



BlueOcean NutraSciences Inc.

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended June 30, 2016

August 24, 2016

BlueOcean NutraSciences Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS Three months ended June 30, 2016

This interim management discussion and analysis – quarterly highlights (“Interim MD&A”) has been prepared based on information available to BlueOcean NutraSciences Inc. (“BOC” or the “Company”) as at August 24, 2016. This Interim MD&A is based on information available to BOC and updates disclosure previously provided in the Company’s Annual and interim MD&A’s, up to the date of this Interim MD&A and should be read in conjunction with the Company’s unaudited interim consolidated financial statements and the related notes as at and for the three and six months ended June 30, 2016 and 2015, the Company’s audited consolidated financial statements for the years ended December 31, 2015 and 2014 (altogether the “Consolidated Financial Statements”). The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com or on the Company’s website at www.blueoceannutra.ca.

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 *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. The reader is also directed to see the “Other risk factors – Material weakness in internal controls” section of this MD&A.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains “forward-looking statements” which may include, but are not limited to, statements with respect to the future financial or operating performance of BOC or future events related to BOC which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. These forward-looking statements reflect BOC’s current internal projections, expectations or beliefs and are based on information currently available to BOC. Often, but not always, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “intend”, “plan”, “anticipate”, “believe”, “predict”, “potential”, “continue”, “budget”, “schedule”, “estimate”, “forecast” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; changes in project parameters as plans continue to be refined; changes in labour costs and other costs of materials, equipment or processes to operate as anticipated; accidents, labour disputes and other risks; delays in obtaining governmental approvals or financing or in the completion of research and development activities; and, the factors discussed in the **Risks and uncertainties** section of this MD&A. Although BOC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, unless otherwise required by applicable securities laws, BOC disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

BlueOcean NutraSciences Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS Three months ended June 30, 2016

General

BlueOcean NutraSciences Inc. ("BOC" or the "Company") was incorporated under the provisions of the Business Corporations Act (Ontario) on September 17, 2010. On April 2, 2014, the Company announced its plan to complete the repositioning of the Company as a producer and marketer of natural specialty oils targeted at the health and wellness industry. Proper use of these specialty oils in end products for human consumption has been clinically proven to improve heart, eye, brain and joint health.

The Company has developed two natural specialty-oil product platforms and one extended-release Omega3 tablet manufacturing platform. Processing, manufacturing and selling these natural specialty oils and tablets began in late Q3, 2015.

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 South 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 license (the "License") from Neptune Technologies & Bioresources Inc. to sell its shrimp oil in North America and Australia.

Algal oil platform: The Company is pursuing joint ventures, licenses as well as sales of a high-value Omega3-rich algae oil extracted from rapidly growing selected micro algae strains using its proprietary gas infusion technology that delivers cardiovascular and mental health benefits from vegan algae oils.

Extended-release ("XR") Omega3 tablet platform: The Company is selling its commercial XR shrimp tablets as well as regular strength and extra strength shrimp oil gel caps on amazon.com, luckyvitamins.com, inboxfitness.com and purepolarshrimp.com and expects to soon be in a number of Canadian and US stores and pharmacies, after having received its Health Canada NPN numbers in July, 2016.

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

The Consolidated Financial Statements consolidate the accounts of the Company and all of its subsidiaries. The Company has the following inactive, wholly owned subsidiaries: Solutions4CO₂ Technologies Inc., BlueOcean Shrimp Products Inc., Asta NutraSciences Inc., Solutions4CO₂ (SJVB) Limited and Solutions4CO₂ 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.

As at June 30, 2016, the Company owned a 50% equity in 2453969 Ontario Inc. ("2453969") and a 33.33% interest in Pure Polar Labs Inc. ("Pure Polar"). On December 31, 2015, the Company took impairment charges of \$526 and \$44,011, respectively, on the value of its equity investments in 2453969 and Pure Polar, reducing the investments to zero. The Company accounts for these arrangements using the equity method in accordance with IFRS 11 'Joint Arrangements'. As both of these joint ventures have had negligible operations, the Company has taken an impairment on both of these investments and as such, has not reflected any equity investments in joint ventures on its statements of financial position.

The Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on August 24, 2016.

BlueOcean NutraSciences Inc.
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS
Three months ended June 30, 2016

Financial condition and performance

Financial condition

During the quarter ended June 30, 2016, the Company's net assets decreased by \$439,820, the result of an increase in assets of \$22,432, offset by an increase in liabilities of \$462,252. The increase in assets was the result of an increase in cash of \$52,863 (resulting from the proceeds of financing activities of \$399,089 less operating activities of \$346,226), increases in receivables and HST recoverable of \$51,690 offset by a decrease in prepaid expenses of \$81,121.

