BlueOcean NutraSciences Inc.

(a development stage company)

Consolidated Financial Statements

(expressed in Canadian dollars)

For the years ended December 31, 2015 and 2014

MANAGEMENT'S RESPONSIBILITY FOR ANNUAL FINANCIAL REPORTING

The accompanying audited annual consolidated financial statements of BlueOcean NutraSciences Inc. (the "Company") are the responsibility of management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with International Financial Reporting Standards and contain estimates based on management's judgment.

The Audit Committee of the Board has reviewed with the Company's independent auditors the scope and results of the annual audit and the consolidated financial statements and the related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards and their report follows.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

"Gavin Bogle"	*"Stephen M. Gledhill"*
Gavin Bogle President and Chief Executive Officer	Stephen M. Gledhill Chief Financial Officer
July 14, 2016	July 14, 2016

July 19, 2016

Independent Auditor's Report

To the Shareholders of
BlueOcean NutraSciences Inc.

We have audited the accompanying consolidated financial statements of BlueOcean NutraSciences Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flow for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BlueOcean NutraSciences Inc. and its subsidiaries as at December 31, 2015 and 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conclusions that indicate the existence of a material uncertainty that may cast significant doubt about BlueOcean NutraSciences Inc.'s and its subsidiaries ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

BlueOcean NutraSciences Inc.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

As at	**December 31, 2015**	December 31, 2014
Assets	**$**	$
Current assets		
Cash	**30,039**	304,562
Sales taxes recoverable	**11,163**	47,043
Due from related parties *(note 14)*	**18,849**	-
Prepaid expenses *(note 7)*	**82,121**	12,293
Total current assets	**142,172**	363,898
Non-current assets		
Intangible assets *(note 8)*	**-**	379,727
Total non-current assets	**-**	379,727
Investment in joint ventures *(note 9)*	**-**	57,040
Total assets	**142,172**	800,665
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 10)*	**42,236**	456,760
Straight-line rent payable *(note 11)*	**-**	141,000
Provision for onerous contract *(note 12)*	**269,560**	-
Due to related parties *(note 14)*	**11,557**	13,286
Total current liabilities	**323,353**	611,046
Non-current liabilities		
Provision for onerous contract *(note 12)*	**303,746**	508,780
Straight-line rent payable *(note 11)*	**-**	244,500
Total non-current liabilities	**303,746**	753,280
Total liabilities	**627,099**	1,364,326
Shareholders' deficiency		
Common shares *(note 13)*	**6,434,838**	5,801,703
Subscription receipts *(note 13)*	**14,000**	-
Reserve for warrants *(note 13)*	**871,770**	1,073,208
Contributed surplus *(note 13)*	**1,726,247**	991,702
Accumulated deficit	**(9,531,782)**	(8,430,274)
Total shareholders' deficiency	**(484,927)**	(563,661)
Total liabilities and shareholders' deficiency	**142,172**	800,665

Going concern (note 1)
Significant contracts and commitments (note 17)
Subsequent events (note 19)

Approved for issuance by the Board on July 14, 2016

"Michael Boyd", Director

"Samuel Kanes", Director

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

BlueOcean NutraSciences Inc.
Consolidated Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars, except weighted average number of common shares outstanding)

	Years ended	
	December 31, 2015	December 31, 2014
	$	$
Revenue *(note 16)*	**1,450**	-
Expenses		
Administration	**184,998**	583,866
Amortization and depreciation	**39,936**	22,288
Compensation	**314,933**	478,905
Consulting fees	**159,999**	154,500
Foreign exchange losses	**2,252**	1,387
Investor relations and public reporting costs	**47,642**	183,967
Impairment of intangible assets *(notes 8 and 16)*	**339,791**	-
Licence fees	**250,000**	-
Professional fees	**54,247**	74,365
Research and development *(note 15)*	**210,954**	227,698
Share-based compensation *(note 13)*	**139,492**	116,246
Total expenses	**1,744,244**	1,843,222
Operating loss	**(1,742,794)**	(1,843,222)
Loss resulting from onerous contract *(note 12)*	**(64,526)**	(508,780)
Gain resulting from lease termination *(note 12)*	**838,950**	-
Interest income	**-**	358
Loss before losses from joint ventures	**(968,370)**	(2,351,644)
Attributable losses from joint ventures *(note 9)*	**(133,138)**	(88,158)
Loss and comprehensive loss for the period	**(1,101,508)**	(2,439,802)
Basic and fully diluted loss and comprehensive loss per share	**(0.018)**	(0.048)
Weighted average number of common shares outstanding	**61,655,644**	50,893,227

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

BlueOcean NutraSciences Inc.
Consolidated Statements of Changes in Equity
(expressed in Canadian dollars)

	Common shares						
	Number of shares	**Amount**	**Subscription receipts**	**Warrants**	**Contributed surplus**	**Accumulated deficit**	**Total**
		$	$	$	$	$	$
Balance at January 1, 2014	48,582,251	4,979,995	-	1,205,108	647,836	(5,990,472)	842,467
Shares issued for cash - private placement	1,685,000	505,500	-	-	-	-	505,500
Fair value of issued warrants	-	(176,000)	-	176,000	-	-	-
Cost of issuance	-	(48,352)	-	-	-	-	(48,352)
Exercise of warrants	401,400	80,280	-	-	-	-	80,280
Fair value of exercised warrants	-	80,280	-	(80,280)	-	-	-
Expiry of warrants	-	-	-	(227,620)	227,620	-	-
Shares for service	49,042	5,000	-	-	-	-	5,000
Shares for licence *(note 13(vii))*	3,750,000	375,000	-	-	-	-	375,000
Share-based compensation	-	-	-	-	116,246	-	116,246
Loss and comprehensive loss for the period	-	-	-	-	-	(2,439,802)	(2,439,802)
Balance at December 31, 2014	54,467,693	5,801,703	-	1,073,208	991,702	(8,430,274)	(563,661)
Shares issued for cash - private placement	**10,805,000**	**1,056,350**	**-**	**-**	**-**	**-**	**1,056,350**
Subscription receipts	**-**	**-**	**14,000**	**-**	**-**	**-**	**14,000**
Fair value of issued warrants	**-**	**(400,170)**	**-**	**400,170**	**-**	**-**	**-**
Expiry of warrants	**-**	**-**	**-**	**(601,608)**	**601,608**	**-**	**-**
Cost of issuance	**-**	**(42,100)**	**-**	**-**	**-**	**-**	**(42,100)**
Shares for service	**85,714**	**5,000**	**-**	**-**	**-**	**-**	**5,000**
Exercise of options	**75,000**	**7,500**	**-**	**-**	**-**	**-**	**7,500**
Fair value of exercised options	**-**	**6,555**	**-**	**-**	**(6,555)**	**-**	**-**
Share-based compensation	**-**	**-**	**-**	**-**	**139,492**	**-**	**139,492**
Loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(1,101,508)**	**(1,101,508)**
Balance at December 31, 2015	**65,433,407**	**6,434,838**	**14,000**	**871,770**	**1,726,247**	**(9,531,782)**	**(484,927)**

