

**BOUGAINVILLE VENTURES INC.**  
**(FORMERLY TEAGHLACH ASSET ACQUISITION CORP.)**  
*440 – 890 West Pender Street, Vancouver, BC*

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**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the three months period ended April 30, 2016**  
**As at June 29, 2017**

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## **INTRODUCTION**

### **General**

Bougainville Ventures Inc. (Formerly Teaghlach Asset Acquisition Corp.) (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.

As a result of the Arrangement, BC0941092 shareholders will be entitled, on a pro rata basis, a total of approximately 8,576,567 shares of 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 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 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 April 30, 2017 the Company received a Good faith deposit from MCOA but activity under the joint venture had not commenced.

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

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

## **Basis of Discussion & Analysis**

This management's discussion and analysis ("MD&A") is dated as of June 29, 2017 and should be read in conjunction with the unaudited condensed interim financial statements of the Company together with the related notes for the six months ended April 30, 2017, and 2016, and the audited financial statements of the Company together with the related notes for the year ended July 31, 2016

Our discussion in this MD&A is based on the Financial Statements for the nine months ended April 30, 2017, and 2016 prepared in accordance with International Financial Reporting Standards. ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars. The financial statements and MD&A 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.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

## **THE COMPANY AND BUSINESS**

The Company was incorporated under the Business Corporations Act (British Columbia) on April 29, 2014 under a plan of arrangement (the "Arrangement") as a wholly owned subsidiary of 0941092 B.C. Limited. ("BC0941092").

On August 10, 2015, the Company issued notice under Section 4.8(2) of National Instrument 51-102 (Continuous Disclosure Obligations) that the Company changed its financial year end from April 30<sup>th</sup> to July 31<sup>st</sup>.

## **PLAN OF ARRANGEMENT**

Pursuant to the Plan of Arrangement (the "Arrangement") dated June 25, 2014, the Company was incorporated as a corporate restructuring to amalgamate with Network Immunology Inc. and commence operations as a preclinical stage biotechnology company upon the approval from the shareholders of BC0941092. The Company received the final approval of the Supreme Court of British Columbia on August 27, 2014.

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. As at April 30, 2017, no shares have been issued.

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 April 30, 2017 the joint venture was not formed.

## SELECTED QUARTERLY FINANCIAL INFORMATION

	For the Three-Month Period Ended		For the Nine Month Period Ended	
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
	\$	\$	\$	\$
Revenue	-	-	-	-
Net income (loss)	(10,074)	(8,000)	(10,074)	(46,942)
Income (loss) per common share	(100.74)	(80.00)	(100.74)	(469.42)
Total assets	102,734	845	102,734	845
Total long-term financial liabilities	-	-	-	-
Dividends declared	-	-	-	-

## RESULTS OF OPERATIONS

For the three and nine months period ended April 30, 2017 and 2016 the Company has not generated revenues.

During the three months period ended April 30, 2017 the Company incurred Management fees \$nil (\$nil - April 30, 2016); Administration fees \$267 (\$3,000- April 30, 2016); Regulatory filings fees &7,747(\$nil - April 30, 2016) and Rent expense \$nil (\$3,000 - April 30, 2016)

During the nine months period ended April 30, 2017 the Company incurred Management fees \$nil (\$18,000 - April 30, 2016); Administration fees \$267 (\$15,000- April 30, 2016); Regulatory filings fees &7,747(\$325 - April 30, 2016) and Rent expense \$nil (\$9,000 - April 30, 2016)

## LIQUIDITY AND CAPITAL RESOURCES

The Company has not generated any revenue from operations and to date has relied solely upon related party loans to continue its business.

As of April 30, 2017, the Company total assets were \$102,493 comprised of Cash \$102,493 and taxes recoverable \$241. The Company's total liabilities were \$175,261 comprised of accounts payable and accrued liabilities \$12,361 and Due to a related parties \$162,900.

The Equity deficit increased to 72,627 as of April 30, 2017 from \$62,553 on July 31, 2016 due to the incurred expenses.

### **Changes in Cash Position**

	<b>For the Three-Month Period Ended</b>		<b>For the Nine-Month Period Ended</b>	
	<b>April 30, 2017</b>	<b>April 30, 2016</b>	<b>April 30, 2017</b>	<b>April 30, 2016</b>
	\$	\$	\$	\$
<b>Cash (used in) /provided by:</b>				
<b>Net cash used in operating activities</b>	<b>(10,074)</b>	<b>(6,000)</b>	<b>(10,074)</b>	<b>(42,000)</b>
<b>Net cash provided by financing activities</b>	<b>110,798</b>	<b>6,000</b>	<b>110,798</b>	<b>42,000</b>
<b>Net cash used in investing activities</b>	-	-	-	-
<b>Change in cash</b>	<b>102,493</b>	-	<b>102,493</b>	-
<b>Cash , beginning</b>	-	-	-	-
<b>Cash, end</b>	<b>102,493</b>	-	<b>102,493</b>	-

#### **Cash Flows from Investing Activities**

Company has not generated positive cash flows from operating activities for the period ended April 30, 2017 and 2016. For the three months period ended April 30, 2017, net cash flows used in operating activities was \$10,074 compare to \$6,000 as at April 30, 2016. For the nine months period ended April 30, 2017, net cash flows used in operating activities was \$10,074 compare to \$42,000 as at April 30, 2016.

