Bougainville Ventures Inc.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

Bougainville Ventures Inc.
NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements; the statements must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

"Donald Gordon"
Chief Financial Officer

December 29, 2017

Bougainville Ventures Inc.
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at	October 31, 2017	July 31, 2017
	$	$
Assets		
Current		
Cash	11,573	233,844
Loans receivable (Note 8)	225,628	218,488
Taxes recoverable	565	-
Work In Process	58,460	-
	296,226	452,332
Estate Lot (Note	1,330,143	-
	1,330,143	-
Total assets	1,626,369	452,332
Liabilities and shareholders' equity		
Current		
Accounts payable and accrued liabilities	16,353	14,349
Loans Payable (Note 9)	483,488	468,188
Due to (from) related parties (Note 10)	(53,330)	25,070
Total Liabilities	446,511	507,607
Shareholders' Equity		
Share Capital (Note 5)	1,382,243	100
Obligation to issue shares (Note 5)	13,000	62,000
Deficit	(215,385)	(117,375)
	(1,179,858)	(55,275)
Total shareholders' equity and liabilities	1,626,369	452,332

Nature and Continuance of operations (Note 1)
Subsequent events (Note 13)

Approved and authorized for issuance by the Board of Directors on December 29, 2017

"Brian Peterson"
Brian Peterson, Director

"Donald Gordon"
Donald Gordon, Director

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

Bougainville Ventures Inc.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months period ended October 31, 2017	For the three months period ended October 31, 2016
	$	$
General & Administration Expenses		
Administration and Office fees (Note 10)	409	-
Accounting Fees (Note 10)	-	-
Foreign exchange	8,627	-
Legal Fees	9,409	
Management fees (Note 10)	9,000	-
Consulting fees	65,846	-
Regulatory Filings	1,159	-
Transfer Agent fees	3,560	-
Loss and comprehensive loss for the year	**(98,010)**	**(0.00)**
Basic and diluted loss per common share	**(0.00)**	**(0.00)**
Weighted average number of common shares outstanding – basic and diluted	**41,707,851**	**14**

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

Bougainville Ventures Inc.
Unaudited Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital	Obligation to issue shares	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, July 31, 2016	**14**	**100**	**-**	**(62,553)**	**(62,453)**
Net loss for the period	-	-	-	-	-
Balance, October 31, 2016	**14**	**100**	**-**	**(62,553)**	**(62,453)**
Obligation to issue shares	-	-	62,000	-	62,000
Net loss for the year	-	-	-	(54,822)	(54,822)
Balance, July 31, 2017	**14**	**100**	**62,000**	**(117,375)**	**(55,275)**
Shares Cancelled	(14)	-	-	-	-
Shares Issued for Plan of Arrangement	1,225,209	-	-	-	-
Obligation to issue shares	-	-	3,000	-	3,000
Shares Issued for debt settlement	2,600,000	52,000	(52,000)	-	-
Shares Issued for real estate	45,368,666	1,330,143	-	-	1,330,143
Net loss for the period	-	-	-	(98,010)	(98,010)
Balance, October 31, 2017	**49,193,875**	**1,382,243**	**13,000**	**(215,385)**	**1,179,858**

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

Bougainville Ventures Inc.
Unaudited Condensed Interim Statements of Cash Flows
For the years ended July 31, 2017 and 2016
(Expressed in Canadian Dollars)

	For the three months period ended October 31, 2017	For the three months period ended October 31, 2016
Cash provided by (used in):		
Operating activities	$	$
Net loss for the year	**(98,010)**	-
Items not involving cash		-
Unrealized foreign exchange	(7,141)	-
Change in non-cash working capital components		-
Work in Process	(58,460)	
Taxes recoverable	(565)	-
Accounts payable and accrued liabilities	1,105	-
Net cash used in operating activities	**(163,071)**	**-**
Investing activity		
Loans receivable	-	-
Net cash used in investing activity	**-**	**-**
Financing activities		
Loans	15,300	
Due to (from) to related parties	(77,500)	-
Share subscriptions received	3,000	-
Net cash provided by financing activities	**(59,200)**	**-**
Change in cash	**(222,271)**	**-**
Cash , beginning of the period	**233,844**	**-**
Cash, end of the period	**11,573**	**-**
Cash paid for interest expense	**-**	**-**
Cash paid for income taxes	**-**	**-**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Bougainville Ventures Inc. (the "Company") was incorporated under the Business Corporations Act on April 29, 2014 as a wholly owned subsidiary of 0941092 B.C. Ltd. ("BC0941092"). The Company and BC0941092 entered into the Arrangement Agreement on June 25, 2014 to conduct a corporate restructuring by way of a statutory plan of arrangement (the "Plan of Arrangement") to commence its operations as a preclinical stage biotechnology, upon the approval from the shareholders of BC0941092 and GEEC.