BlueOcean NutraSciences Inc.
Consolidated Statements of Cash Flow

(expressed in Canadian Dollars)

	Years ended	
	December 31, 2015	*December 31, 2014*
	$	$
Operating activities		
Net loss	**(1,101,508)**	(2,439,802)
Non-cash items:		
Amortization and depreciation	**39,936**	22,288
Effect of straight-line rent expense	**(25,250)**	(6,000)
Issuance of shares for services	**5,000**	5,000
Loss resulting from onerous contract *(note 12)*	**64,526**	508,780
Impairment of intangible assets *(note 8)*	**339,791**	-
Gain resulting from lease termination *(note 12)*	**(838,950)**	-
Share-based payments	**139,492**	116,246
Share of loss in joint ventures	**133,137**	88,158
Net change in non-cash working capital items:		
Prepaid expenses	**(69,828)**	15,489
Sales taxes recoverable	**(17,726)**	(23,233)
Trade payables and accrued liabilities	**95,733**	341,125
Cash used for operating activities	**(1,235,647)**	(1,371,949)
Financing activities		
Proceeds from issuance of shares (including subscription receipts of $14,000 in 2015)	**1,070,350**	520,500
Cost of issuance of shares	**(42,100)**	(48,353)
Proceeds from exercise of warrants	**-**	80,280
Proceeds from exercise of options	**7,500**	-
Advanced to related parties *(note 14)*	**(18,849)**	-
Repayment to related parties *(note 14)*	**(1,729)**	(54,894)
Cash provided from financing activities	**1,015,172**	497,533
Investing activities		
Investment in joint ventures	**(66,330)**	(114,000)
Cash acquired on step-acquisition of joint venture *(note 9.1)*	**12,282**	-
Cash used for investing activities	**(54,048)**	(114,000)
Decrease in cash for the year	**(274,523)**	(988,416)
Cash at beginning of year	**304,562**	1,292,978
Cash at end of year	**30,039**	304,562
Supplemental cash flow information		
Issuance of shares for licence *(note 13(vii))*	**-**	375,000

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

1. General information and going concern

BlueOcean NutraSciences Inc. ("BOC" or the "Company") was incorporated under the provisions of the Business Corporations Act (Ontario) on September 17, 2010. The Company operates under three platforms targeting the health and wellness industries:

Shrimp oil platform - The Company has secured a processor on an exclusive long-term basis to extract high phospholipid and astaxanthin-rich Omega3 oil derived from certain wild North Atlantic and Pacific Ocean shrimp by-products. This shrimp oil has superior astaxanthin product properties to krill oil that delivers cardiovascular, mental and eye health benefits. The Company has obtained a licence from Neptune Technologies & Bioressources to sell its shrimp oil globally.

Algal oil platform - The Company is pursuing sales of a high-value Omega3-rich algae oil extracted from rapidly growing selected micro algae strains intending to use its proprietary gas infusion technology that delivers cardiovascular and mental health benefits from vegan algae oils.

***Extended-release ("XR") Omega3 tablet platform* -** In February 2015, the Company announced a joint venture with CMAX Technologies Inc. ("CMAX"), whereby the joint venture would commercialize extended-release tablets made from Omega3 fish, shrimp, krill and algae oils. In the third quarter of 2015, the Company began pre-selling commercial XR shrimp tablets as well as regular strength and extra strength shrimp oil gel caps on www.purepolarshrimp.com and finalizing a commercial XR fish oil tablet formulation.

The registered and head office of the Company is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

These consolidated financial statements (the "Consolidated Financial Statements") have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company is in the development stage and has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations. BOC's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. See note 19 (i), (iii) and (iv) regarding the completion of two private placements totalling $160,650 and note 19 (v) regarding the closing of a bridge loan facility raising $400,000. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness, ultimately, of the use of accounting principles applicable to a going concern. The Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of preparation

2.1 Statement of compliance

The Consolidated Financial Statements including comparatives have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (the "IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Consolidated Financial Statements were approved and authorized for issuance by the Board on July 14, 2016.

2.2 Basis of presentation

The Consolidated Financial Statements have been prepared on a historical cost basis and are presented in Canadian dollars, the Company's functional currency. The preparation of the Consolidated Financial Statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

2.3 Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Company and all of its subsidiaries. The Company has the following inactive, wholly owned subsidiaries: Solutions4CO_2 Technologies Inc., BlueOcean Shrimp Products Inc., Asta NutraSciences Inc., Solutions4CO_2 (SJVB) Limited and Solutions4CO_2 USA, Inc. and 70717 Newfoundland and Labrador Limited ("70717"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities controlled by the Company. Control exists when the Company has the power to govern, directly or indirectly, the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

Prior to August 10, 2015, the Company owned a 50% equity interest in two joint arrangements, 2453969 Ontario Inc. ("2453969") and 70717, and a 33.33% interest in one joint arrangement, Pure Polar Labs Inc. ("Pure Polar") held through 2453969. The Company accounts for these arrangements using the equity method in accordance with IFRS 11 *'Joint Arrangements'.* On July 11, 2015, the Company agreed to buy the remaining 50% interest in 70717 for a nominal amount (the "Acquisition"). After the close of the transaction (August 10, 2015), 70717 became a wholly owned subsidiary of the Company. See note 9 regarding the details of each of these joint venture arrangements.

