BLUE WATER VENTURES INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND NOTES

March 31, 2015

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BLUE WATER VENTURES INTERNATIONAL, INC.
BALANCE SHEET
MARCH 31, 2015

ASSETS		
CURRENT ASSETS		
Cash	$	51
Accounts receivable		33,000
TOTAL CURRENT ASSETS		33,051
PROPERTY AND EQUIPMENT, NET		80,675
OTHER ASSETS		
Inventory		905,086
TOTAL ASSETS	$	1,018,812
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Notes payable	$	195,000
Accounts payable and accrued expenses		61,313
TOTAL CURRENT LIABILITIES		261,313
NOTES PAYABLE		
Related party		812,044
Convertible		1,240,368
		2,052,412
REVENUE PARTICIPATION SUBSCRIPTIONS		213,350
TOTAL LIABILITIES		2,527,075
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, $.001 par value; 5,000,000 shares authorized; no shares issued and outstanding		-
Common stock, $.001 par value, 300,000,000 shares authorized: 26,218,326 shares issued and ouststanding		26,220
Additional paid-in capital		4,286,376
Accumulated deficit		(5,815,859)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)		(1,503,263)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$	1,023,812

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

BLUE WATER VENTURES INTERNATIONAL, INC.
INCOME STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	2015	2014
REVENUE	$ -	$ 32,860
OPERATING EXPENSES:		
Fleet operations	41,259	35,030
General and administrative	93,823	294,908
Depreciation	14,599	14,599
Interest expense	8,200	6,331
TOTAL OPERATING EXPENSES	157,881	350,868
NET LOSS	$ (157,881)	$ (318,008)
LOSS PER SHARE		
Basic	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	25,272,210	20,958,067

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

BLUE WATER VENTURES INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (157,881)
Adjustments to reconcile net loss to	
net cash used in operating activities:	
Depreciation	14,599
Issuance of common stock as compensation	71,750
Changes in operating assets and liabilities:	
Increase in accounts payable	
and accrued expenses	5,199
NET CASH USED BY OPERATING ACTIVITIES	(66,333)
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings, net of repayments	17,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	17,500
NET DECREASE IN CASH	(48,833)
CASH, BEGINNING	48,884
CASH, ENDING	$ 51
CASH PAID FOR INTEREST	$ 2,500
NON-CASH TRANSACTIONS:	
Notes payable converted into common stock	$ 5,000

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

BLUE WATER VENTURES INTERNATIONAL, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
THREE MONTHS ENDED MARCH 31, 2015

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
January 1, 2015	25,250,826	$ 25,252	$ 4,210,595	$ (5,657,978)	$ (1,422,131)
Issuance of common shares	967,500	968	75,781		76,749
Net loss for the period				(157,881)	(157,881)
March 31, 2015	26,218,326	$ 26,220	$ 4,286,376	$ (5,815,859)	$ (1,503,263)

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

BLUE WATER VENTURES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Organization and Summary of Significant Accounting Policies

Organization

Blue Water Ventures International, Inc. ("Blue Water") (formerly SmartPay Express, Inc., a Nevada corporation) acquired Blue Water Ventures of Key West, Inc. (BWVKW) a privately-held Florida corporation, via an asset purchase agreement dated May 10, 2012 that closed on June 15, 2012. As a result of the acquisition, the business of BWVKW became owned by Blue Water and the post-acquisition entity is hereby referred to as the "Company". For financial statement reporting purposes, the asset purchase was treated as a reverse acquisition with BWVKW deemed the accounting acquirer and the Company deemed the accounting acquiree under the purchase method of accounting in accordance with Accounting Standards Codification ("ASC") 805-10-40, Business Combinations-Reverse Acquisitions. The transaction is deemed a recapitalization and the financial statements present the continuation of the financial statements of BWVKW (the accounting acquirer) except for its capital structure, and the financial statements reflect the assets and liabilities of BWVKW recognized and measured at their carrying value before the combination and the assets and liabilities of the Company (the accounting acquiree). The equity structure reflects the equity structure of the Company, acquiree, and the equity structure of BWVKW, the accounting acquirer, as restated using the shares issued in connection with the asset purchase agreement.

