BlueOcean NutraSciences Inc.

(formerly Solutions4CO_2 Inc.)

(a development-stage company)

Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the three and six months ended June 30, 2017 and 2016

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of BlueOcean NutraSciences Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2017 and 2016 have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of BlueOcean NutraSciences Inc., are the responsibility of the management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

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.

"Marvin Heuer"	*"Stephen M. Gledhill"*
Marvin Heuer President and Chief Executive Officer	Stephen M. Gledhill Chief Financial Officer
August 24, 2017	August 24, 2017

BlueOcean NutraSciences Inc.
(formerly Solutions4CO_2 Inc.)

Unaudited Interim Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As at	**June 30, 2017**	December 31, 2016
Assets	**$**	$
Current assets		
Cash	**45,617**	782,323
Short term investment *(note 7)*	**10,000**	-
Sales taxes recoverable	**44,255**	48,780
Prepaid expenses *(note 8)*	**44,971**	200,422
Inventory *(note 9)*	**238,017**	-
Total current assets	**382,860**	1,031,525
Total assets	**382,860**	1,031,525
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 12)*	**372,936**	241,865
Provision for onerous contract *(note 13)*	**-**	622,596
Due to related parties *(note 16)*	**55,698**	43,929
Total current liabilities	**428,634**	908,390
Non-current liabilities		
Secured loan *(note 13)*	200,000	-
Total non-current liabilities	**200,000**	-
Total liabilities	**628,634**	908,390
Shareholders' equity (deficit)		
Capital stock *(note 15)*	**7,968,870**	7,724,523
Reserve for warrants *(note 15)*	**1,250,070**	1,644,009
Contributed surplus *(note 15)*	**2,854,836**	2,237,247
Accumulated deficit	**(12,319,552)**	(11,482,644)
Total shareholders' equity (deficit)	**(245,776)**	123,135
Total liabilities and shareholders' equity (deficit)	**382,860**	1,031,525

Going concern (note 1)
Significant contracts and commitments (note 20)
Subsequent event (note 21)

Approved for issuance by the Board on August 24, 2017

"Samuel Kanes", Director

"Michael Boyd", Director

BlueOcean NutraSciences Inc.
(formerly Solutions4CO_2 Inc.)

Unaudited Interim Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Revenue ***(note 17)***	**19,897**	-	**15,207**	-
Expenses				
Administration	**47,809**	51,687	**141,348**	53,968
Compensation	**50,656**	89,525	**120,641**	180,891
Consulting fees	**66,852**	30,000	**153,718**	60,000
Foreign exchange (gains) losses	**(751)**	(1,572)	**(762)**	(1,505)
Investor relations and public reporting costs	**109,599**	23,390	**214,780**	56,355
Licence fees *(note 20)*	**84,050**	-	**171,339**	-
Professional fees	**12,805**	41,419	**38,746**	51,154
Research and development non-compensation *(note 18)*	**(4,388)**	190,510	**28,930**	190,510
Share-based compensation *(note 15)*	**54,526**	516	**196,650**	22,294
Total expenses	**421,158**	425,475	**1,065,390**	613,667
Operating loss before other items	**(401,261)**	(425,475)	**(1,050,183)**	(613,667)
Other items:				
Interest income (expense)	**26**	(10,250)	**26**	(10,250)
Recovery (loss) resulting from onerous contract *(note 13)*	**8,392**	(14,608)	**-**	(31,167)
Gain on conversion of onerous contract *(note 14)*	**213,249**	-	**213,249**	-
	221,667	(24,858)	**213,275**	(41,417)
Income (loss) and comprehensive income (loss) for the period	**(179,594)**	(450,333)	**(836,908)**	(655,084)
Basic and fully-diluted income (loss) and comprehensive income (loss) per share	**(0.006)**	(0.007)	**(0.029)**	(0.010)
Weighted average number of common shares outstanding	**29,062,014**	6,454,269	**28,875,948**	6,744,246

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

BlueOcean NutraSciences Inc.
(formerly Solutions4CO_2 Inc.)