3. Summary of significant accounting policies

3.1 Common shares, subscription receipts, contributed surplus and reserve for warrants

Common shares, subscriptions receipts, contributed surplus and reserve for warrants are classified as shareholders' equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity.

3.2 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the financial liability simultaneously. At initial recognition, the

Company classifies its financial instruments in the following categories, depending on the purpose for which the financial instruments were acquired:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and prepaid expenses and are classified as current, except for the portion expected to be realized or paid beyond 12 months of the consolidated statement of financial position dates, which is classified as non-current. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Financial liabilities

Financial liabilities at amortized cost include trade payables and accrued liabilities, amounts due to related parties, onerous contract and rent payable. Trade payables and accrued liabilities and amounts due to related parties are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables and accrued liabilities, amounts due to related parties and onerous contract are measured at amortized cost, using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months of the consolidated statement of financial position dates, otherwise, they are classified as non-current liabilities.

3.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Company's Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional and presentation currency of the Company is the Canadian dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the foreign currency exchange rates prevailing at the dates of the transactions. Generally, foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of operations and comprehensive loss.

3.4 Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss on financial assets carried at amortized cost as follows: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the financial instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

3.5 Impairment of non-financial assets

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that have been impaired previously are reviewed for possible reversal of impairment at each reporting date.

3.6 Income taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the consolidated statements of operations and comprehensive loss, except to the extent that they relate to items recognized directly in shareholders' equity, in which case, the income taxes are also recognized directly in shareholders' equity. Current income taxes are the expected income taxes payable on the taxable income for the period, using income tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous periods. In general, deferred income taxes are recognized in respect of temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred income taxes are determined on a non-discounted basis, using income tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income taxes are provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, when the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

3.7 Intangible assets

The Company's patents are initially measured at cost and are amortized over their useful lives, which vary between 9 and 13 years. After initial recognition, the Company's intangible assets are carried at their cost less accumulated amortization and any impairment loses. The Company's licence is being amortized on a straight-line basis over the term of the licence, being 10 years.

3.8 Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds on the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2015 and 2014, all the outstanding stock options and warrants were antidilutive.

3.9 Prepaid expenses

Prepaid expenses consist of services or products that have been paid, but for which the Company has not yet obtained the benefit.

3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value when the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

3.11 Sales taxes recoverable

Sales taxes recoverable represent harmonized or goods and services sales taxes paid within Canada that are refundable.

3.12 Share-based compensation

The Company grants stock options to certain directors, employees, consultants and advisers. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period, based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

3.13 Significant accounting judgments and estimates

The preparation of the Consolidated Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The following are the estimates and judgments applied by management that most significantly affect the Company's Consolidated Financial Statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Share-based compensation expense

The Company estimates share-based compensation expense at the grant date based on the award's fair value as calculated by an options calculator and is recognized over the vesting period. The model requires various judgmental assumptions, including volatility, forfeiture rates and expected stock option life. Changes to the assumptions selected by management and used in an options calculator could materially affect the Company's share-based compensation expense.

Impairments

IFRS requires management to undertake an annual test for impairment of intangible assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management's judgment, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections that have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections or changes in its business focus, could significantly affect the Company's impairment evaluation and, hence, results. Management's review includes the key assumptions related to sensitivity in the cash flow projections.

3.14 Trade payables and accrued liabilities

Trade payables and accrued liabilities are, in part, obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables and accrued liabilities are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities. Trade payables and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.15 Straight-line rent liabilities

The amounts contained on the consolidated statements of financial position include amounts payable resulting from the straight-line effect of rent expense. The Company treats its premises lease as an operating lease. Straight-line rent liabilities are classified as current liabilities if payment is accreted within one year or less. If not, they are classified as non-current liabilities. Straight-line rent liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.16 Joint ventures

Pursuant to IFRS 11, joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. Joint arrangements represent arrangements in which two or more parties have joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. Joint arrangements can be classified as either a joint operation or a joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method of accounting. Under the equity method, the Company's initial investment is recognized at cost and subsequently adjusted for the Company's share of the joint venture's income or loss, less distributions received.

4. Adoption of new and revised standards and interpretations

At the date of authorization of the Consolidated Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations, which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the Consolidated Financial Statements of the Company.

- On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). In November 2009, the IASB issued the first version of IFRS 9, Financial Instruments (IFRS 9 (2009)) and subsequently issued various amendments in October 2010, IFRS 9, Financial Instruments (2010), and November 2013, IFRS 9, Financial Instruments (2013). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

- In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, and IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company intends to adopt IFRS 15 effective January 1, 2018.

- On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted. Under the new standard, all leases will be on the balance sheet of lessees, except those that meet limited exception criteria. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In September 2014, the IASB issued amendments to address an inconsistency between the requirements in IFRS 10. Consolidated Financial Statements and those in International Accounting Standard (IAS) 28 Investments in Associates and Joint Ventures regarding the sale or contribution of assets between an investor and its associate or joint venture. The amendment clarified that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the company in the event that it has transactions with Joint Ventures.

5. Capital management

The Company's main objective in managing capital is to ensure sufficient liquidity to pursue and fund product development, production and promotion. Secondarily, the Company strives to continue to fund research and development and pursue its growth strategy, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is considered to be its shareholders' equity. The Company's primary uses of capital are financing operations, increasing non-cash working capital and capital expenditures. The Company currently funds these requirements from existing cash resources and/or cash raised through the issuance of debt, common shares and/or warrants. The Company's objectives when managing capital is to ensure the Company will continue to have enough liquidity so that it can provide its products and services to its customers and returns to its shareholders. The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize the capacity to finance the Company's ongoing growth, the Company does not currently pay a dividend to holders of its common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital restrictions.