Upon completion of the Arrangement, BC0941092 will transfer to the Company all of BC0941092's interest in the letter of intent with Network Immunology Inc. in consideration for 1,225,209 the Company's Class A Preferred Shares multiplied by the Conversion Factor, which shares will be distributed to the BC0941092 Shareholders who hold BC0941092 Shares on the Share Distribution Record Date on the basis of one Company Share for each BC0941092 Share held. On August 14, 2017 the shares were issued.

On June 11, 2015 Network Immunology Inc. and BC0941092 confirmed the performance conditions for entering into an amalgamation agreement were not met and the letter of intent was terminated.

On January 22, 2016 the Company changed its name to Bougainville Ventures Inc.

On April 3, 2017 the Company entered into the agreement with Marijuana Company of America Inc ("MCOA'') to form a joint venture that includes the organization of a limited liability company to engage in the development and promotion of the products in the high yield crop industry in Washington State USA. As of October 31, 2017 the joint venture was not formed. (Note 12)

On July 1, 2017 the Company has entered into a purchase agreement of real estate consisting of a lot in Okanagan County, Washington, USA for $1,330,143. The lot consists of 4.33 acres parcel of land and 2,000 square foot warehouse processing facility.

The address of the Company's corporate office and place of business is 440 - 890 W Pender Street, Vancouver, British Columbia, Canada.

Going concern of operations

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at October 31, 2017 the Company had not yet achieved profitable operations, had recurring losses, a deficit of $215,385 (2016 - $62,553), a working capital deficiency of $150,285 (2016 - $62,453), and expects to incur further losses in the development of its business, indicate the existence of a material uncertainty all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all of the information required for full annual financial statements.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss ("FVTPL") as described in Note 3, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less

b. Share-based Payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. No options are granted at present.

c. Deferred Income Taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Deferred Income Taxes (continued)

To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

d. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As October 31, 2017, and 2016, no provision has been recorded in the Company.

e. Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

f. Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the company's functional and presentation currency.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	**Classification**
Loans receivable	FVTPL
Accounts payable	Other liabilities
Loan payable	Other liabilities
Due to related parties	Other liabilities

The fair values of the Company’s cash, loans receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to their short term nature.

The Company’s financial instruments measured at fair value on the balance sheet consist of cash which is measured at level 1 of the fair hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Impairment

i) Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii) Financial Assets (continued)

against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

i. Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

j. Segment Reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments.

k. Adoption of new IFRS pronouncements

The adoption of the following IFRS standards and amendments to existing standards effective August 1, 2014 did not have any effect on the Company's financial statements:

i. IAS 32, "Financial Instruments: Presentation" is effective for annual periods beginning on or after Jan 1, 2014
ii. IAS 36, "Impairment of Assets" is effective for annual periods beginning on or after January 1, 2014
iii. IFRIC 21, "Levies" is effective for annual periods beginning on or after January 1, 2014.
iv. IFRS 10, "Consolidated Financial Statements" (amended standard) is effective for annual periods beginning on or after January 1, 2016.
v. IFRS 11, "Consolidated Financial Statements" (amended standard) in respect of joint arrangements is effective for annual periods beginning on or after January 1, 2016.
vi. IAS 34, "Interim Financial Reporting" (amended standard) is effective for annual periods beginning on or after January 1, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. New accounting standards not yet adopted

The following standard will be effective for annual periods beginning on or after January 1, 2018:

i. IAS 16, “Property, Plant and Equipment” (amended standard) is to be applied prospectively.

ii. IFRS 7, “Financial Instruments: Disclosure” is effective (proposed) for annual periods beginning on or after January 1, 2018.

iii. IFRS 9, “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after January 1, 2018.

iv. IFRS 16, “Leases” is effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption is permitted.

The Company has initially assessed that there will be no material impact on the statements of financial position or results of operations as a result of adopting the new standards above; however, enhanced disclosure requirements are expected

4. Significant Accounting Judgements and Estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates, which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Judgements and estimates made by management that have the most significant effect on the financial statements include, but are not limited to, the followings:

Judgments

i. Going concern assumption

The continued use of the going concern assumption is based on the Company’s judgments regarding the availability, timing, and costs of obtaining financing. The use of the going concern assumption is also based on the Company’s judgments regarding the continued support and patience of related parties and third party creditors. In applying the going concern assumption, the Company has not taken into account the uncertainty surrounding the timing of receipt of the restricted cash and the uncertainty surrounding the timing of payments of accounts and loans payable in determining the fair values of its financial instruments.

4. Significant Accounting Judgements and Estimates (continued)

ii. Impairment

The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts.

Estimation

i. The fair value of financial instruments

The fair value of certain financial instruments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates made by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

5. SHARE CAPITAL DISCLOSURES

a. Authorized:

Unlimited Common shares without par value

b. Issued and Outstanding:

On August 8, 2017 a resolution was passed to consolidate the capital stock on the basis of seven (7) old common shares into one (1) new common share. All share and per share information included in the financial statements and accompanying notes have been adjusted to reflect this share split for all periods presented.