Unaudited Interim Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Capital stock						
	Number of Shares	**Amount**	**Warrants**	**Contributed surplus**	**Subscription receipts**	**Accumulated deficit**	**Total**
		$	$	$	$	$	$
Balance at January 1, 2016	6,543,341	6,434,838	871,770	1,726,247	14,000	(9,531,782)	(484,927)
Shares issued for cash	297,014	155,650	-	-	-	-	155,650
Fair value of issued warrants	-	(25,851)	25,851	-	-	-	-
Subscription receipts converted	30,000	19,000	-	-	(19,000)	-	-
Subscription receipts issued	-	(1,867)	1,867	-	5,000	-	5,000
Expiry of warrants	-	-	(359,000)	359,000	-	-	-
Shares issued for services	3,571	2,500	-	-	-	-	2,500
Share-based compensation	-	-	-	22,294	-	-	22,294
Loss and comprehensive loss for the period	-	-	-	-	-	(655,084)	(655,084)
Balance at June 30, 2016	6,873,926	6,584,270	538,288	2,109,741	-	(10,186,867)	(954,568)
Shares issued for cash	21,813,889	2,508,598	-	-	-	-	2,508,598
Fair value of issued warrants	-	(1,208,158)	1,208,158	-	-	-	-
Cost of issuance	-	(82,240)	(69,984)	-	-	-	(152,224)
Fair value of broker/finders' warrants	-	(77,947)	77,947	-	-	-	-
Expiry of warrants	-	-	(110,440))	110,440	-	-	-
Shares issued for services	85,714	5,000	-	-	-	-	5.000
Share-based compensation	-	-	-	17,106	-	-	17,106
Loss and comprehensive loss for the period	-	-	-	-	-	(1,295,777)	(1,295,777)
Balance at December 31, 2016	**28,687,815**	**7,724,523**	**1,644,009**	**2,237,247**	**-**	**(11,482,644)**	**123,135**
Shares issued for debt ***(note 15)***	**2,791,301**	**209,347**	**-**	**-**	**-**	**-**	**209,347**
Shares for services	**304,347**	**35,000**	**-**	**-**	**-**	**-**	**35,000**
Share-based compensation accrued in 2016 ***(note 15)***	**-**	**-**	**-**	**27,000**	**-**	**-**	**27,000**
Expired warrants	**-**	**-**	**(393,939)**	**393,939**	**-**	**-**	**-**
Share-based compensation	**-**	**-**	**-**	**196,650**	**-**	**-**	**196,650**
Loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(836,908)**	**(836,908)**
Balance at June 30, 2017	**31,783,463**	**7,968,870**	**1,250,070**	**2,854,836**	**-**	**(12,319,552)**	**(245,776)**

BlueOcean NutraSciences Inc.
(formerly Solutions4CO_2 Inc.)

Unaudited Interim Consolidated Statements of Cash Flow

(expressed in Canadian Dollars)

Six months ended June 30,	**2017**	2016
	$	$
Operations		
Net loss	**(836,908)**	(655,083)
Non-cash items:		
Loss due to onerous contract	**-**	31,167
Gain on conversion of onerous contract *(note 14)*	**(213,249)**	-
Shares issued for services	**35,000**	2,500
Share-based payments	**196,650**	22,294
Net change in non-cash working capital items:		
Prepaid expenses	**155,451**	65,325
Sales taxes recoverable	**4,525**	(3,606)
Inventory	**(238,017)**	-
Trade payables and accrued liabilities	**158,074**	22,031
Cash used for operations	**(738,474)**	(515,372)
Financing activities		
Proceeds from issuance shares	**-**	160,650
Issuance of promissory notes	**-**	350,000
Related-party loans repaid	**(32,634)**	-
Related-party loan advanced	**44,402**	60,032
Cash provided from financing activities	**11,768**	570,682
Investing activities		
Short-term investment *(note 7)*	**(10,000)**	-
Cash used for investing activities	**(10,000)**	-
Increase (decrease) in cash for the period	**(736,706)**	55,310
Cash at beginning of year	**782,323**	30,039
Cash at end of period	**45,617**	85,349

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 is a producer and marketer of natural specialty shrimp oil products targeted at the health and wellness industry. Proper use of shrimp-oil products for human consumption has been clinically proven to improve heart, eye, brain and joint health.

The Company has developed a specialty-oil product platform consisting of 2 sub-platforms: Extended-release Omega-3 tablet manufacturing and a plant production (new).

