

# OCEANIC WIND ENERGY INC.

(A Development Stage Company)

## Management's Discussion & Analysis For the three months ended December 31, 2024

Containing information up to and including February 28, 2025

This Management's Discussion and Analysis ("MD&A") reviews the activities of Oceanic Wind Energy Inc., (the "Company" or "Oceanic") and its material subsidiaries; NP B.C. Offshore Wind GP Inc ("GP"), and NP B.C. Offshore Wind Limited Partnership ("LP"). For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the Company's condensed interim financial statements for the three months ended December 31, 2024 and 2023 and the accompanying notes, and the MD&A for the year ended September 30, 2024. The above-mentioned documents along with additional information and disclosure relating to the Company can be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website, [www.oceanicwind.ca](http://www.oceanicwind.ca).

### *Forward-Looking Information and Report Date*

This MD&A contains certain forward-looking information. Investors are cautioned that all information, other than historical facts included herein, including without limitation, data regarding future plans and objectives of the Company, is forward-looking information based on management's expectations, assumptions and estimates. Although the Company believes these underlying estimates and assumptions to be reasonable, they are difficult to predict, and actual results may differ materially from those in the forward-looking statements.

Forward-looking information can be subject to significant risks, uncertainties, estimates and assumptions can prove to be inaccurate. There are many factors that could result in materially different outcomes than the forward-looking information contained herein including, but not limited to, the state of capital and financial markets, the general economy, the political climate, the commodity markets, foreign exchange fluctuations, the energy sector, electricity demand, technology, environmental factors, community relations and First Nations. Investors should be aware that there can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

The information herein is only provided as of the date of this MD&A, February 28, 2025 (the "Report Date").

### *Description and Overview of Business*

Oceanic Wind Energy Inc. is a British Columbia ("BC") based renewable energy company with a current focus on an offshore wind energy project. Headquartered in Vancouver, the Company trades on the TSX Venture Exchange-NEX (TSXV-NEX: NKW.H). On March 27, 2020, the Company signed definitive agreements (the "Agreements") to sell its development rights in its offshore wind project to Northland Power Inc. ("Northland"). Upon closing, which took place on September 1, 2020, Northland had the right to develop the offshore wind project located in Hecate Strait off the north coast of British Columbia.

Subsequent to September 30, 2023, under terms in the original agreement with 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's wholly owned subsidiaries, closed on November 13, 2023. Northland was not able to dedicate sufficient human and financial resources to give priority to the Hecate Strait project

at this time and the two parties felt it was in the best interest of the project to put Oceanic back in control of the project.

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

Oceanic is currently in discussions with large international companies who are renowned for development, construction, and operation of large offshore wind projects around the world. The goal is to partner with a significant company who can engage in continuing the development of the project, build a strong partnership with the First Nations, and ultimately be a successful part in meeting the future electrical demands of the province.

### *Wind Energy Project in Hecate Strait*

The area’s wind resource is recognized as one of the best in the world. This is due to the strong, consistent, and high wind speeds, with mean annual wind speeds exceeding 10.0 meters/second (rated as a Class 7 resource). The wind is the strongest and most consistent in the fall and winter when electricity demand in BC is the highest. Other characteristics that make Hecate Strait an ideal location for offshore wind projects include its sedimentary seabed of consolidated silts, sands and gravels, relatively shallow waters, access to BC Hydro’s power grid, and its proximity to the increasing electricity demand in Northwest British Columbia.

### *Outlook*

BC Hydro and the Province have announced the first of many Power Calls in 2024. Updated modeling released in B.C.’s [2021 Climate Change Accountability Report](#) highlights a much larger and growing policy gap in meeting its 2030 GHG emissions reduction targets than previously thought. Actions outlined in the CleanBC climate plan of 2018 originally projected to achieve 75 per cent of the 2030 target are now estimated to achieve just 32 to 48 per cent. This widening gap is mainly attributed to revised modeling of government’s industrial and transportation electrification policy agenda. In response, the province’s [Roadmap to 2030](#) significantly increases electrification policy ambition. As a recent KPMG report demonstrates, the electricity deficit is large and growing. KPMG projects the deficit to be between 4,386 MW and 5,869 MW by 2030.

As outlined above, the Government of B.C. is facing increasing pressure to meet its 2030 climate targets and the growing demand for power from industry, population growth and the strong trends to move away from fossil fuels. This has resulted in the government directing BC Hydro to engage existing and emerging industrial customers to discuss the development of additional generation assets to meet the growing gap between supply and demand. This and the growing supply deficit resulted in the province announcing the first of many Clean Power calls for 2024. On December 9, 2024, the province and BC hydro announced nine successful wind tenders totaling approximately 5,000 Gwh/yr; far less than is needed to meet the demand deficit. No projects were awarded in the power strapped NW part of the province. All these projects must

meet certain requirements within a tight schedule to be awarded a PPA. Oceanic is in discussions with major offshore wind developers and First Nations in the region to partner in the Hecate Strait project. The project is well positioned due to its scale and proximity to the emerging large scale industrial demand on the North Coast.