On August 14, 2017, the Company issued 1,225,209 common shares pursuant to the obligation under the Plan of Arrangement.

On August 14, 2017, the Company issued 2,600,000 common shares for debt settlement of $52,000

On August 14, 2017 the Company issued 45,368,666 common shares real estate lot purchase.

5. SHARE CAPITAL DISCLOSURES

c. Obligation to Issue Shares

On June 17, 2017 the company received $10,000 and September 1, 2017 $3,000 in share subscriptions. Subscription price is $0.15 per unit. Each unit consist of one common share, one-half of one common share purchase warrant with a price of $0.50 exercisable within 12 month of the closing date and one-half of one common share purchase warrant with a price of $0.75 exercisable from the beginning months 13 from the closing date to the end of months 24. No shares have been issued as of October 31, 2017. (Note 12)

d. Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at October 31 2017, and 2016, no options were granted or outstanding.

6. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

7. FINANCIAL INSTRUMENTS

The Company's financial instrument consist of cash, taxes recoverable, accounts payable, and due to the related parties the fair values of which are considered to approximate their carrying values due to their short-term maturities.

The Company's risk exposures and the possible impact of these expenses on the Company's financial instruments are summarized below:

Strategic and operational risks
Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had $296,226 (2016 – $Nil) in current assets and current liabilities of $446,511 (2016 – $62,453).

Interest risk
Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company holds loans that are denominated in USD currency. A change in foreign currency exchange rates can have an impact on net income

Foreign currency risk (continued)
and comprehensive income. The result of sensitivity analysis shows an increase or decrease of 5% in exchange rates, with all other variables held constant, could have increased or decreased the net income and comprehensive income by approximately $12,893 (2016 - $NIL).

8. LOANS RECEIVABLE

During the period ended July, 2017, the Company advanced $225,628 ($175,000 USD) (2016 - $Nil) to a non-arms-length company.

- $ 75,000 USD of the loan receivable is due on demand and is unsecured, non-interest bearing, extensions and repayment of loan is at the discretion of the Company.
- $ 100,000 USD of the loan receivable is due July 25, 2018 and is unsecured, non-interest bearing, extensions and repayment of loan is at the discretion of the Company.

Bougainville Ventures Inc.

(Expressed in Canadian Dollars)

9. LOANS PAYABLE

As at October 31, 2017 the Company had $483,488 ($375,000 USD) (2016 - $Nil) loan from MCOA (Note 12). This loan is non-interest bearing and is due on demand.

10. RELATED PARTY TRANSACTIONS

For the three months ended October 31, 2017 management fees of $9,000 (2016 - $Nil) were charged by a company controlled by the Chief Financial Officer (CFO). On March 30, 2017 the $52,000 of debt was settled for 2,600,000 common shares, shares have been issued on August 14, 2017.

As at October 31, 2017, the Company had $53,330 (2016 - $37,233 due to) due from a company controlled by a CFO.

As at October 31, 2017 the Company had $Nil (2016 - $14,870) due to a parent company.

These balances are non-interest bearing and are due on demand.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported dates is as follows:

	2018	2017
	$	$
Loss for the year	(98,010)	(54,822)
Computed income taxes recovery at statutory rate at 26% (2016 – 26%)	(25,483)	(14,254)
Change in unrecognized deferred tax assets	25,483	14,254
	-	-

The significant components of the Company's future tax assets, after applying enacted corporation income tax rates of 26%, are as follows:

	2017	2016
	$	$
Non-capital losses	56,000	31,000

(Expressed in Canadian Dollars)

11.INCOME TAXES(continued)

At October 31, 2017, the Company had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that the related tax benefit will be realized.

At October 31, 2017, the Company has accumulated non-capital losses of approximately $215,385 which may be available to offset future income for income tax purposes. Tax attributes are subject to revision and potential adjustment by tax authorities. The non-capital losses expire as follows:

Years of Expiry	Losses
	$
2034	351
2035	14,962
2036	47,240
2037	54,822
2038	98,010
Total	**215,385**

12. SUBSEQUENT EVENTS

On November 6, 2017 the Company issued 186,666 common shares for $0.15 per share as part of a private placement to raise funds for proceeds of $27,800 which includes the $13,000 in share subscriptions payable (Note 5).

- each unit part of the private placement consists of:
  - 1 common share of the Company
  - ½ of one common share purchase warrant with an exercise price of $0.50
  - ½ of one common share purchase warrant with an exercise price of $0.75

On November 6, 2017, the Company and MCOA amended the original Joint Venture agreement signed on April 3, 2017. MCOA must provide funding of $800,000 USD and give the Company 15,000,000 restricted common shares in MCOA as part of the new amended Joint Venture Agreement. As of October 31, 2017 the new company as part of the Joint Venture has not been formed and the Company has no commitments in funding the Joint Venture. The Company has received $375,000 USD of the agreed funding as of October 31, 2017 (Note 9) and subsequently received US$425,351.