OCEANIC WIND ENERGY INC.

Audited Consolidated Financial Statements

For the years ended September 30, 2020 and 2019

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, 2020 and 2019 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 AUDITORS' REPORT

To the Shareholders of Oceanic Wind Energy Inc.

Opinion

We have audited the consolidated financial statements of Oceanic Wind Energy Inc. ("the Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2020 and September 30, 2019;
- the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2020 and September 30, 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which describes that the Entity has negative working capital and a shareholders' deficiency at September 30, 2020 and has sustained a loss from operations and negative cash flow from operations for the year ended September 30, 2020.

As stated in Note 2(a) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(a) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett, CPA, CA

Vancouver, Canada

January 25, 2021

OCEANIC WIND ENERGY INC.
Consolidated Statement of Financial Position

		September 30, 2020		September 30, 2019
Assets				
Current assets				
Cash and cash equivalents	$	51,820	$	232,937
Accounts receivable		36,995		7,605
Prepaid expenses and other current assets		7,283		8,898
		96,098		249,440
Non-current assets				
Deposit - Natural Resources Canada - Metmast		-		360,000
Total assets	$	96,098	$	609,440
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	106,088	$	307,020
Short term loan (note 8)		-		300,000
Deferred compensation payable (note 7 and 11)		1,000,000		825,000
		1,106,088		1,432,020
Non-Current Liabilities				
CEBA loan (note 9)		25,074		-
Deferred government grants (note 9)		14,926		-
Asset retirement obligation		-		400,000
Total liabilities		1,146,088		1,832,020
Shareholders' Deficiency				
Share capital (note 5(a))		48,448,542		47,500,458
Contributed surplus		2,203,088		2,418,548
Deficit		(51,701,620)		(51,141,586)
Total shareholders' deficiency		(1,049,990)		(1,222,580)
Total liabilities & shareholders' deficiency	$	96,098	$	609,440

Nature of operations and going concern (notes 1 and 2(a))
Commitments (note 10)
Contingent liabilities (note 11)
Subsequent events (notes 15)

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

Approved by the Board of Directors and authorized for issue on January 25, 2021.

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

OCEANIC WIND ENERGY INC.

Consolidated Statement of Loss and Comprehensive Loss
For the years ended September 30, 2020 and 2019

	September 30, 2020	September 30, 2019
Expenses		
Compensation (note 7)	$ 482,355	$ 604,034
Consultant (note 10)	12,500	103,800
Interest and borrowing costs (note 8)	7,419	40,281
Office and administration	134,196	130,552
Public and community relations	34,190	200,497
Professional fees	159,434	174,372
Travel	10,014	48,414
Loss before the following:	(840,108)	(1,301,950)
Other Income		
Management fee income (note 10)	210,000	-
Other income (note 10 and 14)	70,000	50,000
Investment income	74	1,953
Fair value loss on financial instruments	-	(5,313)
	280,074	46,640
Loss and comprehensive loss for the period	$ (560,034)	$ (1,255,310)
Loss per share, basic and diluted	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	74,017,323	66,060,799

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

OCEANIC WIND ENERGY INC.
Consolidated Statement of Changes in Shareholders' Deficiency
For the years ended September 30, 2020 and 2019

	Number of Common Shares (Notes 5)	Share Capital (Notes 5)	Contributed Surplus	Deficit	Total Shareholders' Deficiency
Balance, September 30, 2018	64,919,469	$ 46,933,789	$ 2,447,761	$ (49,886,276)	$ (504,726)
Total comprehensive loss for the year	-	-	-	(1,255,310)	(1,255,310)
Share based portion of compensation	607,628	43,125	-	-	43,125
Share based compensation expense	-	-	64,500	-	64,500
Share based consulting expense	-	-	16,300	-	16,300
Share based borrowing expense	-	-	23,700	-	23,700
Warrants exercised	3,726,386	523,544	(133,713)	-	389,831
Balance, September 30, 2019	69,253,483	47,500,458	2,418,548	(51,141,586)	(1,222,580)
Total comprehensive loss for the year	-	-	-	(560,034)	(560,034)
Share based portion of compensation (note 7)	380,291	43,124	-	-	43,124
Options exercised	3,860,526	581,260	(191,760)	-	389,500
Warrants exercised	3,000,000	323,700	(23,700)	-	300,000
Balance, September 30, 2020	76,494,300	$ 48,448,542	$ 2,203,088	$ (51,701,620)	$ (1,049,990)

