
OCEANIC WIND ENERGY INC.

Condensed Consolidated Interim Financial Statements
Unaudited - Prepared by Management

For the three months ended December 31, 2023 and 2022



NOTICE

The accompanying unaudited condensed 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 Statements of Financial Position**

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

in Canadian Dollars

	December 31, 2023	September 30, 2023
Assets		
Current assets		
Cash	\$ 208,483	\$ 35,111
Accounts receivable	2,523	559
Prepaid expenses and other current assets (note 7)	5,996	898
	217,002	36,568
Non-current assets		
Deposit - Natural Resources Canada - Metmast	360,000	-
Total assets	\$ 577,002	\$ 36,568
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 103,316	\$ 73,542
Short term loan (note 5)	6,269	-
CEBA loan (note 6)	40,000	40,000
Deferred government grants (note 6)	20,000	20,000
Deferred compensation payable (note 4)	1,000,000	1,000,000
	1,169,585	1,133,542
Non-Current Liabilities		
Asset retirement obligation	360,000	-
Total liabilities	1,529,585	1,133,542
Shareholders' Deficiency		
Share capital (note 3(a))	49,181,902	48,950,902
Contributed surplus	2,688,225	2,688,225
Deficit	(52,822,710)	(52,736,101)
Total shareholders' deficiency	(952,583)	(1,096,974)
Total liabilities & shareholders' deficiency	\$ 577,002	\$ 36,568

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

Contingent liabilities (notes 4 and 8)

Subsequent events (note 10)

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors and authorized for issue on February 16, 2024.

Director: "Dave Rehn"

Director: "Michael O'Connor"

OCEANIC WIND ENERGY INC.**Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended December 31, 2023 and 2022**

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

in Canadian Dollars

	December 31, 2023	December 31, 2022
Expenses		
Compensation (note 4)	\$ 35,238	\$ 53,340
Interest and borrowing costs	230	-
Office and administration (note 4)	11,601	25,296
Public and community relations	5,681	437
Professional fees	33,831	17,550
Travel	414	1,658
	(86,995)	(98,281)
Interest income	386	-
	-	-
	386	-
Loss and comprehensive loss for the year	\$ (86,609)	\$ (98,281)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	85,390,939	81,038,263

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

OCEANIC WIND ENERGY INC.**Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the three months ended December 31, 2023 and 2022
in Canadian Dollars**

	Number of Common Shares (Notes 3)	Share Capital (Notes 3)	Contributed Surplus	Deficit	Total Shareholders' Deficiency
Balance, September 30, 2022	79,027,056	48,769,326	2,560,990	(52,398,173)	(1,067,857)
Total comprehensive loss for the year	-	-	-	(98,281)	(98,281)
Share based compensation expense - options	-	-	17,500	-	17,500
Private placement	5,000,840	176,042	74,000	-	250,042
Balance, December 31, 2022	84,027,896	\$ 48,945,368	\$ 2,652,490	\$ (52,496,454)	\$ (898,596)
Total comprehensive loss for the year	-	-	-	(239,647)	(239,647)
Share based compensation expense - options	-	-	52,500	-	52,500
Private placement	-	5,534	(16,765)	-	(11,231)
Balance, September 30, 2023	84,027,896	48,950,902	2,688,225	(52,736,101)	(1,096,974)
Total comprehensive loss for the year	-	-	-	(86,609)	(86,609)
Exercise of warrants	3,300,000	231,000	-	-	231,000
Balance, December 31, 2023	87,327,896	49,181,902	2,688,225	(52,822,710)	(952,583)

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

OCEANIC WIND ENERGY INC.**Unaudited Condensed Consolidated Interim Statements of Cash Flows****For the three months ended December 31, 2023 and 2022**

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

in Canadian Dollars

	December 31, 2023	December 31, 2022
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	\$ (86,609)	\$ (98,281)
Items not affecting cash		
Share based compensation expense (note 4)	-	17,500
Changes in non-cash working capital		
Accounts receivables	(1,964)	(1,265)
Prepaid expenses and other	(5,098)	(10,099)
Accounts payable and accrued liabilities	29,774	5,317
Net cash used in operating activities	(63,897)	(86,828)
FINANCING ACTIVITIES		
Proceeds from private placement	-	250,042
Proceeds from exercise of warrants	231,000	-
Proceeds of CAFO loan (note 5)	6,269	-
Net cash from financing activities	237,269	250,042
Increase (decrease) in cash	173,372	163,214
Cash, beginning of year	35,111	49,926
Cash, end of year	\$ 208,483	\$ 213,140
Cash paid for interest and taxes	\$ 230	\$ -

The accompanying notes are an integral part of these 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 three months ended December 31, 2023 and 2022

in Canadian Dollars

1. Corporate Information

Oceanic Wind Energy Inc. ("Oceanic" or the "Company"), is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange-NEX (TSXV-NEX : NKW.H). The Company's registered office is at Suite 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 terms in the Agreement between Oceanic and Northland, the control and ownership of the Hecate Strait project have now been returned to Oceanic. The agreements for this return, between Oceanic and two of Northland Power wholly owned subsidiaries, closed on November 13, 2023, and reinstates Oceanic's interest in the project as it was prior to the September 1, 2020 sale.