Both the provincial and the federal governments have established numerous programs that will substantially assist in reducing the levelized cost of the energy produced, predicted to be a reduction of 25% to 45%.

### BC Government Climate Action Plans and Renewable Energy “Road Map”

The wind resource in Hecate Strait is a remarkable utility scale world-class wind resource that can be developed to help meet the power needs in BC.

The BC Government policy announcements (CleanBC and Climate Change Policies) make it clear that to achieve the Paris Accord Climate Action objectives and the province’s GHG targets, BC must electrify most energy consuming uses and must convert more carbon-based fuel industries to electricity.

**On December 9, 2024, when Premier Ebby announced the Clean Power Awards,** he mentioned that the province has huge demands for power from new prospective customers that is a “Generational Opportunity” and the province is going to achieve these opportunities for jobs and prosperity. The Premier specifically mentioned the greenest aluminum production in the world, the greenest LNG in the world, and we can do that with mines that can use electricity in place of expensive “dirty” diesel. “We can attract more investment using electricity” and with the change in the EAO process “we will bring these projects on sooner.” There will be many more calls for power to meet the “exceptional demand”.

It has been estimated the demand for new power in the province now exceeds 10,000 MWs.

Couple these aggressive policy commitments, exceptional demand for power, and the likelihood that British Columbia will not build another new Hydro Dam or a large gas generation facility, it is clear that future energy supply must come from utility scale renewable resources like the Hecate Strait offshore wind project. The NW of BC was left out of the 2024 power call and will be a higher priority for future calls as the demand for power in this region of the province must be provided by projects in the region.

### Northwest BC is a Unique Region supplied by a single HVAC Transmission Line

With the growing demand for abundant and affordable electrical energy, there are compelling reasons for this project to proceed. The wind resource in Hecate Strait is located in the northwest region of BC, a unique part of the province serviced by one 600km long HVAC transmission line with a finite capacity. Additional electrical power for this part of the province must be provided locally or via a new multi-billion-dollar transmission line that would take up to a decade to approve and complete. Providing electrical power locally is the more practical and cost-effective alternative for the fast growing commercial and industrial demand in the region. The Hecate Strait wind project is a significant utility scale project in the region that can help meet the growing demand for power.

### Green Hydrogen becoming a clean fuel of the future and the Port of Prince Rupert is building an Export Facility

Hydrogen production, shipping and use, for purposes such as electricity generation and fueling transportation is increasingly seen as a crucial element of decarbonization strategies. Trigon BC, a company in partnership with the Lax Kw’alaams and Metlakatla First Nations, is developing a second terminal, “Berth Two Beyond

Carbon”, on Ridley Island to ship green fuels, hydrogen, ammonia and other renewable biofuels (<https://www.trigonbc.com/trigon-terminals-set-to-nearly-double-shiploading/>).

The Vopak/AltaGas Terminal on Ridley Island has started construction on their \$3b fuel export facility (<https://vopakpacificcanada.com/project-updates/f/federal-determinations-received>). These facilities will require the production of green hydrogen/ammonia from local renewable energy projects. This market will rapidly grow as the critical demand for green fuels expands worldwide.

The Port of Prince Rupert has announced an important “Decarbonization Program” to reduce their carbon footprint 30% by 2030, and 100% by 2050. This equates to significant local demand in the Prince Rupert area.

All these projects require power, electricity that could be provided by the Hecate Strait project.

### *Risks and Uncertainties*

The Company’s future and growth is dependent on a number of risk factors common to other companies in the renewable energy sector and, wind energy companies. Some factors that may have a material impact on the Company’s future include, but are not limited to:

#### Electricity Purchase Agreement (“EPA”)

A significant milestone and risk factor for the Company would be an award of an EPA for the Hecate Strait project from BC Hydro, a large industrial user of electricity, or a large corporate purchaser of renewable energy. On June 15, 2023, BC Hydro announced the first of many power calls to meet the growing electricity deficit in the province of 3,000 GWh per year. Of note other reports indicate the demand is substantially greater than 3,000 GWh/year. The Province of BC has also stated there will be major calls for power every 2 years; equating to roughly 6,000 GWh per call. In the December 9, 2024 power call announcement, the Premier and Minister of Energy and Climate Solutions both expressed the urgency to bring more renewable energy on line to meet the “Generational Opportunity” to provide electricity to industry.