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

OCEANIC WIND ENERGY INC.
Consolidated Statement of Cash Flows
For the years ended September 30, 2020 and 2019

	September 30, 2020	September 30, 2019
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	$ (560,034)	$ (1,255,310)
Items not affecting cash		
Share-based compensation (note 5(b) and 7)	43,124	107,625
Gain on sale of assets	(70,000)	-
Share-based borrowing costs (note 8)	-	23,700
Share-based consulting costs (note 5(b))	-	16,300
Fair value loss on financial instruments	-	5,313
Changes in non-cash working capital		
Accounts receivables	(29,390)	(2,852)
Prepaid expenses and other	1,615	-
Accounts payable and accrued liabilities	(200,932)	225,598
Deferred compensation payable	175,000	220,000
Net cash used in operating activities	(640,617)	(659,626)
FINANCING ACTIVITIES		
Proceeds from exercise of options	389,500	-
Proceeds from exercise of warrants	300,000	389,831
Proceeds from sale of financial instruments	30,000	111,687
Proceeds of CEBA loan	40,000	-
Proceeds / (repayment) from short term loan	(300,000)	300,000
Net cash from financing activities	459,500	801,518
Increase (decrease) in cash and cash equivalents	(181,117)	141,892
Cash and cash equivalents, beginning of year	232,937	91,045
Cash and cash equivalents, end of period	$ 51,820	$ 232,937

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

1. Corporate Information

Oceanic Wind Energy Inc. ("Oceanic Wind" or the "Company"), previously NaiKun Wind Energy Group Inc, is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange (TSXV - NKW). Pursuant to a resolution passed by shareholders at the Company's May 15, 2020 Annual General and Special Meeting, the Company has changed its name. Effective May 28, 2020, the Company changed its name to Oceanic Wind Energy Inc. The Company's registered office is at Suite 1000, 355 Burrard Street, Vancouver, BC, V6C 2G8. 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.

At the Company's May 15, 2020 Annual General and Special Meeting, shareholders were asked to consider and approve the sale of the development rights to its wind project. At the meeting, 50% of shareholders were represented and 99% of voted shares were voted in favour of the sale of the development rights to Northland Power Inc. ("Northland"). The definitive agreements related to this sale were signed on March 27, 2020 (the "Agreement") and 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 of Material Document(s). On September 1, 2020 the transaction with Northland was formally closed.

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 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 Agreement, a payment based on the size of the developed project ($67,500 per installed megawatt ("MW") to a maximum of $33,750,000) (the "Cash Consideration");
- upon the project becoming operational, future payments consisting of an annual cash distribution from the project after the operating costs and 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 the project (the "Option").

Given that development decisions are outside the control of the Company and the payment of cash consideration, any future cash distributions, and the value of the option are entirely dependent on Northland reaching a financial close and successfully developing the wind project, no value has been accrued with respect to the contingent proceeds at September 30, 2020.

The disposal of Devco resulted in the derecognition of the previously recorded NRCan deposit of $360,000 and the associated asset retirement obligation of $400,000, resulting in the recognition of a gain of $40,000 on the closing of the transaction, which is included in other income in the statement of loss.

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, working capital deficiency of $1,009,990, and a shareholders' deficiency of $1,049,990 which includes an accumulated deficit of $51,701,620 (2019 - $51,141,586). The Company also expects to incur losses in future years until Northland receives authority to proceed and progresses the wind project to financial close.

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. 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 capital markets could adversely impact the ability to raise capital. On September 1, 2020 the Company closed on the transaction with Northland to sell the development rights of the project in return for three potential future cashflows. 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 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 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 consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were authorized for issue by the Board of Directors on January 25, 2021.

(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 warrants, and the Company's ability to utilize tax losses. A discussion of these estimates is provided in the relevant accounting policy notes and in notes 5 and 6. 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 cash equivalents, and expected sources of financing.