Shrimp oil platform: The Company has secured a processor on an exclusive long-term basis to extract high phospholipid and astaxanthin-rich Omega-3 oil derived from wild-caught North Atlantic Ocean shrimp by-products. This shrimp oil has superior astaxanthin product properties to krill oil and wild caught Alaskan fish oil, delivering the above-noted organ and joint health. The Company has obtained a licence (the "Licence") from Neptune Wellness Solutions Inc. to sell its shrimp oil globally.

Astaxanthin algae oil platform: The Company is pursuing joint ventures, licences as well as sales of rapidly growing astaxanthin algae ("HP") using its proprietary CO_2 gas infusion technology to accelerate growth. Astaxanthin oil products deliver physical and health benefits to humans and aquaculture seafood.

Specialty-oil product platform:

Omega-3 tablets and gel-caps sub-platform: The Company received its Health Canada Natural Product Numbers ("NPN") in July 2016 for Pure Polar Regular and Double Strength and Joint-AX and Sport-AX in July 2017. The Company also received its commercial XR shrimp-tablet NPN in August 2017. This is the world's first Omega-3 product available in an extended release format. To-date, these retail products are sold online at amazon.com, purepolarshrimp.com, luckyvitamins.com, and inboxfitness.com and about 50 Canadian and US stores and pharmacies. The Company has signed an exclusive distribution agreement in Canada with Nutrition Excellence and a non-exclusive distribution agreement in the European Union, targeting Germany.

Disolved CO_2 plant production sub-platform: The Company has also restarted and expanded its CO_2 gas infusion business to include the acceleration of plant growth including cannabis, lettuce, microgreens, kale, flowers and other high value plants by dissolving CO_2 into water for foliar spray and irrigation systems to accelerate growth.

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

At its annual general and special meeting of the shareholders (the "ASM") held on September 21, 2016, the Company received shareholder approval to consolidate its shares on a one-for-ten basis (the "Consolidation"), such Consolidation taking effect on September 27, 2016. At the ASM, the Company's shareholders also approved the repricing of all outstanding post-Consolidation options to $0.15 each (the "Re-pricing") (note 15), being the closing price of the Company's common shares on September 27, 2016. All outstanding current and comparative period common shares, options, warrants, finders' warrants and corporate finance warrant information and the respective exercise prices, reflect the Consolidation and the Re-pricing.

These unaudited interim 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. These material uncertainties 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

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards ("IAS") 34* 'Interim Financial Reporting' using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Consolidated Financial Statements were approved and authorized for issuance by the Board on August 24, 2017.

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 judgment 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 its subsidiaries. The Company has the following inactive, wholly-owned subsidiaries: Pure Polar Canada Inc. (formerly, Solutions4CO_2 Technologies Inc.), BlueOcean Shrimp Products Inc. (formerly, S4CO2 Services Inc.), Asta NutraSciences Inc. (formerly, S4CO2 Manufacturing Inc.), BlueOcean Algae Inc. (formerly, Solutions4CO_2 (SJVB) Limited), Solutions4CO_2 USA, Inc., Pure Polar Labs Inc. ("Pure Polar") 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 entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. 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.

On December 9, 2016, the Company agreed to buy the 66.67% interest that it did not own in Pure Polar, for $27,813 (the "Pure Polar Acquisition"), see note 11. After the close of this transaction (December 9, 2016), Pure Polar became a wholly-owned subsidiary of the Company.

The Company owns a 50% equity interest in 2453969 Ontario Inc., a joint arrangement. The Company accounts for this arrangement using the equity method in accordance with IFRS 11 *'Joint Arrangements'* ("IFRS 11"). Prior to the Pure Polar Acquisition, the Company also accounted for that joint arrangement using the equity method in accordance with IFRS 11.

3. Adoption of new and revised standards and interpretations

At the date of authorization of the Consolidated Financial Statements, the International Accounting Standards Board and International Financial Reporting Committee have issued the following revised standards that 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.

- In December 2016, the IASB issued amendments resulting from Annual Improvements 2014-2016 Cycle, removing short-term exemptions. The effective date of these amendments is for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

- IFRS 2 – *Share-based Payments* was amended in June 2016 to clarify the classification and measurement of share-based payment transactions. The effective date of these amendments is for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

- On July 24, 2014, the IASB issued the complete IFRS 9 – *Financial Instruments* (IFRS 9 (2014)). The mandatory effective date of IFRS 9 (2014) 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.