Nature of Business

The Company is engaged in the archaeologically sensitive exploration, discovery and recovery of historical cultural artifacts, intrinsically valuable cargo and treasure from ocean shipwrecks to be marketed through auction houses, web sites and directly to the public. The Company also leases its crew and vessels to other entities involved in discovery and recovery from ocean shipwrecks.

Basis of Presentation and Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements. These financial statements and notes are representation of the Company's management who are responsible for their integrity and objectivity and have been prepared in accordance with accounting principles generally accepted in the United States of America.

Estimates

Management uses estimates and assumptions in the preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affected reported amounts of assets, liabilities, revenues and expenses, along with disclosures included in these financial statements. Actual results could vary from these estimates.

Note A – Organization and Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred.

Revenue Recognition

Revenue from sales of treasure recognized at the point of sale when legal title transfers. Legal title transfers when products are shipped or are available for shipment to customers. A return allowance is established for sales which have a right of return. Revenue from leasing activities is recorded when earned.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks. The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company had no cash equivalents at March 31, 2015.

Property and Equipment

Property and equipment are stated at historical cost. Depreciation is provided using the straight-line method based on the assets' estimated useful lives which are normally between three to ten years. Major overhaul items, such as engines, that enhance or extend the useful lives are capitalized and depreciated over the shorter of the useful life or remaining life of the particular asset. All other repairs and maintenance are expensed as incurred.

Inventory

Inventory consists of artifacts recovered from the *Santa Margarita 1622* shipwreck. The value of artifacts in inventory includes the costs of recovery such as vessel and equipment operations, repairs and maintenance, crew and technical labor, fuel, supplies, provisions, dock rental and depreciation. The Company continually monitors the recorded aggregate costs of artifacts in inventory to ensure such costs do not exceed net realizable value. The Company uses historical sales, publications, independent appraisal or available public market data to assess market value. Inventory is recorded at the lower of cost or market (see Note D).

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts payable and accrued expenses, notes payable and deferred revenues approximate fair value. Considerable judgment is necessary to interpret market data to develop fair value estimates and, accordingly, such estimates are not necessarily indicative of the amounts that could be realized in a current market exchange.

Note A – Organization and Summary of Significant Accounting Policies (continued)

Long-Lived Assets

The Company recognizes impairment losses related to long-lived assets in accordance with Financial Accounting Standards Board No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" based on several factors, including, but not limited to management's plans for future operations, recent operating results and projected cash flows.

Income Taxes

Income taxes are accounted for using the asset and liability method. The asset and liability method provides that deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed to more likely than not be realized. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-based Compensation

Stock-based compensation is recorded in accordance with the guidance in the ASC topic for Stock-Based Compensation.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted EPS reflects the potential dilution that would occur if dilutive securities and other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in earnings. We use the treasury stock method to compute potential common shares from stock options or warrants and the if-converted method to compute potential common shares from convertible notes or other securities. When the Company incurs a net loss, potential common shares have an anti-dilutive effect on EPS and such shares are not included in the calculation of diluted EPS.

Note B – Going Concern

As reflected in the accompanying financial statements, the Company has suffered recurring losses from operations, has a significant amount due to its principal stockholder and has a working capital deficit. All of these items raise substantial doubt about the Company's ability to continue as a going concern. While the Company believes in its ability to raise additional funds and sell its treasure and artifacts, there can be no assurances that the Company will be successful in these endeavors. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note C – Property and Equipment

Property and equipment consists of the following at March 31, 2015:

Boats	$	521,944
Exploration equipment		109,913
Transportation equipment		6,700
Furniture and equipment		5,646
		644,203
Less: accumulated depreciation		(563,528)
	$	80,675
Depreciation expense	$	14,599

Note D – Inventory

Inventory consists of gold bars, gold chains, and gold bits, beads and jewelry, a 50% interest in a gold chalice, silver coins and 8,000 400-year old natural pearls and other colonial era military and related artifacts which were recovered from the *Santa Margarita 1622* site during 2007-2009. As discussed in Note F, certain items of inventory have been pledged as collateral for borrowings.