3. Significant accounting policies

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

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: NaiKun Wind Development Inc.("Devco"); NaiKun Wind Operating Inc.("Opco"); and NaiKun Wind Generating Inc.("Genco"). During the fiscal year ended September 30, 2020 Devco was sold to Northland and both Opco and Genco were wound up into the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) 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.

c) Cash and cash equivalents

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

d) Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with borrowing costs and the future cost of dismantling and removing the asset. Such cost includes the cost of replacing part of the plant and equipment, significant overhauls, and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of replacing a part of an item of property, plant, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company. All other repair and maintenance costs are recognized in the statement of comprehensive loss as incurred.

Residual values, useful lives and methods of depreciation are reviewed at each period year end and adjusted prospectively, if appropriate. When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate major components.

The estimated useful lives and depreciation methods for the current and comparative periods are as follows:

Wind measuring equipment	5 years straight line
Office equipment	3 - 5 years straight line

All items of property, plant and equipment have been fully amortized or written-off in prior years.

e) Asset retirement obligations

The Company recognizes its legal and constructive obligations associated with the future costs of removal and abandonment of its long-lived assets in the period in which the obligation is incurred. The fair value of the asset retirement obligation ("ARO") is recorded as a liability in the period when those future costs can be reasonably estimated and the carrying value of the related long-lived asset is increased by the corresponding amount. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Any difference between the actual costs incurred upon settlement of the ARO and the recorded liability is recognized as a gain or loss in that period. Changes in estimates of the liability are reflected as a change in the related asset unless the asset has been reduced to zero, in which case, any excess amount would be included in the statement of comprehensive loss. Significant judgments and estimates are involved in forming expectations of the amount and timing of these obligations.

f) Impairment of non-financial assets

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (“CGU”), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU’s fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset, for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

g) 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, using the liability method, 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 liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

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.

h) Interest income

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

i) 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 5(b) and 5(c), have not been included in any calculations of loss per share as their inclusion would have been anti-dilutive.

j) 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 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.

k) 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.

Business model assessment:

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the asset is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated;
- whether the assets are held for trading purposes;
- the risks that affect the performance of the financial assets held within the business model and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sale activity.

Contractual cash flow characteristics assessment:

In assessing whether the contractual cash flows are solely payments of principal and interest, "principal" is defined as the fair value of the financial asset on initial recognition and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The Company considers the contractual terms of the financial asset and whether the asset contains contractual terms that could change the timing or amount of cash flows such that it would not meet the condition of principal and interest. Contractual terms considered in this assessment include contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms, terms that limit the claim to cash flows from specified assets, and features that modify the consideration from time value of money.

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)

l) 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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;
- debt investments measured at fair value through other comprehensive income; 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.

m) Lease obligations

IFRS 16 Leases was issued in January 2016. IFRS 16 has replaced IAS 17 *Leases* and introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. A lessee is required to recognize a right-of-use asset representing the right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted IFRS 16 in its financial statements for the annual period beginning on October 1, 2019. At the date of adoption and September 30, 2020, the Company only has a short term office lease that does not qualify for recognition.

n) 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.

4. Asset Retirement Obligation ("ARO")

The Company had recorded an ARO in regards to its wind measuring equipment installed in Hecate Strait. In fiscal 2013 the Company did an analysis of the methodology of removing this equipment and received an estimate of the related costs from a marine contractor in the region. Based on this analysis the costs were estimated to be $400,000. The Company's ARO and the associated deposit held by NRCan were sold to Northland as part of the transaction that closed on September 1, 2020.

5. Share Capital

a) Authorized Capital

Authorized:	Unlimited common shares of no par value
	20,000,000 first preferred shares of no par value (none of which have been issued)

b) Stock Options

The Company has a stock option plan ("Option Plan") that provides for the issuance of options to its directors, officers, employees, and consultants. 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.

The Option Plan allows the maximum number of common shares that may be reserved for issuance to be 10% of the total number of issued and outstanding common shares on the date the stock options are granted.