6. Risk management and financial instruments

6.1 Financial instruments

Fair value

The Company has designated its cash as fair-value-through-profit-and-loss, which is measured at fair value. Due from related parties is classified for accounting purposes as loans and receivables, which are measured at amortized cost that approximates fair value. Trade payables and accrued liabilities, due to related parties and onerous contract are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also approximates fair value. Fair values of accounts payable and accrued liabilities, due to related parties and onerous contract are determined from transaction values that were derived from observable market inputs.

As at December 31, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates

6.2 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Currency risk

The Company's functional currency and the majority of its operations have been conducted in Canadian dollars. BOC occasionally conducts business in United States ("US") dollars. Financial assets and liabilities denominated in foreign currencies will be affected by changes in the exchange rate between the functional currency and these foreign currencies. The assets and liabilities primarily affected are cash and trade payables and accrued liabilities that are denominated in foreign currencies. The Company has recognized currency exchange losses during the year ended December 31, 2015 of $2,252 (2014 - $1,387).

Management believes foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

b. Fair value

The carrying amounts of cash, trade payables and accrued liabilities, onerous contract and amounts due to related parties approximate their fair values given their short-term nature. The fair value of the onerous contract has been calculated using the present value of future cash commitments utilizing a rate of 12%, compounded monthly. Interest is calculated and accreted up to the Termination Amount of $647,700 (as defined in note 12).

(expressed in Canadian dollars)

7. Prepaid expenses

Prepaid expenses represent costs expended by the Company for which it has not yet received value. The full amount of the prepaid balance at December 31, 2015 is expected to be utilized during the upcoming year, with any portion consumed being expensed through the consolidated statements of operations and comprehensive loss, and any unconsumed portion reallocated to the appropriate consolidated statements of financial position classification.

As at December 31, 2015, the prepaid expenses of the Company are detailed as follows:

	December 31, 2015	December 31, 2014
	$	$
Compensation	**-**	10,000
Insurance	**4,199**	2,293
Deposit on purchase of shrimp oil	**77,922**	-
Total	**82,121**	12,293

8. Intangible assets

Intangible assets relate to the patents and licence acquired for use. The patents are amortized over their useful lives, which vary between 9 and 13 years.

In 2014, the Company entered into a licence agreement (note 13 (vii)) and acquired the rights to use the licence for ten years. The licence is amortized over its useful life of ten years.

During 2015, the Company tested for the impairment of its intangible assets. Given the significant doubt raised as to the ability to meet its obligations as they come due and the accounting principles applicable to a going concern, the Company has recorded an impairment of the entire intangible asset balance of $339,791, as noted below. The intangible assets to which the impairment was recorded, are included in the Company's shrimp oil CGU, which has a value-in-use equal to $77,922 (see note 16).

Cost	**Patents $**	**License $**	**Total $**
As at January 1, 2014	37,627	-	37,627
Additions	-	375,000	375,000
As at December 31, 2014	37,627	375,000	412,627
Additions	-	-	-

As at December 31, 2015	**37,627**	**375,000**	**412,627**
Accumulated depreciation and impairment			
January 1, 2014	(10,612)	-	(10,612)
Depreciation	(3,538)	(18,750)	(22,288)
As at December 31, 2014	(14,150)	(18,750)	(32,900)
Depreciation	(2,436)	(37,500)	(39,936)
Impairment of intangible assets	(21,041)	(318,750)	(339,791)
As at December 31, 2015	**(37,627)**	**(375,000)**	**(412,627)**
Net book value			
As at December 31, 2014	23,477	356,250	379,727
As at December 31, 2015	**-**	**-**	**-**

9. Investment in joint ventures

9.1 70717 Newfoundland and Labrador Limited

On June 6, 2013, the Company entered into a joint arrangement with a private Canadian processor of cold water shrimp and snow crab. The parties formed 70717 to produce specialty oils derived from shrimp by-products targeted at the health and wellness industry. On July 11, 2015, the Company agreed to buy the remaining 50% interest in 70717 for non-cash consideration and terminate the joint venture arrangement. After the close of the Acquisition on August 10, 2015 (the "Acquisition Date"), 70717 became a wholly owned subsidiary of the Company.

Up to the Acquisition Date, the Company accounted for this arrangement using the equity method and its share of this joint venture's loss of $43,430 (2014 - $88,158) has been included in the consolidated statements of operations and comprehensive loss.

A continuity of the Company's investment in 70717 (up to the Acquisition Date) follows:

	$
Initial equity investment in joint venture, June 6, 2013	100
Investment in joint venture – June 6, 2013 to December 31, 2013	345,529
Share of loss of joint venture – June 6, 2013 to December 31, 2013	(314,432)
Investment in joint venture, December 31, 2013	31,197
Investment in joint venture for 2014	114,001

(expressed in Canadian dollars)

Share of loss of joint venture for 2014	(88,158)
Investment in joint venture, December 31, 2014	57,040
Share of loss of joint venture for 2015, up to the Acquisition Date	**(43,430)**
Deemed disposition of investment in joint venture on Acquisition Date	**(13,610)**
Investment in joint venture	**-**

In July 2015 (closing on August 10, 2015), the Company entered into an agreement with its joint venture partner to acquire the remaining outstanding 50% of 70717. The Company agreed to sell 70717's equipment to its joint venture partner for $1 in order to acquire the remaining 50% interest in 70717. In exchange, its joint venture partner forgave all amounts owed by 70717 to it. The Company determined the fair value of its equity interest in the joint venture amounted to its net liabilities of $9,675.