- IFRS 10 – *Consolidated Financial Statements* ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

- 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*, 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.

4. 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 6 months ended June 30, 2017 or for the comparable period. The Company is not subject to externally imposed capital restrictions.

5. Risk management and financial instruments

5.1 Financial instruments

Fair value

The Company has designated its cash as fair-value-through-profit-and-loss, which is measured at 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 June 30, 2017, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the short-term nature of the investments.

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.

5.2 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 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 gains during the 3 and 6 months ended of $751 (2016 – $1,572) and $762 (2016 – $1,505), respectively.

(expressed in Canadian dollars)

Management believes that 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. For the comparative period, the fair value of the onerous contract was 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 $642,000 (as defined in note 14). In June 2017, the onerous contract was assigned to various parties and ½ of the debt ($321,000) was satisfied with the issuance of 2,791,301 shares with a fair value of $195,391, resulting in a gain of $125,609. The remainder of the debt ($321,000) was converted to a secured note in the amount of $200,000 (see note 13.2), resulting in a further gain of $101,596, after accounting for the remaining, unamortized interest accretion of $11,712 and reversing the accretion taken to-date in 2017 of $8,392.

6. Sensitivity analysis

The Company's funds are kept in Canadian and US dollars at a major Canadian financial institution.

As at June 30, 2017, the Company's exposure to foreign currency balances is as follows:

		Exposure ($Cdn)	
Account	**Foreign Currency**	**June 30, 2017**	December 31, 2016
Cash	US dollar	**2,107**	6,567

The Company believes that a change of 10% in foreign exchange rates would not have a material effect on net loss for the period.

7. Short-term investment

Short-term investment of $10,000 is a GIC earning interest of 0.5% per annum. The funds are restricted and not available for general use as the amount collateralizes the credit available on Company credit card.

8. 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 June 30, 2016 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.

(expressed in Canadian dollars)

As at June 30, 2017 and December 31, 20216, the prepaid expenses of the Company are detailed as follows:

	June 30, 2017	December 31, 2016
	$	$
Administration	**-**	1,350
Insurance	**14,416**	4,199
Investor relations	**12,500**	25,000
Marketing	**18,055**	169,873
Total	**44,971**	200,422

9. Inventory

Raw materials, work-in-progress and finished goods are valued at the lower of cost, determined on a first-in first-out ("FIFO") basis, and net realizable value. Cost is determined using the FIFO method. Inventory costs may include the cost of material, labour, variable overhead and an allocation of fixed manufacturing overhead including amortization based on normal production volumes. Net realizable value is the estimated selling price less estimated costs of completion and applicable selling expenses. If carrying value exceeds the net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances causing it no longer exist.

10. Investment in joint venture

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 Omega-3/astaxanthin oil ingredients supply and marketing expertise with CMAX's proprietary formulation technology to produce extended release Omega-3 tablets from a variety of oils including shrimp, krill, algal and fish oils for the rapidly growing Omega-3 and astaxanthin dietary supplements markets (the "Product"). Each party owns a 50% equity position in 2453969 and share joint control.

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	-
Investment in joint venture – January 1, 2016 to December 31, 2016	3,926

(expressed in Canadian dollars)

Share of loss of joint venture – January 1, 2016 – December 31, 2016	(1,963)
Impairment of investment in joint venture[1]	(1,963)
Investment in joint venture, December 31, 2016, March 31, 2017 and June 30, 2017	**-**

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

Summarized financial information of 2453969 at 100%:

As at	**June 30, 2017**	December 31, 2016
	$	$
Assets		
Investment in Pure Polar joint venture	**-**	-
Net assets	**-**	-
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)
Year ended December 31, 2016	(3,926)
6 months ended June 30, 2017	-
Cumulative losses to June 30, 2017	**(47,511)**

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:

As at	**June 30, 2017**	December 31, 2016
	$	$

Cumulative losses of 2453969	**(47,511)**	(47,511)
Company's share of cumulative losses at 50%	**(23,755)**	(23,755)
Impairment of Pure Polar losses[1]	**19,469**	19,469
Impairment of 2453969 losses[2]	**1,963**	1,963
Cumulative investment	**2,323**	2,323
Investment in joint venture	**-**	-

[1]Up to the Pure Polar Acquisition date (note 11).
[2]As the joint ventures have had negligible operations, the Company has taken an impairment on these investments.