	Options Outstanding and Exercisable	Expiry Date	Weighted Average Exercise Price
Balance, September 30, 2018	3,350,000		$ 0.100
Issued - January 24, 2019	1,250,000	23-Jan-2029	0.100
Issued - February 22, 2019	1,000,000	22-Feb-2021	0.100
Forfeited	(300,000)	2-Jan-2021	0.100
Balance, September 30, 2019	5,300,000		$ 0.100
Exercised	(3,860,526)	various	0.101
Forfeited	(350,000)	2-Jan-2021	0.100
Balance, September 30, 2020	1,089,474		$ 0.097

On January 24, 2019 stock options were granted to directors and officers with an exercise price of $0.10, an expiry date of January 23, 2029, vesting 50% at issuance and 50% in 180 days. On February 22, 2019 stock options were issued to PriceWaterhouseCoopers ("PwC") for consulting services, with an exercise price of $0.10, an expiry date of February 22, 2021, vesting 40% at issuance and 10% monthly thereafter.

During the quarter ending December 31, 2019, 2,700,000 options were exercised with resulting proceeds of $275,750. During the quarter ending June 30, 2020, 1,160,526 options were exercised with resulting proceeds of $113,750.

As at September 30, 2020, 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

At September 30, 2020 all of the outstanding stock options were fully exercisable.

During the year ended September 30, 2019, share based compensation expense associated with stock options was $64,500 and share based compensation consulting expense was $16,300 for options vesting. There was no such stock option expense during the year ended September 30, 2020.

Compensation costs attributable to stock options granted to employees, directors and consultants are measured at fair value at the grant date, using the Black-Scholes valuation model, and are expensed with a corresponding increase to contributed surplus over the vesting period. The inputs used in the measurement of the fair values at grant date were as follows.

	2019 Directors/Officer 1,250,000 stock options	2019 PwC 1,000,000 stock options
Fair value at grant date	$0.052	$0.016
Share price at grant date	$0.07	$0.07
Exercise price	$0.10	$0.10
Expected volatility (weighted-average)	74%	61%
Expected life in years	10	2
Risk-free interest rate	1.92%	1.78%

c) Warrants

As of September 30, 2020 the Company has the following common share purchase warrants outstanding totalling nil (2019 - 3,000,000):

Issue date	Warrants outstanding	Exercise price	Expiry date
Balance, September 30, 2018	12,039,035	$0.12	
Issued - January 24, 2019	3,000,000	$0.10	January 24, 2020
Exercised	(3,382,937)	$0.10	September 7, 2019
Exercised	(343,449)	$0.15	September 7, 2019
Forfeited	(812,649)	$0.15	September 7, 2019
Forfeited	(7,500,000)	$0.10	July 15, 2019
Balance, September 30, 2019	3,000,000	$0.10	January 24, 2020
Exercised	(250,000)	$0.10	January 24, 2020
Exercised	(2,750,000)	$0.10	January 24, 2020
Balance, September 30, 2020	-		

During the year ended September 30, 2019, as part of securing a loan for $300,000, warrants were issued at an exercise price of $0.10, an expiry date of January 24, 2020, fully vesting at issuance. Of these warrants, 250,000 were exercised in December 2019 for proceeds of $25,000, and on January 17, 2020, 2,750,000 were exercised for proceeds of $275,000, and the short term loan associated with these warrants was paid in full.

During the year ended September 30, 2019, 3,651,308 outstanding warrants that were to expire on September 7, 2019 were repriced from an exercise price of $0.15 per common share to $0.10 per common share, with 3,382,937 of such warrants being exercised prior to expiry.

As at September 30, 2020 there are no warrants outstanding.

6. Income Tax Expense

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

	September 30, 2020	September 30, 2019
Income (loss) before income taxes	$ (560,034)	$ (1,255,310)
Statutory rate	27.00%	27.00%
Expected income tax expense (recovery)	(151,209)	(338,934)
Reconciliation of effective tax rate:		
Permanent differences	21,092	63,716
Change in unrecognized tax benefits	130,117	262,055
Loss on sale of investment	-	13,163
Income tax expense	$ -	$ -

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

	September 30, 2020	September 30, 2019
Non-capital losses and resource deductions	$ 12,403,000	$ 40,770,000
Other deductible temporary differences	1,097,000	1,436,000
	$ 13,500,000	$ 42,206,000

The reduction in unrecognized temporary differences during the year ended September 30, 2020 relates to the sale to Northland of Devco.

c) As at September 30, 2020, the Company has non-capital losses carried forward for Canadian tax purposes totaling approximately $10,754,000 (2019 - $38,633,000) for which nil (2019 - 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	1,701,000
2030	4,450,000
2031	1,777,000
2032	571,000
2033	492,000
2034	506,000
2035	475,000
2037	130,000
2039	393,000
	$ 10,754,000

d) As at September 30, 2020, the Company had deductible temporary differences related to investments in subsidiaries of nil (2019 - $3,958,000) that had not been recognized because the Company controls the timing of the reversal of the temporary differences and it is uncertain as to whether taxable profit will be available against which the temporary differences could be utilized.

7. Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the years ending September 30, 2020 and 2019 are as follows:

	2020	2019
Wages and benefits	$439,231	$496,409
Share-based compensation	43,124	107,625
	$482,355	$604,034

During the year ended September 30, 2020 the Company issued 380,291 common shares (2019 - 607,628 common shares) with a fair value of $43,124 (2019 - $43,125) to directors as their full annual compensation. On January 24, 2019, 1,250,000 stock options with a fair value of $64,500 were issued to officers and directors and were recorded in compensation expense.

As at September 30, 2020 $10,781 (2019 - $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, 2020 $1,000,000 (2019 - $825,000) was payable to the Company's CEO and included in current liabilities (note 11).

As at September 30, 2019 the Company accrued $16,581 in interest costs related to a short term loan from one of the Company's directors. On January 17, 2020 the loan and interest entitlement were paid in full (note 8).

8. Short Term Loan

To provide near term funding of the Company's activities, the Company entered into a loan agreement dated January 24, 2019 with one of the Company's directors ("Lender") to provide financing of $300,000. The terms of the loan include an interest rate of 8% per annum and a maturity date of July 31, 2019 which was subsequently extended. Concurrently with entering into the loan agreement, the Company and the Lender entered into a general security agreement pursuant to which the Company grants the Lender a general security interest in all of the Company's present and after-acquired property and a floating charge over all present and future land, interests in land, and real property as security for the loan indebtedness. In connection with the loan, the Company issued the Lender 3,000,000 non-transferrable warrants to purchase common shares in the capital of the Company at an exercise price of $0.10 per common share which vested immediately and were exercisable for one year from the date of issuance. The $23,700 of costs attributed to the fair value of the warrants at the grant date, using the Black-Scholes valuation model, are included in Interest and borrowing costs with a corresponding increase to contributed surplus. The significant assumptions used in the measurement of the fair value of warrants issued were an expected volatility of 57%, an expected life of one year and a risk-free interest rate of 1.86%.

On January 17, 2020, the short term loan was paid in full.

9. CEBA Loan

Given the turbulence in the markets related to uncertainty generated by the Covid-19 pandemic, the Company decided it was not a favourable environment to raise funds through a public equity offering. To provide near term funding, the Company borrowed $40,000 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 loan is repaid by December 31, 2022, $10,000 of the amount is forgiven. After December 31, 2022 the loan bears 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 this loan.

The Company classifies the $10,000 forgiveness as a government grant and recognizes this amount in deferred government grants until such time as the December 31, 2022 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.

10. Commitments and other income

The Company is providing development services to Northland under a Development Services Agreement and is earning fees for services of $35,000 per month. It is anticipated that this monthly fee will end on March 27, 2021 unless Northland chooses to extend it.

During the year ended September 30, 2019 the Company received a $50,000 non-refundable payment from Northland on signing an indicative offer agreement to sell the development rights to its wind project and such amount was recorded in other income. During the year ended September 30, 2020, the Company recorded a $40,000 gain resulting from the sale to Northland of a subsidiary that contained the asset retirement obligation and the associated deposit with NRCan for the Metmast (see also note 1).

On February 15, 2019, the Company entered into a consulting agreement with PwC in relation to assisting in identifying and securing a strategic partner for the project. In exchange for these services PwC received fixed monthly fees of $12,500 and 1,000,000 stock options (note 5(b)) which PwC has exercised equal to the value of fees up to $100,000. Additionally PwC will be entitled to 2% of any proceeds received by Oceanic for a period of 24 months, subject to a maximum fee of $500,000.

