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## **OCEANIC WIND ENERGY INC.**

Condensed Consolidated Interim Financial Statements  
Unaudited - Prepared by Management

**For the six months ended March 31, 2021 and 2020**

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## **NOTICE**

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors. The Company's independent auditors have not performed a review of these financial statements.

**OCEANIC WIND ENERGY INC.****Unaudited Condensed Consolidated Interim Statement of Financial Position**

(Unaudited - Prepared by Management without Auditor's Review)

	March 31, 2021	September 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 56,614	\$ 51,820
Accounts receivable	36,750	36,995
Prepaid expenses and other current assets	55,434	7,283
	148,798	96,098
<b>Total assets</b>	<b>\$ 148,798</b>	<b>\$ 96,098</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 58,598	\$ 106,088
Short term loan (note 5)	30,389	-
Deferred compensation payable (note 4 and 8)	1,000,000	1,000,000
	1,088,987	1,106,088
Non-Current Liabilities		
CEBA loan (note 6)	34,779	25,074
Deferred government grants (note 6)	25,221	14,926
<b>Total liabilities</b>	<b>1,148,987</b>	<b>1,146,088</b>
<b>Shareholders' Deficiency</b>		
Share capital (note 3(a))	48,470,104	48,448,542
Contributed surplus	2,280,088	2,203,088
Deficit	(51,750,381)	(51,701,620)
<b>Total shareholders' deficiency</b>	<b>(1,000,189)</b>	<b>(1,049,990)</b>
<b>Total liabilities &amp; shareholders' deficiency</b>	<b>\$ 148,798</b>	<b>\$ 96,098</b>

Nature of operations and going concern (notes 1 and 2)

Commitments (note 7)

Contingent liabilities (note 8)

Subsequent events (notes 10)

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

Approved by the Board of Directors and authorized for issue on May 21, 2021.

Director: "Dave Rehn"

Director: "Michael O'Connor"

**OCEANIC WIND ENERGY INC.****Unaudited Condensed Consolidated Interim Statement of Loss and Comprehensive Loss****For six months ended March 31, 2021 and 2020**

(Unaudited - Prepared by Management without Auditor's Review)

	3 months ended March 31,		6 months ended March 31,	
	2021	2020	2021	2020
<b>Expenses</b>				
Compensation (note 4)	\$ 88,607	\$ 136,668	\$ 174,700	\$ 281,699
Consultant	-	-	-	12,500
Interest and borrowing costs	1,355	1,369	2,580	7,419
Office and administration	24,365	37,309	44,428	65,203
Public and community relations	1,400	1,356	3,430	29,381
Professional fees	13,950	42,532	33,685	80,975
Travel	245	242	(62)	7,236
<b>Loss before the following:</b>	(129,922)	(219,476)	(258,761)	(484,413)
<b>Other Income</b>				
Management fee income (note 7)	105,000	-	210,000	-
Investment income	-	-	-	74
	105,000	-	210,000	74
<b>Loss and comprehensive loss for the period</b>	\$ (24,922)	\$ (219,476)	\$ (48,761)	\$ (484,339)
<b>Loss per share, basic and diluted</b>	\$ (0.000)	\$ (0.003)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	76,636,228	74,469,754	76,596,568	72,142,201

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

**OCEANIC WIND ENERGY INC.****Unaudited Condensed Consolidated Interim Statement of Changes in Shareholders' Deficiency****For six months ended March 31, 2021 and 2020**

(Unaudited - Prepared by Management without Auditor's Review)

	Number of Common Shares (Notes 3)	Share Capital (Notes 3)	Contributed Surplus	Deficit	Total Shareholders' Deficiency
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	-	-	-	(484,339)	(484,339)
Share based portion of compensation	128,260	21,562	-	-	21,562
Options exercised	2,700,000	275,750	-	-	275,750
Warrants exercised	3,000,000	300,000	-	-	300,000
Balance, March 31, 2020	75,081,743	48,097,770	2,418,548	(51,625,925)	(1,109,607)
Total comprehensive loss for the year	-	-	-	(75,695)	(75,695)
Share based portion of compensation	252,031	21,562	-	-	21,562
Options exercised	1,160,526	305,510	(191,760)	-	113,750
Warrants exercised	-	23,700	(23,700)	-	-
Balance, September 30, 2020	76,494,300	\$ 48,448,542	\$ 2,203,088	\$ (51,701,620)	\$ (1,049,990)
Total comprehensive loss for the year	-	-	-	(48,761)	(48,761)
Share based portion of compensation	154,214	21,562	-	-	21,562
Share based compensaton expense	-	-	77,000	-	77,000
Balance, March 31, 2021	76,648,514	\$ 48,470,104	\$ 2,280,088	\$ (51,750,381)	\$ (1,000,189)

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

**OCEANIC WIND ENERGY INC.****Unaudited Condensed Consolidated Interim Statement of Cash Flows****For six months ended March 31, 2021 and 2020**

(Unaudited - Prepared by Management without Auditor's Review)

	<b>6 months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash flows provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (48,761)	\$ (484,339)
Items not affecting cash		
Share-based compensation (note 4)	21,562	21,562
Share based compensaton expense (note 4)	77,000	-
Changes in non-cash working capital		
Accounts receivables	245	4,592
Prepaid expenses and other	(48,151)	(9,095)
Accounts payable and accrued liabilities	(47,490)	(143,007)
Deferred compensation payable	-	110,000
<b>Net cash used in operating activities</b>	<b>(45,595)</b>	<b>(500,287)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of options	-	275,750
Proceeds from exercise of warrants	-	300,000
Proceeds of CEBA loan	20,000	-
Proceeds / (repayment) from short term loan	30,389	(300,000)
<b>Net cash from financing activities</b>	<b>50,389</b>	<b>275,750</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>4,794</b>	<b>(224,537)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>51,820</b>	<b>232,937</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 56,614</b>	<b>\$ 8,400</b>

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

## **OCEANIC WIND ENERGY INC.**

### **Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

(Unaudited - Prepared by Management without Auditor's Review)

**For the six months ended March 31, 2021 and 2020**

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#### **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](http://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.