11. Pure Polar acquisition

For accounting purposes, the Pure Polar Acquisition is treated as a step-acquisition and is accounted for pursuant to IFRS 3 – *Business Combinations*, using the acquisition method at the acquisition date. The acquisition is treated as if the previously-held equity interest has been disposed of in return (together with the consideration transferred) for the controlling interest in the subsidiary. The fair value of the previously-held equity interest then forms one of the components used to calculate goodwill, together with consideration less the fair value of identifiable net assets.

Pure Polar Labs Inc.

On December 9, 2016, the Company entered into an agreement with its joint-venture partners to acquire the remaining outstanding 66.67% of Pure Polar for $27,813. The Company determined the fair value of its equity interest in the joint venture amounted to its 1/3 share of the cash on hand, immediately before the acquisition, being $1,464.

Loss on revalue of equity interest:

	$
Carrying value of equity interest (at the acquisition date), including initial equity investment	24,885
Acquisition date fair value of equity interest	(1,464)
Loss on revalue of equity interest	**23,421**

12. 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 aged analysis of the Company's trade payables and its accrued liabilities:

(expressed in Canadian dollars)

	June 30, 2017	December 31, 2016
	$	$
Administration	**36,056**	33,983
Compensation	**-**	50,155
Consulting	**19,190**	14,114
Inventory	**60,858**	-
Investor relations and public reporting	**750**	10,914
Licence fees	**251,232**	83,919
Professional fees	**4,852**	21,780
Research and development	**-**	27,000
Total	**372,938**	241,865

13. Provision for onerous contract

During the second quarter of 2015, the Company completed negotiations with TransAlta Generation Partnership ("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 commitments pursuant to the Termination Agreement are non-recourse and accrue no interest on unpaid amounts. 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.

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 June 30, 2017, the carrying value of the onerous contract is $nil (December 31, 2016 - $622,596) as the Assignment and Debt Conversion, as defined below, had been completed. Interest accretion for the 6 months ended June 30, 2017, was $nil (2016 - $31,167), as a result of the Debt Conversion, as noted below.

In October 2016, the Company received from, and subsequently acknowledged to, TransAlta a notice of assignment of the Termination Agreement from TransAlta to Pathfinder Asset Management Limited ("PAML").

14. Conversion of Termination Amount

14.1 Shares for debt

On June 20, 2017, the Company was advised by PAML that it had assigned $321,000 of the Termination amount (the "Assignment") to arm's length parties that subsequently agreed to settle the debt with the issuance of 2,791,301 shares of the Company with a deemed value of $0.115 per share. For accounting purposes, this transaction has been accounted for pursuant to International Financial Reporting Interpretations Committee ("IFRIC") 19 *Extinguishment of Financial Liabilities with Equity Instruments*, which provides that the fair value, or trading price, of the shares issued be used to value the transaction.

On June 20, 2017, the Company's shares closed trading at $0.075 per share, with the total fair value of the shares issued to settle the debt of $209,348. The difference between the fair value of the shares issued and the settled debt, has been recorded as a gain on conversion of onerous contract, in the amount of $111,652.

14.2 Secured loan

On June 14, 2017, PAML converted (the "Debt Conversion") the remainder of the Termination Amount ($326,700) to a secured loan (the "Secured Loan") in the amount of $200,000. The Secured Loan was collateralized with a general security agreement granted by BlueOcean to PAML that provides a floating charge against the Company's interest in personal, real, immovable and leasehold property. The Secured Loan has a term of 3 years and will bear an annual interest rate of 0% for the first year and 10% per annum, compounded and paid monthly for years 2 and 3, or until the principal and all accrued interest are repaid in full. The Debt Conversion resulted in a net gain of $101,596, after accounting for the reversal of accretion recorded in the first quarter of 2017, in the amount of $8,392 and the elimination of the remaining discounted loan interest equal to $11,012.

Pursuant to IAS 39 *Financial Instruments: Recognition and Measurement*, the interest payable over the term of the Secured Loan will be recorded on a straight-line basis resulting in an interest expense that is consistent over each of the 3 years during the term of the Secured Loan but an increasing, non-payable, accrued interest payable during the first year of the term and decreasing over years 2 and 3, when interest payments are made.