Fair value of net liabilities:

	$
Cash	12,381
Recoverable sales taxes	5,245
Accounts payable and accrued liabilities	(27,301)
Fair value of identifiable net liabilities	**(9,675)**

Loss on revalue of equity interest:

	$
Carrying value of equity interest (at Acquisition Date), including initial equity investment	13,703
Acquisition Date fair value equal to net liabilities	9,675
Loss on revalue of equity interest	**23,378**

Summarized financial information of 70717 at 100%:

As at	**December 31, 2015**	December 31, 2014
	$	$
Assets		
Current assets	**-**	103,428
Non-current assets	**-**	42,394
Total assets	**-**	145,822
Liabilities		
Current liabilities	**-**	(31,542)

(expressed in Canadian dollars)

Shareholder loans	**-**	(919,261)
Total liabilities	**-**	(950,803)
Net liabilities	**-**	(804,981)
Cash (included in current assets)	**-**	96,081
Current financial liabilities (included in current liabilities)	**-**	-

The following table details the cumulative loss from the operations of 70717 up to the Acquisition Date:

	Loss from continuing operations
	$
Period from August 14, 2013 (date of incorporation) to December 31, 2013	**(628,864)**
Period from January 1, 2014 to December 31, 2014	**(176,316)**
Period from January 1, 2015 to the Acquisition Date	**(86,860)**
Cumulative loss from continuing operations	**(892,040)**

The Company's portion of the above loss from continuing operations up to the Acquisition Date is 50% of the stated amount.

Reconciliation of above summarized financial information to the carrying amount of the Company's investment in 70717:

As at	**December 31, 2015**	December 31, 2014
	$	$
Cumulative losses of 70717 (up to the Acquisition Date)	**(892,020)**	(805,180)
Company's share of cumulative losses at 50%	**(446,020)**	(402,590)
Cumulative investment	**459,630**	459,630
Deemed disposition on the Acquisition	**(13,610)**	-
Investment in joint venture	**-**	57,040

9.2 2453969 Ontario Inc.

On February 17, 2015, the Company entered into a joint arrangement with CMAX (the "CMAX JV"). The parties formed 2453969 to combine BOC's Omega3/astaxanthin oil ingredients supply and marketing expertise with CMAX's proprietary formulation technology to produce extended release Omega3 tablets from a variety of oils including shrimp, krill, algal and fish oils for the rapidly growing Omega3 and astaxanthin dietary supplements markets (the "Product"). Each party owns a 50% equity position in 2453969 and share joint control.

(expressed in Canadian dollars)

A continuity of the Company's investment in 2453969 follows:

	$
Initial equity investment in joint venture, February 14, 2015	1
Investment in joint venture – February 14, 2015 to December 31, 2015	33,033
Share of loss of joint venture – February 14, 2015 to December 31, 2015	(1)
Impairment of investment in joint venture[1]	(33,033)
Investment in joint venture, December 31, 2015	**-**

[1]As the joint venture has had negligible operations, the Company has taken an impairment on this investment.

Summarized financial information of 2453969 at 100%:

As at	**December 31, 2015**	December 31, 2014
	$	$
Assets		
Investment in Pure Polar joint venture	**66,066**	-
Net assets	**66,066**	-
Cash (included in current assets)	**-**	-
Current financial liabilities (included in current liabilities)	**-**	-

The following table details the cumulative loss from the operations of 2453969:

	Loss from continuing operations
	$
Period from February 14, 2015 to December 31, 2015	**(43,585)**

The Company's portion of the above loss from continuing operations is 50% of the stated amount.

Reconciliation of above summarized financial information to the carrying amount of the Company's investment in 2453969, follows:

(expressed in Canadian dollars)

As at	**December 31, 2015**	December 31, 2014
	$	$
Cumulative losses of 2453969	**(43,585)**	-
Company's share of cumulative losses at 50%	**(21,792)**	-
Impairment of Pure Polar losses	**21,791**	
Cumulative investment (net of impairment)	**1**	-
Investment in joint venture	**-**	-

9.3 Pure Polar Labs Inc.

On September 18, 2015, the Company (through 2453969) entered into a joint arrangement with Heuer M.D. Research Inc. (the "Pure Polar JV") to market and sell the Product. Each party owns a one-third interest in the Pure Polar JV and share joint control.

A continuity of the Company's investment in Pure Polar follows:

	$
Initial equity investment in joint venture, September 18, 2015	263
Investment in joint venture – September 18, 2015 to December 31, 2015	65,540
Share of loss of joint venture – February 14, 2015 to December 31, 2015	(21,792)
Impairment of investment in joint venture[1]	(44,011)
Investment in joint venture, December 31, 2015	**-**

[1]As the joint venture has had negligible operations, the Company has taken an impairment on this investment.

Summarized financial information of Pure Polar at 100%:

As at	**December 31, 2015**	December 31, 2014
	$	$
Assets		
Current assets	**955**	-
Net assets	**955**	-

(expressed in Canadian dollars)

Cash (included in current assets)	**955**	-
Current financial liabilities (included in current liabilities)	**-**	-

The following table details the cumulative loss from the operations of Pure Polar:

	Loss from continuing operations
	$
Period from September 18, 2015 to December 31, 2015	**(65,374)**

The Company's portion of the above loss from continuing operations is one-third of the stated amount.

Reconciliation of above summarized financial information to the carrying amount of the Company's investment in Pure Polar, follows:

As at	**December 31, 2015**	December 31, 2014
	$	$
Cumulative losses of Pure Polar	**(65,374)**	-
Company's share of cumulative losses at one-third	**(21,792)**	-
Cumulative investment (net of impairment)	**21,792**	-
Investment in joint venture	**-**	-

10. Trade payables and accrued liabilities

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases and financing activities. The usual credit period taken for trade purchases is between 30 and 90 days.

The following is an analysis of the Company's trade payables and its accrued liabilities:

	December 31, 2015	December 31, 2014
	$	$
Administration	**943**	406,571
Investor relations and public reporting costs	**1,293**	-
Professional fees	**40,000**	43,500
Research and development	**-**	6,690
Total trade payables and accrued liabilities	**42,236**	456,761

11. Straight-line rent

The Company entered into a lease (the "Lease") with TransAlta Generation Partnership ("TransAlta"), as further disclosed in notes 12 and 17. For accounting purposes, this lease is treated as an operating lease. The total contractual rent to be paid pursuant to this operating lease was to be recognized on a straight-line basis over the term of the lease, being five years (see note 12). Amounts due pursuant to straight-lining of rent that are in excess of the Company's cash commitment are recorded as a straight-line rent payable with such amount reduced once actual cash rent payments exceed straight-line amounts due.