The increase in liabilities of \$462,252, resulted from increases to the onerous contract (for accreted interest) of \$14,608 plus increases to accounts payable and amounts due to related parties (for salaries to the Company's CEO and for management fees to RGMS (see Related-party transactions and balances, below), totaling \$42,394. The remaining increase to liabilities of \$405,250 was the result of the issuance of secured promissory notes totaling \$400,000 plus the accrued interest thereon.

Operations

On April 11, 2016, the Company announced that it had agreed to a pilot encapsulation trial with a potential Canadian customer (the "Customer") using its northern AstaShrimp oil. The Customer's unique formulation is expected to contain northern AstaShrimp oil as a key ingredient along with other key nutrients in the final product. The selection of northern AstaShrimp oil as the key ingredient is due to its high levels of esterified natural astaxanthin, phospholipids and omega-3 EPA/DHA. Following the trial, if successful, the Company expects an order from the Customer for up to 200 kg of bulk northern AstaShrimp oil.

On July 6, 2016, the Company announced that two of its Pure Polar® Omega-3 Shrimp Oil products had received Health Canada Natural Products Numbers ("NPN's"). Receipt of the NPN's allows the Company to commence marketing and selling Pure Polar® Omega-3 Shrimp Oil in Canada and internationally to countries that recognize the value of a Canadian natural health product licence.

On July 28, 2016, the Company announced that had received its first order for 100 kg of bulk Northern AstaShrimp oil from a French company that had successfully received regulatory approval for shrimp oil in France.

Corporate

Management Cease-Trade Order Lifted

On July 20, 2016, the Company filed its annual (2015) and first quarter (2016) financial statements, related management discussion and analysis and applicable officer certificates and on July 22, 2016, the management cease-trade order was lifted.

Performance

As at June 30, 2016 the Company had assets totaling \$185,763 and a shareholders' deficit of \$954,568. This compares with assets of \$142,742 and a shareholders' deficit of \$484,927, as at December 31, 2015.

BlueOcean NutraSciences Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS Three months ended June 30, 2016

Commitments, liquidity and capital resources

Commitments

The Company does not have any direct space-rental commitments as office facilities are provided, as needed, through its contract with RG Management Services Inc. ("RGMS"). See the *Transactions with related parties* section of this MD&A.

Lease termination with TransAlta Generation Partnership ("TransAlta")

As disclosed in previous MD&A's, 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 Termination 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 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 this MD&A, the Company has defaulted on a total of \$210,904.

Issuance of common shares

In April 2016, the Company closed on Tranche 2 of the private placement disclosed in its Interim MD&A for the 3 months ended March 31, 2016, by issuing 300,000 units ("Unit") at \$0.05 per unit, for gross proceeds of \$15,000. Each Unit consisted on one common share and one common share purchase warrant, exercisable at \$0.08 for a period of 2 years. The fair value of the issued warrants of \$2,500, was calculated using the Black-Scholes option-pricing model with the input variables of: warrant life of 2.0 years, risk-free rate of 0.55%, volatility of 116.36%, common share price of \$0.032 and a dividend yield of 0%.

Issuance of secured promissory notes

On May 31, 2016, the Company closed on a bridge loan (the "Loan") announced in its last interim MD&A in the amount of \$400,000 that consisted of \$400,000 in promissory notes (the "Notes"), secured with a fixed and floating charge on all assets of the Company and its subsidiaries. The Notes bear interest at 18.0% per annum. Fees and expense reimbursements totaling \$8,000 were paid to the lender for loan-processing and legal fees.

As at the date of this MD&A, a source and use of funds for the Loan, is as follows:

	\$
Source	
Issuance of promissory notes	400,000
Cost of issuance	(10,706)
Net proceeds	389,295
Uses	
Marketing	63,565
Inventory	120,913
General and administration	189,912
Total uses	374,390
Balance to spend	14,905

BlueOcean NutraSciences Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS Three months ended June 30, 2016

Related-party transactions and balances

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 and the chief financial officer (through payments to RGMS). Related-party compensation paid or payable to key management is detailed below:

	3 months ended		6 months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Transactions:	\$	\$	\$	\$
Compensation	62,601	62,601	125,201	130,151
Consulting fees	30,000	35,000	60,000	65,000
Legal fees	4,715	1,065	4,715	1,940
Share-based payments	516	40,657	17,294	126,228

As at June 30, 2016, \$71,589 (2015 - \$11,557) is owed to officers or directors of the Company or entities controlled by them.

As at June 30, 2016, \$18,849 (2015 - \$nil) is owed to the Company by employees.