15. Capital stock

Authorized

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

Issued and outstanding

2017:

(i) In June 2017, the Company issued 2,791,301 common shares with a deemed fair value of $0.115 each, for total consideration of $321,000, to settle debt in that amount (see note 14.1).

(ii) In June 2017, the Company issued 304,347 common shares with a deemed fair value of $0.115 each, to settle outstanding consulting services in the amount of $35,000.

2016:

(iii) During October 2016 through December 2016, the Company closed on a non-brokered private placement (the "December 2016 PP") by issuing a total of 21,813,896 units (each a "Unit"), raising gross proceeds of $2,508,598. Each Unit consists of 1 common share of the Company and 1 common share purchase warrant (each a "December Warrant"). Each December Warrant is exercisable into 1 common share at a price of $0.20, for a period of 2 years after closing. The Company paid cash fees of $152,224 and issued 874,615 finders' warrants (each a "Finder's Warrant") and 436,278 corporate finance warrants (each a "Corporate Finance Warrant"). Each Finder's Warrant and each Corporate Finance Warrant may be exercised into 1 common share for $0.115 each, for a period of 2 years after closing. The fair values of the December Warrants, the

(expressed in Canadian dollars)

Finder's Warrants and the Corporate Finance Warrants of $1,179,378, $51,454 and $26,795 respectively, were estimated using the Black-Scholes option-pricing model using the weighted-average input variables as follows: Expected life of 2.0 years, expected risk-free rate of 0.63%, expected volatility of 235.54%, common share price of $0.129 and a dividend yield of 0%. The cash finder's fees, fair value of the Finder's Warrants and Corporate Finance Warrants have been allocated to common shares and warrants on the same percentage as the fair value of the warrants.

(iv) In March 2016 and April 2016, the Company closed on a non-brokered private placement (the "April 2016 PP") whereby the Company issued an aggregate of 271,300 units (each an "April Unit") at $0.50 per April Unit (after giving effect for the Consolidation), for gross proceeds of $135,650. Each April Unit consisted of 1 common share of the Company and 1 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 $0.80 per common share (after given effect for the Consolidation) until 2 years after closing. The fair value of $49,075 for the April Warrants was estimated using the Black-Scholes option-pricing model with the weighted-average input variables as follows: Expected warrant life of 2.0 years, expected risk-free rate of 0.57%, expected volatility of 119.8%, common share price of $0.30 (after giving effect for the Consolidation) and a dividend yield of 0%.

(v) In January 2016, the Company closed on Tranche 2 of a non-brokered private placement (the "December 2015 PP") whereby the Company issued an aggregate of 55,714 units (each a "December Unit") at $0.70 per December Unit (after giving effect for the Consolidation), for gross proceeds of $39,000. Each December Unit consisted of 1 common share of the Company and ½-of-1 common share purchase warrants. Each whole warrant (a "December Warrant") entitles the holder to purchase one common share of the Company at a price of $1.00 per common share (after giving effect for the Consolidation) until January 13, 2018. The fair value of the December Warrants of $8,667, was estimated using the Black-Scholes option-pricing model with the input variables as follows: Expected warrant life of 2.0 years, expected risk-free rate of 0.30%, expected volatility of 130.05%, common share price of $0.50 (after giving effect for the Consolidation) and a dividend yield of 0%.

(vi) In January 2016, the Company issued 3,571 common shares at $0.70 per share (after giving effect for the Consolidation), in exchange for partial December 2015 management fees ($2,500) due to RG Management Services Inc. ("RGMS") (see note 16).

Warrants

The outstanding issued warrants balance as at June 30, 2017 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price $	Fair value $
December 18, 2017	Warrants	40,250[1]	1.00[1]	6,231
January 13, 2018	Warrants	27,857[1]	1.00[1]	8,667
March 21, 2018	Warrants	241,300[1]	0.80[1]	43,450
April 28, 2018	Warrants	30,000[1]	0.80[1]	5,625
October 11, 2018	Warrants	7,953,862	0.20	403,570

(expressed in Canadian dollars)

October 12, 2018	Warrants	2,915,868	0.20	151,419
October 12, 2018	Finders' Warrants	361,760	0.115	20,046
October 12, 2018	Corporate Finance Warrants	225,895	0.115	12,529
October 26, 2018	Warrants	5,720,220	0.20	288,264
October 26, 2018	Finders' Warrants	360,108	0.115	18,142
October 26, 2018	Corporate Finance Warrants	105,904	0.115	5,557
December 12, 2018	Warrants	5,006,546	0.20	257,769
December 12, 2018	Finders' Warrants	152,747	0.115	10,562
December 12, 2018	Corporate Finance Warrants	100,131	0.115	7,047
December 13, 2018	Warrants	217,400	0.20	10,877
December 13, 2018	Corporate Finance Warrants	4,348	0.115	315
Total		**23,464,196**	**0.561**	**1,250,070**

[1]After giving effect for the Consolidation.

