |
| Net assets acquired: | |
| Deposit - Natural Resources Canada | $360,000 |
| Reclamation provision | (400,759) |
| Total Net assets required | ($40,759) |

The differential between the net assets and purchase price of $40,760 has been expensed as a transaction cost.

For the reclamation provision, during the year ended September 30, 2024, the Company recorded $14,869 (2023 - $nil) in accretion and recorded a change in estimate of $11,905 (2023 -$nil) to reflect the updated discount rate of 2.84%

**in Canadian Dollars**

**6. Income Tax Expense**

a) A reconciliation of income taxes at statutory rates to actual income taxes is as follow:

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Income (loss) before income taxes | $ 604,058 | $ (349,159) |
| Statutory rate | 27.00% | 27.00% |
| Expected income tax cost (benefit) | 163,096 | (94,273) |
| Reconciliation of effective tax rate: | | |
| Permanent differences | 19,656 | 19,915 |
| Change in unrecognized tax benefits | (80,676) | 74,358 |
| Deferred tax asset not recognized on acquisition | (108,205) | - |
| Other | 6,129 | - |
| Income tax expense | $ - | $ - |

b) Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Non-capital losses and resource deductions | $ 20,306,219 | $ 20,019,286 |
| Other deductible temporary differences | 531,278 | 1,117,013 |
| | $ 20,837,497 | $ 21,136,299 |

c) As at September 30, 2024, the Company has non-capital losses carried forward for Canadian tax purposes totaling approximately $11,193,000 (2023 - $10,905,000) for which $nil (2023 - $nil) have been recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions. The gross amount of tax losses carried forward expire as follows:

| Expiry date | $ |
|---|---|
| 2027 | 259,000 |
| 2029 | 1,582,000 |
| 2030 | 3,558,000 |
| 2031 | 2,027,000 |
| 2032 | 571,000 |
| 2033 | 492,000 |
| 2034 | 506,000 |
| 2035 | 475,000 |
| 2037 | 130,000 |
| 2039 | 393,000 |
| 2040 | 300,000 |
| 2041 | 87,000 |
| 2042 | 250,000 |
| 2043 | 244,000 |
| 2044 | 319,000 |
| | $ 11,193,000 |

**in Canadian Dollars**

### 7. Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the years ended September 30, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Wages and benefits | $142,524 | $142,691 |
| Reverse accrual for contingent wages | (1,000,000) | - |
| Share-based compensation | - | 70,000 |
| | ($857,476) | $212,691 |
| Rent expense paid for use of home offices | $ 10,200 | $ 10,200 |

On October 27, 2022, 1,750,000 stock options, with a fair value of $70,000, were issued to officers and directors and $70,000 was recorded in compensation expense for the year ended September 30, 2023.

As at September 30, 2024 the accrued salary payable amount was $nil (2023 - $22,751) and accounts payable to related parties was $15,720 (2023 - $3,354). Additionally, as at September 30, 2024, shareholder loans totaling $125,000, plus accrued interest of $2,195, was owing to directors of the Company (2023 - $nil). These loans were subsequently paid on October 4, 2024.

Pursuant to a management agreement dated June 15, 2010, as amended January 1, 2016 and September 1, 2020 (the “Management Agreement”), the Company agreed to pay Mr. Michael O’Connor a fee of $8,000 per month, such amount being based on working 800 hours per annum. The agreement provides that Mr. O’Connor shall receive a “Success Bonus” (as defined below) of either (a) $2,000,000 in the event a Success Event (as defined in Note 10) occurs and the sale or disposition of all or substantially all of the assets exceed $30,000,000; or (b) $1,000,000 in the event a Success Event occurs and the sale or disposition of all or substantially all of the asset are less than $30,000,000. At the election of Mr. O’Connor, the Success Bonus may be paid either in cash or common shares of the Company, provided that, if the Company has insufficient available cash resources to pay in cash, the Success Bonus will be paid in shares. The Company would need to obtain regulatory approval to the issuance of any common shares in lieu of cash.

The agreement also provides that if the Company is voluntarily, involuntarily wound-up or dissolved prior to the occurrence of a success event, then the Company will, to the extent it has the cash resources following payments to secured creditors (if any) pay Mr. O’Connor $1,000,000 prior to payment of any other unsecured creditors and prior to any distribution of the assets of the Company to its shareholders, provided that Mr. O’Connor acknowledges and agrees that under no circumstances will any shareholder, director or officer of the Company, or any other person, have any obligation to make any investment in or contribution to the Company to fund any payment to Mr. O’Connor. The agreement also provides that the Company may terminate the contract (i) at any time for cause, without notice or pay in lieu of notice and (ii) on 3 months written notice. Mr. O’Connor can terminate the contact: (i) at any time for good reason; or (ii) on 3 months written notice to the Company without good reason; or (iii) at any time within 6 months of a Change of Control. Upon termination, Mr. O’Connor shall be paid his accrued and unpaid salary up to the date of termination and accrued and unused vacation time as of such termination. Given the contingent nature of these provisions in the agreement, the Company has accrued $nil (2023 - $1,000,000), resulting in a reversal of provision of $1,000,000 (2023 - $nil).

