OCEANIC WIND ENERGY INC.

Audited Financial Statements

For the years ended September 30, 2022 and 2021

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, 2022 and 2021 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 financial statements of Oceanic Wind Energy Inc. ("the Entity"), which comprise:

- the statements of financial position as at September 30, 2022 and September 30, 2021;
- the statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended; and
- notes to the financial 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 financial position of the Entity as at September 30, 2022 and September 30, 2021, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements**" section of our Auditor's 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 as at September 30, 2022 and has sustained a loss from operations and negative cash flow from operations for the year ended September 30, 2022.

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 Auditor's 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 Auditor's 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 (IFRS), 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.

Auditor's 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 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 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 Auditor's 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 Auditor's 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 represent 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.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this Auditor's report is Robert Ryan Owsnett

Vancouver, Canada
January 25, 2023

OCEANIC WIND ENERGY INC.
Statements of Financial Position

		September 30, 2022		September 30, 2021
Assets				
Current assets				
Cash and cash equivalents	$	49,926	$	238,303
Accounts receivable		777		814
Prepaid expenses and other current assets (note 8)		16,818		18,217
		67,521		257,334
Non-current assets				
Prepaid insurance expense (note 8)		-		15,969
Total assets	$	67,521	$	273,303
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	75,378	$	60,820
Deferred compensation payable (note 6)		1,000,000		1,000,000
		1,075,378		1,060,820
Non-Current Liabilities				
CEBA loan (note 7)		39,209		36,205
Deferred government grants (note 7)		20,791		23,795
Total liabilities		1,135,378		1,120,820
Shareholders' Deficiency				
Share capital (note 4(a))		48,769,326		48,747,764
Contributed surplus		2,560,990		2,400,990
Deficit		(52,398,173)		(51,996,271)
Total shareholders' deficiency		(1,067,857)		(847,517)
Total liabilities & shareholders' deficiency	$	67,521	$	273,303

Nature of operations and going concern (notes 1 and 2(a))
Contingent liabilities (notes 6 and10)
Subsequent events (note 13)

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

Approved by the Board of Directors and authorized for issue on January 25, 2023.

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

OCEANIC WIND ENERGY INC.

Statements of Loss and Comprehensive Loss
For the years ended September 30, 2022 and 2021

	September 30, 2022	September 30, 2021
Expenses		
Compensation (note 6)	$ 318,505	$ 347,484
Interest and borrowing costs	-	3,582
Office and administration	70,374	90,758
Public and community relations	875	(4,433)
Professional fees	40,573	65,141
Travel	1,575	2,119
Loss before the following:	(431,902)	(504,651)
Other Income		
Management fee income (note 9)	-	210,000
Gain on sale of asset (note 9)	30,000	-
	30,000	210,000
Loss and comprehensive loss for the period	$ (401,902)	$ (294,651)
Loss per share, basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of shares outstanding	78,997,164	76,914,976

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

OCEANIC WIND ENERGY INC.
Statements of Changes in Shareholders' Deficiency
For the years ended September 30, 2022 and 2021

	Number of Common Shares (Notes 4)	Share Capital (Notes 4)	Contributed Surplus	Deficit	Total Shareholders' Deficiency
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	-	-	-	(294,651)	(294,651)
Share based portion of compensation	287,695	43,124	-	-	43,124
Share based compensation expense - options	-	-	154,000	-	154,000
Private Placement - August 18, 2021	2,068,967	256,098	43,902	-	300,000
Balance, September 30, 2021	78,850,962	$ 48,747,764	$ 2,400,990	$ (51,996,271)	$ (847,517)
Total comprehensive loss for the year	-	-	-	(401,902)	(401,902)
Share based portion of compensation	176,094	21,562	-	-	21,562
	-	-	160,000	-	160,000
Balance, September 30, 2022	79,027,056	48,769,326	2,560,990	(52,398,173)	(1,067,857)

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

OCEANIC WIND ENERGY INC.

Statements of Cash Flows
For the years ended September 30, 2022 and 2021

	September 30, 2022	September 30, 2021
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Loss for the year	$ (401,902)	$ (294,651)
Items not affecting cash		
Share-based compensation (note 6)	21,562	43,124
Share based compensation expense (note 6)	160,000	154,000
Changes in non-cash working capital		
Accounts receivables	37	36,181
Prepaid expenses and other	17,368	(26,903)
Accounts payable and accrued liabilities	14,558	(45,268)
Net cash used in operating activities	(188,377)	(133,517)
FINANCING ACTIVITIES		
Proceeds from private placement	-	300,000
Proceeds of CEBA loan (note 7)	-	20,000
Net cash from financing activities	-	320,000
Increase (decrease) in cash and cash equivalents	(188,377)	186,483
Cash and cash equivalents, beginning of year	238,303	51,820
Cash and cash equivalents, end of period	$ 49,926	$ 238,303

The accompanying notes are an integral part of these 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-NEX (TSXV-NEX : NKW.H). 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.