Contributed surplus

At the ASM, shareholders approved a change to the Company's fixed stock option plan, allowing it to convert to a 10% rolling stock option plan (the "Plan"). Pursuant to the Plan, options to purchase common shares of the Company may be granted to certain officers, directors, employees and consultants of the Company. The Plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at June 30, 2017, 333,585 (2016 – 1,005,962, after giving effect for the Consolidation) 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 10% of the issued and outstanding common shares of the Company, less the number of options currently issued;

(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;

(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;

(expressed in Canadian dollars)

(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;

(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:

	June 30, 2017		December 31, 2016	
	Weighted Average Exercise Price	**Number of options**	Weighted Average Exercise Price	No. of Options[1]
	$		$	
Outstanding at beginning of year	**0.15**	**588,756**	1.42	502,756
Transactions during the period/year:				
Granted	**0.14**	**2,261,506**	0.50	90,000
Exercised	**-**	**-**	-	-
Forfeit	**(1.36)[1]**	**(5,500)**	1.00	(4,000)
Outstanding at end of period/year	**0.14**	**2,844,762**	0.15[2]	588,756
Exercisable at end of period/year	**0.14**	**1,987,620**	0.15[2]	588,756

[1]After giving effect for the Consolidation.
[2]After giving effect for the Re-pricing.

The Black-Scholes option pricing model was used to determine the fair value of the issued options. The weighted average assumptions used for the 2017 options were as follows: risk-free interest rate of 1.10%; expected volatility of 164.70%; expected life of 3.59 years; expected dividends of $nil and weighted average common share price of $0.136. The grant-date fair value of the options issued in 2017, is $125,500.

The Black-Scholes option pricing model was used to estimate the fair value of the issued options. For 2016, the weighted average assumptions used were as follows: risk-free interest rate of 0.68%; expected volatility of 141%; expected life of 3.72 years; expected dividends of $nil and weighted average common share price of $0.344. The estimated grant-date fair value of the 2016 issued options is $22,000.

At the ASM, shareholders approved the repricing of the exercise price of all outstanding options. The fair value of $10,368, resulting from the Re-pricing, was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.69%; expected volatility of 144%; expected life of 6.3 years; expected dividends of $nil and weighted average common share price of $0.15 At June 30, 2017, the weighted average remaining contractual lives of the stock options was 4.7 years (December 31, 2016 – 5.9 years).

(expressed in Canadian dollars)

Share-based payments

The fair value of the stock options vested for the 6 months ended June 30, 2017 was $196,650 (2016 – $22,294), which amount has been expensed in the consolidated statements of loss and comprehensive loss and off-set to contributed surplus.

Subsequent to December 31, 2016, the Company issued 222,222 options as bonus compensation related to 2016 performance objectives. The fair value of $27,000 of these options was recorded in 2016 to the consolidated statements of loss and comprehensive loss and off-set to accrued liabilities. The fair value of these options was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.14%; expected volatility of 165%; expected life of 3.53 years; expected dividends of $nil and common share price of $0.135. The estimated grant-date fair value of these options is $27,000.

16. 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:

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Transactions:	**$**	$	**$**	$
Compensation	**39,688**	62,601	**110,338**	125,201
Consulting fees	**30,000**	30,000	**60,000**	60,000
Legal fees	**8,305**	4,715	**17,607**	4,715
Share-based payments	**54,256**	516	**183,653**	17,294

As at June 30, 2017, $55,698 (December 31, 2016 - $43,929) is owed to officers or directors of the Company or entities controlled by them.

As at June 30, 2017, $nil (2016 - $18,849) is owed to the Company by employees.