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 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, 2023. 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 interim financial statements are based on IFRS issued and effective as of February 16, 2024, 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. The Company may need to raise funds through grants, strategic collaborations, public or private equity, debt financing, or other funding sources. These additional funds 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.

3. Share Capital

a) Authorized Capital

Authorized:	Unlimited common shares of no par value
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During the year ended September 30, 2023, the Company completed a private placement issuing 5,000,840 units at \$0.05 per unit, raising \$250,042. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant was exercisable at an exercise price of \$0.07 for a period of one year from the date of issuance. The private placement closed November 25, 2022. The proceeds of the private placement were allocated between share capital and contributed surplus based on the relative fair value of the components, net of \$11,231 in related share issuance costs. The fair value of the warrants was determined using a Black-Scholes valuation model with significant assumptions being a 1 year life, an expected volatility of 101%, and a risk free rate of 03.56%.

On November 24, 2023 the Company received proceeds from the exercise of outstanding warrants. A total of 3,300,000 warrants were exercised at a price of \$0.07 resulting in proceeds of \$231,000. The remaining 1,700,840 warrants expired on November 24, 2023, unexercised. As at report date there were nil warrants outstanding and 87,327,896 common shares issued and outstanding.

OCEANIC WIND ENERGY INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

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

For the three months ended December 31, 2023 and 2022**in Canadian Dollars****b) Stock Options**

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

Stock option transactions are summarized as follows:

	Options Outstanding and Exercisable	Expiry Date	Weighted Average Exercise Price
Balance, September 30, 2022	3,989,474		\$ 0.130
Issued - October 27, 2022	1,750,000	26-Oct-2032	0.050
Balance, December 31, 2023	5,739,474		\$ 0.106

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

As at December 31, 2023, the Company had the following outstanding stock options:

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

At December 31, 2023 5,739,474 of the outstanding stock options were fully exercisable.

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

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

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

OCEANIC WIND ENERGY INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

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

For the three months ended December 31, 2023 and 2022**in Canadian Dollars****c) Warrants**

As of December 31, 2023 the Company has the following common share purchase warrants outstanding totalling nil (2022 - 5,000,840):

Issue date	Warrants outstanding	Exercise price	Expiry date
Balance, September 30, 2022	-		
Issued November 25, 2022	5,000,840	\$0.07	November 25, 2023
Balance, September 30, 2023	5,000,840		
Exercised November 24, 2023	(3,300,000)		
Expired November 25, 2023	(1,700,840)		
Balance, December 31, 2023	-		

4. Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Wages and benefits	\$35,238	\$35,840
Share-based compensation	0	17,500
	<u>\$35,238</u>	<u>\$53,340</u>
Rent expense paid for use of home offices	\$ 2,550	\$ 2,550

On October 27, 2022, 1,750,000 stock options, with a fair value of \$70,000, were issued to officers and directors and \$17,500 was recorded in compensation expense for the three months ended December 31, 2022.

As at December 31, 2023 the accrued salary payable amount was \$40,000 (2022 - \$40,000) and accounts payable to related parties was \$2,197 (2022 - 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 contract: (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 (2022 - \$1,000,000).

5. Short Term Loan

To preserve near term cash, on October 17, 2023 the Company put in place a CAFO loan to finance the D&O premium in the amount of \$7,554 with 11 monthly payments of \$752 (2022 - nil).

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For the three months ended December 31, 2023 and 2022

in Canadian Dollars

6. 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 January 18, 2024 and if the loans are repaid by January 18, 2024, \$20,000 of the loans is forgiven. After January 18, 2024 the loans bear interest at 5% per annum and all principal and interest amounts must be paid no later than December 31, 2026. (see note 10)

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

7. 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 expired August 31, 2023. As at December 31, 2023 the prepaid amount related to this policy is nil (2022 - \$11,621). In October 2023 the 2023/24 D&O premium of \$7,554 was added to prepaid expenses.

8. 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 December 31, 2023, the remaining unpaid, unaccrued balance of these deferred retainer and fee amounts for consultants is \$672,375 (2022 - \$672,375).

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, 2023. The Company includes all shareholders' deficiency balances as capital.

The Company currently has the debt obligation as disclosed in note 5 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 December 31, 2023, the Company repaid \$40,000 against the CEBA loan and realized the forgiveness on the remaining \$20,000, as per the terms of the borrowing (note 6).