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 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 and going concern

(a) Going concern

These 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, 2022 has a working capital deficiency of $1,007,857 and a shareholders' deficiency of $1,067,857 which includes an accumulated deficit of $52,398,173 (2020 - $51,996,271). 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. 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 as described in Note 1. Additional funding will be required and may not be available on acceptable terms, or at all, and may be dilutive to shareholder interests until such time as funds are received from the transactions with Northland. 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 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 International Financial Reporting Standards ("IFRS") and were authorized for issue by the Board of Directors on January 25, 2023.

(c) Use of estimates and judgments

The preparation of the 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. A discussion of these estimates is provided in the relevant accounting policy notes and in note 4. 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 financial statements and have been applied consistently by Oceanic Wind.

a) Foreign currency translation

The presentation and functional currency of the Company 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 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.

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.

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, 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 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 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.

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)

h) 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.

i) 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. Share Capital

a) Authorized Capital

Authorized: 100,000,000 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, 2020	1,089,474		$ 0.097
Issued - October 1, 2020	1,400,000	30-Sep-2030	0.145
Balance, September 30, 2021	2,489,474		$ 0.124
Issued - October 25, 2021	1,500,000	24-Oct-2031	0.140
Balance, September 30, 2022	3,989,474		$ 0.130

On October 1, 2020 1,400,000 stock options were granted to directors and officers with an exercise price of $0.145 per share, an expiry date of September 30, 2030, vesting 50% at issuance and 50% in 180 days.

On October 24, 2021 1,500,000 stock options were granted to directors and officers with an exercise price of $0.14 per share, an expiry date of October 24, 2031, vesting 50% at issuance and 50% in 180 days.

As at September 30, 2022, 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

At September 30, 2022 3,989,474 of the outstanding stock options were fully exercisable.

During the year ended September 30, 2021, share based compensation expense associated with stock options was $154,000 for options awarded October 1, 2020.

During the year ended September 30, 2022, share based compensation expense associated with stock options was $160,000 for options awarded October 25, 2021.

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.

	2022 Directors/Officers 1,500,000 stock options	2021 Directors/Officers 1,400,000 stock options
Fair value at grant date	$0.108	$0.110
Share price at grant date	$0.140	$0.145
Exercise price	$0.140	$0.145
Expected volatility (weighted-average)	73%	73%
Expected life in years	10	10
Risk-free interest rate	1.47%	0.59%

c) Warrants

As of September 30, 2022 the Company has the following common share purchase warrants outstanding totalling nil (2021 - 2,068,967):

Issue date	Warrants outstanding	Exercise price	Expiry date
Balance, September 30, 2020	-		
Issued August 18, 2021	2,068,967	$0.20	August 18, 2022
Balance, September 30, 2021	2,068,967		
Expired August 18, 2022	(2,068,967)	$0.20	August 18, 2022
Balance, September 30, 2022	-		

During the year ended September 30, 2021, the Company completed a private placement issuing 2,068,967 units at $0.145 per unit, raising $300,000. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant was exercisable at an exercise price of $0.20 for a period of one year from the date of issuance. The private placement closed August 18, 2021. The proceeds of the private placement were allocated between share capital and contributed surplus based on the relative fair value of the components. 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 69%, and a risk free rate of 0.45%.

On August 18, 2022 the 2,068,967 warrants expired unexercised. As at September 30, 2022 there are nil (2021 - 2,068,967) warrants outstanding.