17. Revenue

During the 6 months ended June 30, 2017, the Company's sales of $15,207, reflect sales returns of $7,925 for 50% of a 100 kg, bulk shrimp-oil sale made in late 2016. The Company has strategically shifted away from all bulk-oil sales to focus on higher margin finished retail products such as shrimp oil soft gel and extended-release tablets sold either under the Pure Polar brands or via private label.

(expressed in Canadian dollars)

18. Research and development costs

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

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Technical consulting	**1,907**	1,583	**14,296**	1,583
Technical consumables	**(6,295)**[1]	188,927	**14,634**	188,927
Research and development costs	**(4,388)**	190,510	**28,930**	190,510
Licence Fees	**84,050**	-	**171,339**	-
Research and development costs	**79,662**	190,510	**200,269**	190,510

[1]Reflects a reallocation of $12,492 to inventory.

19. Segmented information

Segments under development

At June 30, 2017, 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 Omega-3-enriched oils from cold water shrimp by-product streams under its shrimp-oil platform; 3. The commercialization of specialty oil products consisting of extended-release tablets and gel-caps made from astaxanthin and Omega-3 fish, shrimp, krill and algae oil, under its Omega-3 tablets and gel-caps sub-platform together with a new dissolved CO_2 plant production sub-platform; and 4. Corporate.

As at	**June 30, 2017**	December 31, 2016
	$	$
Identifiable assets:		
Corporate	**124,409**	1,027,045
Shrimp oil	**20,434**	4,480
Speciality oil	**238,017**	-
	382,860	1,031,525

	3 months ended	6 months ended

	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	**$**	$
Revenue streams (returns):				
Shrimp oil	**-**	-	**(7,925)**	-
Specialty oil	**19,897**	-	**23,132**	-
	19,897	-	**15,207**	-
Income (loss) and comprehensive net loss:				
Algal oil	**(12,368)**	(28,273)	**(24,735)**	(56,546)
Corporate	**(186,333)**	(393,789)	**(800,645)**	(541,993)
Specialty oil	**19,107**	(11,972)	**(9,528)**	(23,945)
Shrimp oil	**-**	(16,300)	**(2,000)**	(32,600)
	(179,594)	(450,334)	**(836,908)**	(655,084)
Cash provided from (used for) operations:				
Algal oil			**7,961**	(51,546)
Corporate			**(780,603)**	(412,281)
Specialty oil			**36,168**	(21,445)
Shrimp oil			**(2,000)**	(30,100)
			(738,474)	(515,372)

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, most operations have been performed in Canada.

As at	**June 30, 2017**	December 31, 2016
	$	$
Identifiable assets:		
Canada	**362,426**	1,027,045
United States	**20,434**	4,480
	382,860	1,031,525

(expressed in Canadian dollars)

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Revenue streams (returns):				
Canada	**-**	-	**(7,925)**	-
United States	**19,897**	-	**23,132**	-
	19,897	-	**15,207**	-
Loss and comprehensive net loss:				
Canada	**(173,330)**	(450,333)	**(832,098)**	(655,084)
United States	**(6,264)**	-	**(4,810)**	-
	(179,594)	(450,333)	**(836,908)**	(655,084)

6 months ended	**June 30, 2017**	June 30, 2016
	$	$
Cash used for operations:		
Canada	**(733,664)**	(515,373)
United States	**(4,810)**	-
	(738,474)	(515,373)

20. Significant contracts and commitments

The Company had entered into the Lease with TransAlta, effective March 1, 2012, and further amended in March 2013 and September 2013, that established 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. In June 2017, the Assignment and Debt Conversion were completed and the Termination Amount was settled with no further amounts due pursuant to the Termination Agreement.

Pursuant to the Licence, the Company has an annual obligation to pay a minimum fee of US$250,000 ($335,675), which continues until the licence expires on December 16, 2024 or terminates (in which case a pro-rata payment equal to the annual amount multiplied by the number of months that have elapsed since the prior October 1st).

As at June 30, 2017, the Company has minimum cash commitments as follows:

(expressed in Canadian dollars)

Year	Amount $US ($Cdn)
2017 (remainder)	125,000 (162,213)
2018	250,000 (324,425)
2019	250,000 (324,425)
2020	250,000 (324,425)
2021	250,000 (324,425)
2022	250,000 (324,425)
2023	250,000 (324,425)
2024[1]	302,003 (391,909)