12. Onerous contract

Lease termination with TransAlta Generation Partnership

During the second quarter of 2015, the Company completed negotiations with TransAlta and entered into a lease termination agreement (the "Termination Agreement") regarding its leased facilities at Bluewater Energy Park. The Termination Agreement fixed the remaining amount payable by the Company to TransAlta pursuant to the lease at $647,700 (the "Termination Amount"). The amount was to be repaid in equal monthly instalments of $26,988 over a two-year period commencing on January 1, 2016. On January 1, 2016, the Company defaulted on the Termination Agreement by failing to make the required first repayment of $26,988. In January 2016, the Company made a $5,000 payment against amounts owing under the Termination Agreement but has made no further payments thereunder. As of the date of approval of these Consolidated Financial Statements, the Company has defaulted on a total of $183,916.

The Company recognized the Termination Amount as an onerous contract that was initially recorded at fair value being the present value of total cash commitments payable pursuant to the Termination Agreement. The difference between the discounted cash commitments and the actual commitment is accreted to interest expense over the period until December 31, 2017. As at December 31, 2015, the fair value of the onerous contract is $573,306 (December 31, 2014 - $508,780). Interest accretion for the year ended December 31, 2015 is $64,526 (2014 - $nil). This amount is categorized as further losses resulting from the onerous contract and recorded in the consolidated statements of operations and comprehensive loss.

The Company has recorded a gain resulting from the Termination Agreement in the amount of $838,950 (2014 - $nil), resulting from the writeoff of the balance of the straight-line rent payable and the outstanding amounts due to TransAlta pursuant to the Lease.

13. Common shares

Authorized

BOC's authorized share capital consists of an unlimited number of common shares.

Issued and outstanding

2015:

(i) In December 2015, the Company closed on Tranche 1 of a non-brokered private placement (the "December 2015 PP"), whereby the Company issued an aggregate of 805,000 units (each a "December Unit") at $0.07 per December Unit, for gross proceeds of $56,350. Each December

Unit consisted of one common share of the Company and one-half-of-one common share purchase warrant. Each whole warrant (a "December Warrant") entitles the holder to purchase one common share of the Company at a price of $0.10 per share until December 18, 2017. The Company paid finders' fees of $2,500 toward this financing. The fair value of the warrants of $6,231 was calculated using the Black-Scholes option pricing model with the input variables noted below.

(ii) In December 2015, the Company had subscription receipts totalling $14,000. The subscription receipts were exchanged in January 2016, with the Company issuing 200,000 units (each a "January Unit") at $0.07 per January Unit. Each January Unit consisted of one common share of the Company and one-half-of-one common share purchase warrant. Each whole warrant (a "January Warrant") entitles the holder to purchase one common share of the Company at a price of $0.10 per share until January 13, 2018.

(iii) In December 2015, the Company issued 35,714 shares at $0.07 per share, in exchange for partial November 2015 management fees ($2,500) due to RG Management Services Inc. ("RGMS") (see note 14), the Company's management services provider.

(iv) In November 2015, the Company issued 50,000 shares at $0.05 per share, in exchange for partial October 2015 management fees ($2,500) due to RGMS (see note 14).

(v) In April 2015, the Company closed a non-brokered private placement whereby the Company issued an aggregate of 10,000,000 units (each an "April Unit") at $0.10 per April Unit, for gross proceeds of $1,000,000. Each April Unit consisted of one common share of the Company and one-half-of-one common share purchase warrant (each an "April Warrant"). Each April Warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per share until April 17, 2017. The Company paid finders' fees of $39,600 toward this financing. The fair value of the warrants of $393,939 was calculated using the Black-Scholes option pricing model with the input variables as noted below.

(vi) In April 2015, the Company issued 75,000 shares at $0.10 each, on the exercise of options. The fair value of the exercised option in the amount of $6,555 was transferred from contributed surplus to common shares.

The December Warrants and the April Warrants were valued using the Black-Scholes option pricing model with the following average input variables: warrant life of 2.0 years, risk-free rate of 0.61%, volatility of 125.12%, common share price of $0.18 and a dividend yield of 0%.

2014:

(vii) On October 20, 2014, the Company signed an exclusive worldwide, royalty-bearing, non-transferable, long-term licence agreement (the "Licence Agreement") under Neptune Technologies & Bioressources Inc. composition and extraction patents on the production and sale of marine derived oil products containing phospholipids. The Licence allows the Company and its shrimp joint venture affiliate to produce and sell shrimp oil products extracted from three species of North Atlantic cold water shrimp (Pandalus borealis, Pandalus montagui and Pandalus jordani) in the nutraceutical, dietary ingredients, natural health products, functional food and food supplements markets. The medical food, drugs and drug products markets are not included. The Company paid an initial $750,000 for the long-term licence by issuing 3,750,000 common shares at a deemed price of $0.20 per share.

(expressed in Canadian dollars)

(viii) On October 1, 2014, the Company issued 26,315 shares at $0.095 each to its CEO as partial payment of September 2014 fees, while acting in an interim capacity.

(ix) On September 11, 2014, the Company issued 22,727 shares at $0.11 each to its CEO, as partial compensation for August 2014 fees, while acting in an interim capacity.

(x) On March 26, 2014, 401,400 broker warrants were exercised raising $80,280. Contemporaneously, the fair value of the broker warrants of $80,280 was transferred from reserve for warrants to share capital.

(xi) On January 29, 2014, the Company closed a non-brokered private placement whereby the Company issued an aggregate of 1,685,000 units (each a “January Unit”) at $0.30 per January Unit, for gross proceeds of $505,500. Each January Unit consisted of one common share of the Company and one common share purchase warrant (a “January Warrant”). Each January Warrant entitles the holder to purchase one common share of the Company at a price of $0.50 per share until January 29, 2016. The Company paid advisory fees of $48,352 toward this financing.