#### **2. Basis of presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 (IAS34), Interim Financial Reporting. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, these statements should be read in conjunction with our annual IFRS financial statements for the year ended September 30, 2020. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of May 21, 2021, the date the Board of Directors approved the financial statements.

The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing or an investment by a strategic partner in order to meet its planned business objectives and be able to advance the offshore wind project. The Company may need to raise funds through grants, strategic collaborations, public or private equity, debt financing, or other funding sources. On March 27, 2020 the Company signed the definitive agreements to sell the development rights to Northland. The Company is providing development services to Northland under a Development Services Agreement, earning fees for services of \$35,000 per month. 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 balance sheet classifications may be required and such adjustments could be material.

## OCEANIC WIND ENERGY INC.

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Unaudited - Prepared by Management without Auditor's Review)

For the six months ended March 31, 2021 and 2020

### 3. 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, 2019	5,300,000		\$ 0.100
Exercised	(3,860,526)	various	0.100
Forfeited	(350,000)	2-Jan-2021	0.100
Balance, September 30, 2020	1,089,474		\$ 0.097
Issued - October 1, 2020	1,400,000	30-Sep-2030	0.145
Balance, March 31, 2021	2,489,474		\$ 0.124

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.

On October 1, 2020 stock options were granted 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 March 31, 2021, 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

At March 31, 2021 2,489,474 of the outstanding stock options were fully exercisable.

During the three months ended March 31, 2021, share based compensation expense associated with stock options was \$38,500 for options vesting.

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.

	2021 Directors/Officers 1,400,000 stock options
Fair value at grant date	\$0.110
Share price at grant date	\$0.145
Exercise price	\$0.145
Expected volatility (weighted-average)	73%
Expected life in years	10
Risk-free interest rate	0.36%



## OCEANIC WIND ENERGY INC.

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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#### c) Warrants

As of March 31, 2021 the Company has the following common share purchase warrants outstanding totalling nil (2020 - nil):

Issue date	Warrants outstanding	Exercise price	Expiry date
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, March 31, 2021	-		

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.

As at March 31, 2021 there are no warrants outstanding.

#### 4. Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the three months ended March 31, 2021 and 2020 are as follows:

	2021	2020
Wages and benefits	\$77,826	\$125,887
Share-based compensation	10,781	10,781
	\$88,607	\$136,668

During the three months ended March 31, 2021 the Company issued 79,860 common shares (2020 - 74,354 common shares) with a fair value of \$10,781 (2020 - \$10,781) to directors as their full quarterly compensation. On October 1, 2020, 1,400,000 stock options, with a fair value of \$154,000, were issued to officers and directors and \$38,500 was recorded in compensation expense for the three months ended March 31, 2021 (2020 - nil).

As at March 31, 2021 \$10,781 (2020 - \$10,781) in directors remuneration was accrued in accounts payable and accrued liabilities and was subsequently paid by issuance of common shares of the Company.

As at March 31, 2021 \$1,000,000 (2020 - \$935,000) was payable to the Company's CEO and included in current liabilities (note 8).

#### 5. Short Term Loan

Based on the sale of Devco to Northland, our insurance underwriters required the Company to purchase an additional run-off D&O policy to cover periods prior to September 1, 2020 (the closing date), in addition to the normal forward looking D&O policy. The total combined premiums were roughly \$50,000 higher than planned in our cash forecasting. To preserve near term cash, on October 17, 2020 the Company put in place a CAFO loan in the amount of \$59,203 with 10 monthly payments of \$6,278.00.

As at March 31, 2021 the loan balance was \$30,390 (2020 - nil).

#### 6. 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 in April 2020 and \$20,000 in December 2020 under the federal government Covid-19 relief program Canadian Emergency Business Assistance ("CEBA"). These funds are interest free until December 31, 2022 and if the loan is repaid by December 31, 2022, \$20,000 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.

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The Company classifies the \$20,000 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.

#### **7. 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.

#### **8. 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 (2019 - \$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 March 31, 2021, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is \$672,375 (2020 - \$672,375).

The Company also entered into an agreement with its CEO to defer \$220,000 per annum of his compensation. As at March 31, 2021, the total accumulated accrued amount of this deferral, which commenced January 1, 2016, is \$1,000,000 (2020 - \$935,000). 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.

#### **9. 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, 2020. The Company includes all shareholders' deficiency balances as capital.

The Company currently has the debt obligation as disclosed in notes 5 and 6 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.

#### **10. Subsequent Events**

Subsequent to March 31, 2021, the Company issued 61,606 common shares, at a fair value of \$0.175 per common share, to directors as full payment of their remuneration. These share issuances cover remuneration for the period of January 1, 2021 to March 31, 2021 .