5. Income Tax Expense

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

	September 30, 2022	September 30, 2021
Loss before income taxes	$ (401,902)	$ (294,651)
Statutory rate	27.00%	27.00%
Expected income tax expense (recovery)	(108,514)	(79,556)
Reconciliation of effective tax rate:		
Permanent differences	45,092	53,425
Change in unrecognized tax benefits	63,422	28,831
Other	-	(2,700)
Income tax expense	$ -	$ -

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

	September 30, 2022	September 30, 2021
Non-capital losses and resource deductions	$ 19,744,000	$ 19,509,000
Other deductible temporary differences	1,057,000	1,057,000
	$ 20,801,000	$ 20,566,000

c) As at September 30, 2022, the Company has non-capital losses carried forward for Canadian tax purposes totaling approximately $10,630,000 (2021 - $10,380,000) for which nil (2021 - 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
	$ 10,630,000

6. 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, 2022 and 2021 are as follows:

	2022	2021
Wages and benefits	$147,724	$150,360
Share-based compensation	170,781	197,124
	$318,505	$347,484

During the year ended September 30, 2022 the Company issued 89,844 common shares (2021 - 287,695) with a fair value of $10,781 (2021 - $43,124) to directors as their full annual compensation. Effective January 1, 2022 compensation to directors was cancelled. On October 1, 2020, 1,400,000 stock options, with a fair value of $154,000, were issued to officers and directors and $154,000 was recorded in compensation expense for the year ended September 30, 2021. On October 25, 2021, 1,500,000 stock options, with a fair value of $160,000, were issued to officers and directors and $160,000 was recorded in compensation expense for the year ended September 30, 2022.

As part of the private placement that closed on August 18, 2021, directors subscribed for 665,517 units for proceeds of $96,500.

Salaries to the CEO and CFO, for August and September 2022, were deferred pending the receipt of the proceeds from the private placement, which closed November 25, 2022. As at September 30, 2022 the accrued salary payable amount was $22,772 (2021 - nil).

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 these provisions in the agreement, the Company has accrued $1,000,000 (2021 - $1,000,000).

Wilbur Lang has a verbal agreement with the Company pursuant to the terms of which Mr. Lang has agreed to act as Chief Financial Officer, Corporate Secretary and VP Finance for the Company in consideration of the monthly compensation of $3,000 per month plus 10% vacation pay and benefits, based on work hours of up to 30 hours per month and then paid $100 per hour thereafter.

7. CEBA Loans

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, 2023 and if the loans are repaid by December 31, 2023, $20,000 of the loans is forgiven. After December 31, 2023 the loans bear interest at 5% per annum and all principal and interest amounts must be paid no later than December 31, 2025. Once there is greater certainty as it relates to both the markets and the future progress of the project, the Company will look at raising sufficient funds to maintain its reduced level of activity into the future, including the repayment of the loans.

The Company classifies the $20,000 potential forgiveness as a government grant and recognizes this amount in deferred government grants until such time as the December 31, 2023 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.

8. Prepaid Expenses

Based on the sale of Devco to Northland, our insurance underwriters required the Company to purchase an additional run-off directors and officers ("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 run-off D&O policy was purchased to cover a three year period and expires August 31, 2023. As at September 30, 2022 the prepaid amount related to this policy is $16,002 (2021 - 33,368).

9. Other income

During the three months ended December 31, 2021, the Company sold certain portable assessment credits that originated with its predecessor company, Uniterre Resources Ltd. The proceeds were $30,000 and are recorded as a gain on sale of assets of $30,000 as no asset was recorded with respect to such credits. This was the final asset from Uniterre Resources Ltd.

The Company was providing development services to Northland under a Development Services Agreement and was earning fees for services of $35,000 per month until the agreement terminated on March 27, 2021 for a total of $210,000 in the year ended September 30, 2021.

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, 2022, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is $672,375 (2021 - $672,375).

11. Financial Risk Management and Fair Values

The Company's exposure to risk on its financial instruments arises primarily from its cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and its CEBA 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 cash equivalents, and accounts receivable. 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, 2022 and 2021.

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, 2022 and 2021.

		September 30, 2022		September 30, 2021
Financial assets				
Amortized cost:				
Cash	$	49,926	$	238,303
Accounts receivable		777		814
	$	50,703	$	239,117
Financial liabilities				
Amortized cost:				
Accounts payable and accrued liabilities	$	75,378	$	60,820
Deferred compensation payable (note 6)		1,000,000		1,000,000
CEBA loan (note 7)		39,209		36,205
	$	1,114,587	$	1,097,025

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deferred compensation payable, 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, 2021. The Company includes all shareholders' deficiency balances as capital.

The Company currently has the debt obligation as disclosed in note 7 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

Subsequent to September 30, 2022, the Company granted 1,750,000 stock options to directors and officers with an exercise price of $0.05, an expiry date of October 26, 2032, vesting 50% at issuance and 50% in 180 days. As at January 25, 2023, the Company had 5,739,474 outstanding stock options.

Subsequent to September 30, 2022, 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 is 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.