The fair value of the warrants of $176,000 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 2.36%, expected volatility of 155.2%, common share price of $0.25, dividend yield of 0% and a term of 2 years.

Warrants

The outstanding issued warrants balance as at December 31, 2015 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price $	Fair value $
January 29, 2016	Warrants	1,685,000	0.50	176,000
April 18, 2016	Warrants	1,600,000	0.20	155,800
May 30, 2016	Warrants	305,000	0.20	29,400
August 12, 2016	Warrants	392,623	0.20	41,100
September 5, 2016	Warrants	661,666	0.20	69,300
April 17, 2017	Warrants	5,000,000	0.15	393,939
December 18, 2017	Warrants	402,500	0.10	6,231
Total		**10,046,789**	**0.33**	**871,770**

Contributed surplus

BOC has a fixed stock option plan (the “Plan”). As at December 31, 2015, 1,715,962 (2014 - 3,339,295) options are available for issuance under the Plan. The principal features of the Plan are as follows:

(a) the maximum aggregate number of common shares that may be allocated and made available to be granted to participants under the Plan is fixed at 6,958,535;

(expressed in Canadian dollars)

(b) the aggregate number of common shares that may be reserved for issuance pursuant to options granted to Insiders (defined as (a) a director or senior officer of the Company; (b) a director or senior officer of a "company" (as defined in the TSX Venture Exchange ("TSXV") policies) that is an Insider or subsidiary of the Company; (c) a "person" (as defined in TSXV policies) that beneficially owns or controls, directly or indirectly, "voting shares" (as defined in TSXV policies) carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company; or (d) the Company itself if it holds any of its own securities) shall not exceed 10% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders, such consent obtained at the Company's Annual Special Meeting held in June 2013;

(c) the aggregate number of options that may be granted to all Insiders within a 12-month period shall not exceed 10% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders;

(d) the aggregate number of options that may be granted to any one individual within a 12-month period shall not exceed 5% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders, such consent obtained at the Company's Annual and Special Meeting held in June 2013;

(e) the aggregate number of options that may be granted to any one "consultant" (as defined in the TSXV policies) within a 12-month period shall not exceed 2% of the issued and outstanding common shares (on a non-diluted basis); and

(f) the aggregate number of options that may be granted to all employees conducting "investor relation activities" (as defined in the TSXV policies) within a 12-month period shall not exceed 2% of the issued and outstanding common shares (on a non-diluted basis).

A continuity of the unexercised options to purchase common shares is detailed in the following table:

	December 31, 2015		December 31, 2014	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
	$		$	
Outstanding at beginning of year	**0.168**	**3,379,240**	0.122	4,876,340
Transactions during the period/year:				
Granted	**0.091**	**2,175,677**	0.313	2,228,250
Exercised	**0.100**	**(75,000)**	-	-
Forfeit	**0.100**	**(452,344)**	0.194	(3,725,350)
Outstanding at end of year	**0.142**	**5,027,573**	0.168	3,379,240
Exercisable at end of year	**0.142**	**4,970,073**	0.168	2,321,240

(expressed in Canadian dollars)

The Black-Scholes option pricing model was used to determine the fair value of the issued options. For 2015, the weighted average assumptions used were as follows: risk-free interest rate of 1.15%; expected volatility of 152.46%; expected life of 4.0 years; expected dividends of $nil and weighted average common share price of $0.063. The grant date fair value of the 2015 issued options is $184,000.

For 2014, the weighted average assumptions used were as follows: risk-free interest rate of 2.28%; expected volatility of 156.30%; expected life of 5.4 years; expected dividends of $nil and weighted average common share price of $0.11.

As at December 31, 2015, the weighted average remaining contractual lives of the stock options were 7.3 years (December 31, 2014 – 8.3 years).

Share-based payments

The fair value of the stock options vested for the year ended December 31, 2015 was $139,492 (2014 – $116,246), which amount has been expensed in the consolidated statements of operations and comprehensive loss.

14. Related party transactions and key management compensation

The Consolidated Financial Statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, chief executive officer, chief financial officer and vice president. Related party compensation paid or payable to key management is detailed below:

Years ended	**December 31, 2015**	December 31, 2014
	$	$
Compensation to key management	**213,618**	295,283
Variable compensation to key management	**-**	45,000
Consulting fees to key management	**125,000**	150,000
Share-based payments	**124,492**	114,822

During December 2015, the Company issued 35,714 common shares with a value of $2,500 (note 13 (iii)) to RGMS in payment of partial November 2015 management fees.

As at December 31, 2015, $11,557 (2014 - $13,286) is owed to officers or directors of the Company or entities controlled by them.

As at December 31, 2015, $18,849 (2014 - $nil) is owed to the Company by employees pursuant to loans granted by the Company. The loans are interest free and mature on the earlier of i) completion of the Company's next equity financing and ii) December 31, 2016.

(expressed in Canadian dollars)

15. Research and development costs

The research and development costs for the Company are detailed as follows:

Years ended	**December 31, 2015**	December 31, 2014
	$	$
Technical consulting	**166,840**	207,522
Technical consumables	**44,114**	20,176
Research and development costs	**210,954**	227,698

16. Segmented information

Segments under development

As at December 31, 2015, the Company's operations comprise four segments, with three segments under development and a corporate group supporting the others: 1. Providing designing, building, operating and maintaining solutions for the production of high-value algae from waste-gas, water and biomass in ethanol, municipal and agricultural markets under its Algal oil platform; 2. Producing high-value astaxanthin and Omega3-enriched oils from cold water shrimp by-product streams under its shrimp oil platform; 3. The commercialization of extended release tablets made from astaxanthin and Omega3 fish, shrimp, krill and algae oil under its extended release Omega3 tablets platform; and 4. Corporate.