Note E – Notes payable

Note payable consist of the following at March 31, 2015:
(A) Unsecured borrowings of $25,000 from an unrelated entity which originally aggregated $175,000, with interest at 4.5%, which was due at the maturity date of December 31, 2008. During October 2014, the Company entered into a settlement agreement with this entity and agreed to repay a total of $30,000, including accrued interest, with final payment due on or before April 10, 2015. As of March 31, 2015, a total of $25,000 had been repaid, with the final payment made in April 2015.

Note F – Notes payable, continued

(B) Borrowings of $190,000 from an unrelated entity, with interest at 12%, with an original due date of November 15, 2013. The note is secured by certain items of treasure from the *1622 Santa Margarita* shipwreck (see Note D). The note is subject to two (2) successive annual renewals at the option of the Company, one of which was exercised in November 2013 and the second of which was exercised in November 2014.

Note G – Convertible Notes Payable

The Company has outstanding $1,240,368 of convertible notes payable as of March 31, 2015 to various individuals and organizations. These notes payable are non-interest bearing and convertible into shares of the Company's common stock (see Note J).

Note H – Revenue Participation Subscriptions

During 2006 and 2007, the Company sold revenue participation subscriptions aggregating $330,000 which entitled the holders to share in a percentage of future treasure findings related to the salvage operations for the *Santa Margarita 1622* and *Treasure Coast 1715* projects. The subscriptions did not have a termination date. During 2007, treasure and artifacts were recovered on the *Santa Margarita 1622* project, and each holder received their respective share of the treasure and artifacts during 2008. During 2008 and 2009, additional treasure and artifacts were discovered on the *Santa Margarita 1622* site but no further distributions were made to the holders during 2009 or 2010. As of December 31, 2010, no treasure or artifacts had been recovered on the *Treasure Coast 1715* project.

During 2011, the Company cancelled all of the aforementioned subscriptions and requested that the holders execute an agreement to convert their respective subscription into shares of the Company's common stock. A total of 386,851 shares of common stock was reserved for this conversion feature, with 110,321 shares issued in 2011 in exchange for $90,000 of subscriptions and 90,726 shares issued in 2012 in exchange for $60,000 of subscriptions. As of March 31, 2015, there were 185,803 shares of common stock ($180,000 of subscriptions) yet to be issued related to the 2006 and 2007 subscriptions.

During 2013 and 2012, the Company sold revenue participation subscriptions in the amount of $163,350 and $50,000, respectively, which entitles the holders to a share of net proceeds, as defined, from future treasure recoveries on all projects. Additionally, the 2012 agreement includes a provision to convert the share of net proceeds into shares of the Company's common stock.

Note I – Income Taxes

From inception until the reverse merger which occurred on June 15, 2012, the Company, with the consent of its shareholders, elected to be taxed as an S corporation and no provision or liability for federal income taxes had been included in previous financial statements. Upon the occurrence of the reverse merger, the Company's S corporation status was terminated. For the period from January 1, 2102 to June 15, 2012, the Company incurred a net loss of $189,055 and the accumulated deficit applicable to the former S corporation status aggregated $2,833,540. For the period from June 16, 2012 to March 31, 2015, the Company has incurred net operating losses of $2,982,319. The Company has recorded a net deferred tax asset of $0 as of December 31, 2014 as the Company has concluded that it is more likely than not that this asset would not be realized with the recovery and rights of ownership or salvage rights of high-value shipwrecks.

Note J – Related Party Transactions

The Company's CEO and principal stockholder has loaned the Company an aggregate of $812,044 as of March 31, 2015 to fund operations since inception. These loans currently bear no interest, are uncollateralized, carry no specified repayment terms and have been recorded as a non-current liability in the accompanying balance sheet.

The Company's CFO and principal accounting officer was due $182,225 as of March 31, 2015 which is recorded as a convertible note payable in the accompanying balance sheet.