### 8. Short Term Loan

In May 2024 the Company received financing by way of shareholder loans from the Company's directors. This short term arrangement is to have a term of less than one year and interest will be paid at 5% per annum. As at September 30, 2024 the balance of shareholder loans is $125,000 (2023 - $nil) and interest expense has been expensed and accrued in the amount of $2,195 (2023 - $nil). Subsequent to September 30, 2024, these amounts were paid in full.

### 9. CEBA Loans

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 January 18, 2024 and if the loans are repaid by January 18, 2024, $20,000 of the loans is forgiven. After January 18, 2024 the loans bear interest at 5% per annum and all principal and interest amounts must be paid no later than December 31, 2026.

The Company classifies the $20,000 potential forgiveness as a government grant and recognizes this amount in deferred government grants until such time as the January 18, 2024 payment threshold is met. At that time the Company recognizes the grant as other income. Furthermore, the below-market rate of interest is treated as a government grant. The present value of the difference in cashflows related to the difference between a market interest rate, which the Company estimated to be 8%, and the 0% rate is also recorded in deferred government grants. On January 9, 2024 the Company paid the $40,000 and recognized the $20,000 loan forgiveness as other income.

### 10. Contingent Liabilities

To preserve cash the Company entered into agreements with several consultants 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. As at September 30, 2024, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is $672,375 (2023 - $672,375).

### 11. Financial Risk Management and Fair Values

The Company's exposure to risk on its financial instruments arises primarily from its cash, accounts receivable, deposit, accounts payable, accrued liabilities, and its short term loan. The Company's intent is to minimize and manage these risks through the following:

| | |
|---|---|
| Interest Rate Risk | The Company maintains an investment policy where all cash deposits and short term investments must be convertible to cash within three months. Given the Company's cash balance, the Company's exposure to interest rate risk is not significant. The CEBA loan bears no interest and thereby does not result in an exposure to interest rate risk. |
| Currency Rate Risk | Most of the Company's expenditures are currently in Canadian dollars and to minimize currency rate risk, it maintains its cash and cash equivalents in Canadian dollar denominated accounts. Therefore, the Company's exposure to currency risk is not significant. |
| Credit Risk | The Company's credit risk arises from its cash, and accounts receivable and deposit. The carrying amount of these assets represents the Company's maximum exposure to credit risk. The Company manages its credit risk by restricting its deposits to Government of Canada treasury notes or short term instruments guaranteed by a Canadian chartered bank. The Company has not incurred any credit losses during the years ended September 30, 2024 and 2023. |
| Liquidity Risk | The Company manages liquidity risk by continually monitoring actual and projected cash flows. All of the Company's accounts payable and accrued liabilities, and deferred compensation payable are potentially due within 1 year (see Note 2(a)). |

The following table shows the carrying values of financial instrument assets and liabilities classified by measurement category at September 30, 2024 and 2023.

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Financial assets | | |
| Amortized cost: | | |
| Cash | $ 13,448 | $ 35,111 |
| Accounts receivable | 54,130 | 559 |
| Deposit | 360,000 | - |
| | $ 427,578 | $ 35,670 |

**in Canadian Dollars**

| | | |
|---|---|---|
| Financial liabilities | | |
| Amortized cost: | | |
| Accounts payable and accrued liabilities | $ 138,435 | $ 73,542 |
| Deferred compensation payable (note 7) | - | 1,000,000 |
| Shareholder loans (note 8) | 125,000 | - |
| CEBA loan (note 9) | - | 60,000 |
| | $ 263,435 | $ 1,133,542 |

The fair value of the Company's cash, accounts receivable, deposit, accounts payable and accrued liabilities, deferred compensation payable, shareholders loans, and CEBA loan approximate their carrying amounts due to the short-term maturities and/or ability for prompt liquidation of these instruments.

## 12. Capital Management

The Company's capital management objectives are to safeguard its assets and maintain investor, creditor and market confidence in order to sustain ongoing development activities in the wind energy sector. The Company's capital management objectives have not changed from September 30, 2024. The Company includes all shareholders' deficiency balances as capital.

The Company currently has the debt obligation as disclosed in note 8 and is not subject to externally imposed capital restrictions. To complete its planned business objectives, the Company intends to raise additional capital when necessary by issuing additional equity and/or borrowing funds.

## 13. Subsequent Events

On October 1, 2024, the Company closed on a sale of it's wholly owned subsidiary NaiKun Wind Development Inc. (“Devco”) to Elemental Energy Inc. (“Elemental”). The $1,500,000 proceeds of this sale will be received in three instalments being $550,000 on October 1, 2024; $475,000 on October 1, 2025; and $475,000 on October 1, 2026. In addition, Elemental agreed to fund $50,000 of the Company's advisory costs (legal and accounting) related to this transaction. On September 30, 2024, Devco holds a minority interest in NP B.C. Offshore Limited Partnership (“LP”). The Company is the general partner and major limited partner in LP. Following the October 1, 2024 closing of the share purchase agreement, both the Company and Devco each contributed $100,000 into LP and as further capital is required by LP, Devco and the Company will contribute matching amounts up to an additional $150,000 each, pursuant to the terms of the LP agreement.

On October 4, 2024 the outstanding shareholder loans and accrued interest were paid in full.