As at	**December 31, 2015**	December 31, 2014
	$	$
Identifiable assets:		
Algal oil	**-**	23,478
Shrimp oil	**77,922**	486,200
Corporate	**64,250**	290,987
	142,172	800,665

Years ended	**December 31, 2015**	December 31, 2014
	$	$
Revenue streams:		
Extended release Omega3 tablets	**1,450**	-
	1,450	-

(expressed in Canadian dollars)

Loss and comprehensive net loss:		
Algal oil	**(122,363)**	(93,982)
Shrimp oil – loss prior to impairment of intangible assets (note 8)	**(461,727)**	(215,477)
Shrimp oil – impairment of intangible assets (note 8)	**(339,791)**	-
Extended release Omega3 tablets	**(240,044)**	-
Corporate	**62,417**	(2,130,343)
	(1,101,508)	(2,439.802)

Years ended	**December 31, 2015**	December 31, 2014
Cash used for operations:		
Algal oil (2013 - Integrated Biogas Refinery™ platform)	**(114,113)**	(84,532)
Shrimp oil	**(454,227)**	(115,324)
Extended release Omega3 tablets	**(310,466)**	-
Corporate	**(356,841)**	(1,172,093)
	(1,235,647)	(1,371,949)

Geographic segments

BOC operates in two geographic segments being Canada and the United States. As the Company is still ostensibly pre-revenue and in its development stage, all operations have been performed in Canada. At this stage, as the operations comprise a single geographic segment, amounts disclosed in the Consolidated Financial Statements also represent the geographic segment information.

17. Significant contracts and commitments

The Company entered into a 5-year lease (the "Lease") with TransAlta Corporation ("TransAlta"), effective March 1, 2012, and further amended in March 2013 and September 2013, that establishes a 50,000 square foot research and development facility at the River Centre located in the Bluewater Energy Park. On April 30, 2015, the Company completed negotiations with TransAlta and entered into the Termination Agreement regarding its leased facilities at Bluewater Energy Park. The Termination Agreement fixed the remaining amount payable by the Company to TransAlta pursuant to the lease at $647,700. The amount was to be repaid in equal monthly instalments of $26,988 over a two-year period commencing on January 1, 2016. On January 1, 2016, the Company defaulted on the Termination Agreement by failing to make the required first repayment of $26,988. In January 2016, the Company made a $5,000 payment against amounts owing under the Termination Agreement but has made no further payments thereunder. As of the date of approval of these Consolidated Financial Statements, the Company has defaulted on a total of $183,916.

As at December 31, 2015, the Company has minimum cash commitments as follows:

(expressed in Canadian dollars)

Year	Amount
	$
2016	323,850
2017	323,850

18. Income taxes

Deferred income tax expense (recoveries)

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

	2015		2014	
	$	**%**	$	%
Loss before income taxes	**(1,101,508)**		(2,439,802)	
Combined statutory rate	26.5%		26.5%	
Expected income tax benefit	291,900	26.5%	646,548	26.5%
Change in unrecognized deferred tax asset	(291,900)	(26.5)%	(646,548)	(26.5)%
Deferred income tax recovery	-	-	-	-

The Canadian statutory income tax rate of 26.5% (2014 – 26.5%) is comprised of the federal income tax rate of approximately 15% (2014 – 15%) and the provincial income tax rate of approximately 11.5 % (2014 – 11.5%).

The Company also has non-capital loss carry-forwards of $7,506,000 (2014 - $6,667,000) for which no benefit has been recognized in the Consolidated Financial Statements. These non-capital losses expire as follows:

Year	Amount
	$
2030	112,000
2031	508,000
2032	1,791,000
2033	2,341,000
2034	1,915,000
2035	839,000
Total	7,506,000

(expressed in Canadian dollars)

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2015	December 31, 2014
Deferred income tax liability	**$**	$
Non-capital losses carry-forward	1,989,090	1,679,019
Financing costs	44,884	82,921
SR&ED pool	10,000	10,000
Unrecognized deferred income tax asset	(2,043,974)	(1,771,940)
	-	-

19. Subsequent events

i) In January 2016, the Company closed on Tranche 2 of the December 2015 PP, raising proceeds of $25,000 by issuing 357,142 January Units.

ii) In January 2016, the Company issued 35,714 shares at $0.07 per share, in exchange for partial December 2015 management fees ($2,500) due to RGMS.

iii) In March 2016, the Company closed on Tranche 1 of a non-brokered private placement (the "March 2016 PP"), whereby the Company issued an aggregate of 2,413,000 units (each a "March Unit") at $0.05 per March Unit for gross proceeds of $120,650. Each December Unit consisted of one common share of the Company and one common share purchase warrant (a "March Warrant"). Each March Warrant entitles the holder to purchase one common share of the Company at a price of $0.08 per share until March 21, 2018.

iv) In April 2016, the Company closed on Tranche 2 of the March 2016 PP by issuing 300,000 units (the "April Units") and raising gross proceeds of $15,000. Each April Unit consisted of one common share of the Company and one common share purchase warrant (each an "April Warrant"). Each April Warrant entitles the holder to purchase one common share of the Company at a price of $0.08 per share until April 28, 2018.

v) In April 2016, the Company executed an indicative term sheet for a bridge loan facility (the "Facility") with a minimum of $300,000 to a maximum of $400,000 to be advanced under the Facility. The Facility, in the amount of $400,000, closed on May 31, 2016 (the "Closing"), and is secured with a fixed and floating charge on all assets of the Company and its subsidiaries, owned or hereinafter acquired and will bear interest at 18.0% per annum on the principal amount outstanding, payable on repayment of the Facility. The Facility will be repayable on the earlier of (i) a minimum equity financing of $1.0 million being closed by the Company; or (ii) 2 years after Closing. Pursuant to the terms of the Facility, the Company paid the lender's financing and legal fees totalling $10,405.

vi) In January and March of 2016, the Company issued a total of 750,000 stock options to eligible participants of its stock option plan. 250,000 options were issued with an exercise price of

$0.07 and an expiry date of January 16, 2021 and 500,000 options were issued with an exercise price of $0.05 and an expiry date of March 23, 2021.

vii) On April 16, 2016, 1,600,000 warrants with an exercise price of $0.20 and a fair value of $155,800, expired.

viii) On May 30, 2016, 305,000 warrants with an exercise price of $0.20 and a fair value of $29,400, expired.