#### **Cash Flows from Financing Activities**

Company financed its operations primarily from loans from the related parties. For the three months period ended April 30, 2017, net cash from financing activities was \$110,798 compare to \$6,000 as at April 30, 2016. As of April 30, 2017 the Company received a Good faith deposit from MCOA but activity under the joint venture had not commenced. For the nine months period ended April 30, 2017, net cash from financing activities was \$110,798 compare to \$42,000 as at April 30, 2016

#### **Cash Flows from Investing Activities**

For the three and nine months period ended April 30, 2017 and 2016, the Company neither used nor generated cash flows from investing activities.

## SUMMARY OF QUARTERLY RESULTS

A summary of financial results for the most recently completed quarters as follows:

<b>Three Months Ended</b>	<b>Revenue (\$)</b>	<b>Net Income (Net Loss) (\$)</b>	<b>Gain (Loss) per Share (\$)</b>
30 Apr 2017	-	(10,074)	(100.74)
31 Jan 2017	-	-	-
31 Oct 2016	-	-	-
31 July 2016	-	(748)	(7.48)
30 Apr 2016	-	(8,000)	(80.00)
31 Jan 2016	-	(20,167)	(201.67)
31 Oct 2015	-	(18,325)	(183.25)
31 July 2015	-	(14,692)	(14,692)
30 Apr 2015	-	(270)	(2.7)
31 Jan 2015	-	-	-
31 Oct 2014	-	-	-
31 July 2014*	-	(351)	(3.51)

\* The Company was incorporated on April 29, 2014. The period is from date of incorporation April 29, 2014 to July 31, 2014

Since April 29, 2014, date of Incorporation to April 30, 2017 the Company has not generated revenues.

## 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 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 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 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 April 30, 2017, the Company had \$102,734 (2016-\$Nil) in cash and current liabilities of \$175,261 (2016- \$63,000).

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

## **SHARE CAPITAL**

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at the date of this report, 100 shares were issued and outstanding.

As at April 30, 2017 and the date of this report there were no stock options or warrants outstanding.

## **FUTURE CASH REQUIRMENTS**

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. Should the Company pursue other business opportunities, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

## **RELATED PARTY TRANSACTIONS AND BALANCES**

For the nine months period ended April 30, 2017 management fees of \$nil (2016 - \$18,000) administration fees of \$nil (2016 - \$15,000) and rent \$nil (2016 - \$9,000) were charged by a company controlled by the Chief Financial Officer (CFO). As at April 30, 2017, the Company had \$49,991 (2016 - \$40,233) due to a company controlled by a CFO.

As at April 30, 2017 the Company had \$98,040 (\$75,000 USD) (2016 - \$Nil) deposit from MCOA ( Note 1).

As at April 30, 2017 the Company had \$14,870 (2016 - \$11,695) due to a parent company.

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

## **CHANGES IN ACCOUNTING POLICIES**

### **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.

### **New accounting standards not yet adopted**

The following standard will be effective for annual periods beginning on or after January 1, 2016:

- i. IFRS 10, "Consolidated Financial Statements" (amended standard) is effective for annual periods beginning on or after January 1, 2016.
- ii. IFRS 11, "Consolidated Financial Statements" (amended standard) in respect of joint arrangements is effective for annual periods beginning on or after January 1, 2016.
- iii. IAS 16, "Property, Plant and Equipment" (amended standard) is to be applied prospectively.
- iv. IAS 34, "Interim Financial Reporting" (amended standard) is effective for annual periods beginning on or after January 1, 2016.
- v. IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.
- vi. IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

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.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off balance sheet arrangements.

## **RISKS AND UNCERTAINTIES**

These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company.

The financing and development of the Issuer's business are subject to a number of factors, including laws and regulations in the areas of taxation, permitting and others, including hiring qualified people, and obtaining necessary services in jurisdictions where the Issuer operates. The current trends relating to these factors are favourable but could change at any time and negatively affect the Issuer's operations and business.

### **Start-Up Venture**

As a start up venture the Company's prospects are affected by the risks, expenses, and difficulties frequently encountered by companies in the growth stage, particularly companies in highly competitively markets. As an early growth stage company, the risks include, but are not limited to, evolving and unpredictable business models and growth management. To address these risks, the Company must, among other things, expand its customer base, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its operations, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it can be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. There is no assurance that it can raise the funds required to operate.

### **Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include lost records, loss or damage or other hazards against which such corporations cannot insure or against which they may elect not to insure.

## **Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in marketing and financial corporations. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

## **ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).