Chris O’Riley, CEO BC Hydro was quoted in the June 15, 2023, power call announcement: “As many of you know, we are in the midst of a once-in-a-100-year energy transition ... Here in BC, we continue to see growing interest ... in making the switch from fossil fuels to using clean electricity and in fact that interest is accelerating.

The Hecate Strait wind resource is well suited to meet the growing need for electricity in BC. However, Oceanic cannot predict if an EPA will be awarded to the project or if we will reach a financial close and successfully develop the wind project.

#### Major Partner and First Nations Partners

It is critical for the Company to bring on a major partner with the desire and capacity to further the development of the project and participate in the BC Hydro future calls for power. The Company is currently in discussions and is optimistic that with the increasing demand for electricity in BC and particularly in the power starved NW that a partnership can be put in place.

Discussions are also progressing with First Nations to partner in developing of the project.

However, Oceanic cannot predict if such partnerships can be concluded on acceptable terms.

### Capital Resources

On November 24, 2023, the company received proceeds from the exercise of 3,300,000 warrants at \$0.07 raising \$231,000. The balance of the 1,700,840 outstanding warrants expired on November 25, 2023 unexercised.

In May 2024, the Company received financing by way of shareholder loans from the Company's directors. This short-term arrangement had a term of less than one year and interest to be paid at 5% per annum. As of September 30, 2024, the balance of shareholder loans is \$125,000 and interest has been expensed and accrued in the amount of \$2,195. On October 4, 2024, these amounts were paid in full plus an additional \$69 in earned interest.

On October 1, 2024, the Company closed on a sale of its wholly owned Devco to Elemental Energy Inc. ("Elemental"). The \$1,500,000 proceeds of this sale will be received in three instalments being \$550,000 on October 1, 2024, \$475,000 on October 1, 2025, and \$475,000 on October 1, 2026. In addition, Elemental funded \$50,000 of the Company's advisory costs (legal and accounting) related to this transaction. Devco holds a minority interest in NP B.C. Offshore Limited Partnership ("LP"), the entity that is continuing the development of the Hecate Strait project. The Company is the general partner and major limited partner in LP. Following the October 1, 2024 closing of the share purchase agreement, both the Company and Devco each contributed \$100,000 into LP and as further capital is required by LP, Devco and the Company will contribute matching amounts up to an additional \$150,000 each, pursuant to the terms of the limited partnership agreement.

To complete its planned business objectives and cover ongoing operational costs, the Company intends to raise additional capital, when necessary, by issuing additional equity, borrowing funds, and/or entering into a partnership relationship with a major partner.

### Wind Resource and Weather

Long-term historical wind data, obtained from Environment Canada at or around the site for the project, along with data received from the Met Mast, indicate this is a world-class, affordable wind resource. However, wind speeds may vary over time and may or may not continue at the historical trend due to changes in weather patterns. The 20 plus years of correlated data indicate the resource may be growing stronger over time, however, this is not assured. During construction, the weather and marine environment at the project site can cause scheduling delays resulting in cost overruns or a delay in the operation start date.

### *Financial Summary*

The following summarizes selected financial information for the three months ended December 31, 2024, 2023, and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income (loss) and comprehensive income (loss)	\$1,362,325	\$(86,609)	\$(98,281)
Income (loss) per common share	<u>\$0.02</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>

The following summarizes the total assets and total liabilities as at December 31, 2024 and September 30, 2024, and 2023.

	December 31, <u>2024</u>	September 30, <u>2024</u>	September 30, <u>2023</u>
Total Assets	\$1,725,885	\$429,052	\$36,568
Total Liabilities	\$525,472	\$690,968	\$1,133,542

The income during the three months ended December 30, 2024 is primarily due to the Company's expenditures on the project and administration, which were expensed in the period incurred, net of the \$1,500,000 in proceeds from the sale of the Company's wholly owned subsidiary Devco. The increase in total assets and decrease in total liabilities, over September 30, 2024, are related to the above noted sale proceeds and the repayment of the \$125,000 in shareholder loans.

### *Summary of Quarterly Results*

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters. For more detailed information, refer to the financial statements for the applicable periods.

Quarter ended	Revenues - \$	Project, general and administrative expenses - \$	Net income (loss) - \$	Basic and diluted loss (income) per share - \$
31-Dec-24	Nil	144,958	1,362,325	0.02
30-Sep-24	Nil	103,801	843,961	0.01
30-Jun-24	Nil	100,729	(100,402)	(0.00)
31-Mar-24	Nil	73,684	(52,892)	(0.00)
31-Dec-23	Nil	86,995	(86,609)	(0.00)
30-Sep-23	Nil	69,605	(69,314)	(0.00)
30-Jun-23	Nil	83,290	(82,741)	(0.00)
31-Mar-23	Nil	88,797	(87,592)	(0.00)

The level of expenditures and loss varies from period to period depending on the level of Company activity.