11. Contingent Liabilities

In 2003/2004 the Company's Cash Completion Bonus Pool ("CCBP") Plan was established to attract and retain qualified personnel while conserving cash during the Company's early development stage. The CCBP Plan deferred payment of the some of Company's salary expenses prior to late 2007, to be paid/bonused on financial close of the Company's project that was bid into the BC Hydro Clean Power Call (the bonus-able completion event). Amounts allocated to the CCBP were not previously accrued due to the uncertainty of the bonus-able event. As at June 30, 2020, the remaining unpaid, unaccrued balance in the CCBP amounted to approximately $4.2 million (2018 - $4.2 million) as a bonus-able event had not occurred. After the sale of the project to Northland on September 1, 2020 the Board reviewed many areas of the Company with the recognition that Oceanic was now essentially a holding company with no ability to affect a Power Purchase Agreement for the previously owned development project in Hecate Strait. One area of specific review was the CCBP Plan. The Board decided, based on, among other things, its own deliberations; reports from the Company's management; advice from the Company's legal advisors; its review of the terms and conditions of the CCBP Plan including the context, objective, and intention behind the CCBP Plan; to terminate the CCBP Plan and any entitlements under the CCBP Plan effective September 2, 2020.

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, 2020, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is $672,375 (2019 - $672,375).

The Company also entered into an agreement with its CEO to defer $220,000 per annum of his compensation. As at September 30, 2020, the total accumulated accrued amount of this deferral, which commenced January 1, 2016, is $1,000,000 (2019 - $825,000). In addition, a matching amount is contingently payable and triggered by a future Success Event. This contingent portion has not been accrued due to the uncertainty of the occurrence of a future Success Event.

12. Financial Risk Management and Fair Values

The Company's exposure to risk on its financial instruments arises primarily from its cash and cash equivalents and its investments in marketable securities holdings. 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 cash equivalents, accounts receivable and deposits. 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. Holdings with banks are limited to $5 million with any one bank. The Company has not incurred any credit losses during the years ended September 30, 2020 and 2019.
Liquidity Risk	The Company manages liquidity risk by continually monitoring actual and projected cash flows and by ensuring that all cash and cash equivalents are convertible to cash with less than 3 months notice. 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, 2020 and 2019.

	September 30, 2020	September 30, 2019
Financial assets		
Amortized cost:		
Cash	51,820	232,937
Accounts receivable	36,995	7,605
Deposit	-	360,000
	88,815	600,542
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	106,088	307,020
Deferred compensation payable (note 11)	1,000,000	825,000
CEBA loan (note 9)	25,074	-
Short term loan	-	300,000
	1,131,162	1,432,020

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

13. 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, 2019. The Company includes all shareholders' deficiency balances as capital.

The Company currently has the debt obligation as disclosed in note 9 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 (see note 2).

14. Investment

In April 2020, the Company sold its crown claims in the Goldbridge/Bralorne region. This represents the final crown claims held by Uniterre Resources Ltd, the predecessor company to Oceanic. The Company received 100,000 shares in Talisker Resources, which it subsequently sold. Based on the prevailing market price of $0.30, the Company realized proceeds of $30,000 and a gain on the sale which is recorded as other income in the consolidated statement of loss and comprehensive loss.

15. Subsequent Events

Subsequent to September 30, 2020, the Company issued 74,354 common shares, at a fair value of $0.145 per common share and 79,860 common shares, at a fair value of $0.135 per common share to directors as full payment of their remuneration. These share issuances cover remuneration for the period of July 1, 2020 to September 30, 2020, and October 1, 2020 to December 31, 2020 respectively .

Subsequent to September 30, 2020, the Company granted 1,400,000 stock options to directors and officers with an exercise price of $0.145, an expiry date of September 30, 2030, vesting 50% at issuance and 50% in 180 days. As at January 25, 2021, the Company had 2,489,474 outstanding stock options.

Subsequent to September 30, 2020, the Company entered into a financing arrangement with CAFO to finance the Company's Director and Officer ("D&O") Insurance. Given the significance of the sale to Northland, the underwriters considered it necessary for the Company to purchase a one-time backwards looking D&O policy that covers prior acts and events and a forward looking D&O policy to cover ongoing operations. Accordingly, premiums were substantially higher than in previous years. Total premiums are $69,650 and related financing costs of $3,582.

Subsequent to September 30, 2020, the Company borrowed an additional $20,000 under the federal government Covid-19 relief program CEBA (see note 9). These funds are interest free and if the loan is repaid by December 2022, $10,000 of the amount is forgiven.