## *Results of Operations*

The Company reported an income of \$1,362,325 for the three months ended December 31, 2024 compared with a loss of \$86,609 for the same period last year. The Company received \$550,000 in sale proceeds and cash used in operations for the three months ended December 31, 2024 was \$134,419 compared to \$63,897 for the same period last year.

Project, general and administrative expenses (“PG&A”) for the three months ended December 31, 2024 totaled \$144,958 (2023 - \$86,995) of which \$13,900 (2023 - \$5,681) related to public and community relations, \$8,788 (2023 - \$33,831) related to professional fees, \$14,178 (2023 - \$11,601) for office and administrative expenses, \$2,955 (2023 - \$nil) related to accretion, \$3,989 (2023 - \$414) related to travel, \$45,000 (2023 - \$nil) related to consultant fees, \$69 (2023 - \$230) related to interest and borrowing costs, \$20,000 (2023 - \$nil) to other project costs. Compensation expense for the three months ended December 31, 2024, which is also included in PG&A, amounted to \$36,079 (2023 - \$35,238). Public and community relations, consultants travel, and other project costs were higher as a result of First Nations consultation work, government relations work, and building awareness and support for the project. Professional fees were lower due to legal fees incurred last year related to the return of the project in November 2023.

Revenue of \$1,500,000 (2023 - \$nil) was recognized as value of the sales agreement for the sale of the Company’s wholly owned subsidiary Devco. This agreement closed October 1, 2024 with cash proceeds on closing of \$550,000 and future payments of \$475,000 on October 1, 2025 and October 1, 2026.

## *Liquidity*

As at December 31, 2024, the Company had \$404,033 in cash compared to \$13,448 as at December 31, 2023. Working capital, being current assets less current liabilities, as at December 30, 2024 was \$795,902 as compared to a deficit of \$194,383 as at September 30, 2024. The increase in cash and working capital during the three months ended December 31, 2024 is the result of recording the sale of Devco, net of expenditures related to the ongoing overhead and administration to maintain the Company and advance the project.

On November 24, 2023, a total of \$231,000 was raised from the exercise of 3,300,000 warrants. The remaining 1,700,840 warrants expired on November 25, 2023 unexercised.

In May 2024 the Company received financing by way of shareholder loans from the Company’s directors. This short-term arrangement had a term of less than one year and interest at 5% per annum. As at September 30, 2024, the balance of shareholder loans is \$125,000 and interest expense has been expensed and accrued in the amount of \$2,195. These loans plus accrued interest were paid in full October 4, 2024.

As evidenced by the announcement by the Province of BC and BC Hydro, related to the calls for power, there is a growing demand for electricity and a growing support for renewable energy. Oceanic is confident that the project in Hecate Strait can play a role in meeting that demand.

The Company’s ability to continue as a going concern is dependent on its ability to obtain additional financing. The Company will need to raise funds through grants, strategic collaborations, public or private equity, debt financing, or other funding sources. The funding 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.

## Capital Resources

On November 24, 2023, a total of \$231,000 was raised from the exercise of 3,300,000 warrants. The remaining 1,700,840 warrants expired unexercised on November 25, 2023. As of the Report Date, the Company had 87,327,896 common shares issued and outstanding.

As of the Report Date, the Company had 5,739,474 stock options and nil warrants outstanding.

Description	Exercise Price	Expiry Date	Number Outstanding
Stock Options	\$0.095	November 1, 2027	689,474
Stock Options	\$0.10	January 24, 2029	400,000
Stock Options	\$0.145	September 30, 2030	1,400,000
Stock Options	\$0.14	October 24, 2031	1,500,000
Stock Options	\$0.05	October 26, 2032	1,750,000

## Contingent Liabilities

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

## Related Party Transactions

Key management compensation to the Chief Executive Officer ("CEO"), Chief Financial Officer, and the Board of Directors for the year ended December 31, 2024 are as follows:

	2024	2023
Wages and benefits	\$36,079	\$35,238
	\$36,079	\$35,238

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 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 assets 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 will 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.

### *Internal Controls and Procedures over Financial Reporting*

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the certifying officers (the Chief Executive Officer and Chief Financial Officer) do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### *Approval*

The board of directors of the Company has approved the disclosure contained in this MD&A.

### *Additional Information*

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) under Oceanic Wind Energy Inc. or at [www.oceanicwind.ca](http://www.oceanicwind.ca).

Dated February 28, 2025