

**BLUEBERRIES MEDICAL CORP.**

**FORM 2A**

**LISTING STATEMENT**

**in connection with the listing of Blueberries Medical Corp.,  
the entity to be formed upon the reverse take-over of CDN  
MSolar Corp.**

**Dated as at January 31, 2019**

*Neither the Canadian Securities Exchange Inc. nor any securities regulatory authority has in any way  
passed upon the merits of the Reverse Takeover Transaction described in this Listing Statement.*

## CAUTIONARY STATEMENTS

This Listing Statement and the documents incorporated by reference herein contain or may contain certain statements or disclosures concerning the CDN, Blueberries and the Issuer (each as hereinafter defined) that constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, about possible events, conditions, results of operations, activities, events, outcomes, results or developments based on assumptions about future economic conditions and courses of action that the Issuer anticipates or expects may, or will, occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. In particular, this Listing Statement, and the documents incorporated by reference, contain or may contain forward-looking information pertaining to the following:

- the business strategy of the Issuer;
- the available funds of the Issuer and the anticipated use of such funds;
- the risk of a lack of availability of financing opportunities, legal and regulatory risks inherent in the cannabis industry, risks associated with economic conditions, dependence on management and currency risks;
- the perceived benefits of the Business Combination (as hereinafter defined) which are based upon the financial and operating attributes of Blueberries as at the date hereof;
- the Issuer’s strategy to develop new products and to enhance the capabilities of existing products;
- the Issuer’s plans to expand its production and customer base;
- the Issuer’s plans to market, sell and distribute its products;
- the Issuer’s plans in respect of strategic partnerships for research and development; and
- the Issuer’s plans to retain and recruit personnel.

Blueberries and the Issuer rely on certain key expectations and assumptions in making the forecasts, projections, predictions or estimations set out in the forward-looking information. These factors and assumptions are based on information available at the time that the forward-looking information is provided. These include, but are not limited to, expectations and assumptions concerning:

- prevailing commodity prices and exchange rates;
- the availability of capital to fund planned expenditures;
- prevailing regulatory, tax and environmental laws and regulations;
- the ability to secure necessary personnel, equipment and services; and
- the receipt of required approvals in respect of the Business Combination, including without limitation, the approval of the CSE (as hereinafter defined).

Undue reliance should not be placed on forward-looking information because a number of risks and factors may cause actual results to differ materially from those set out in such forward-looking information. These include:

- volatility in market prices for cannabis;
- risks and liabilities inherent in cannabis operations;
- the ability to comply with applicable governmental regulations and standards;
- competition for, among other things, customers and market share, capital, acquisitions of lands and greenhouses and skilled personnel;
- operational risks in Colombia related to social, political, economic, legal and fiscal instability as well as environmental changes;
- incorrect assessments of the value of acquisitions and development programs;
- technical and processing problems;
- energy prices and supply;
- supply of cannabis seeds;
- risks inherent in rural real estate;
- actions by governmental authorities, including increases in taxes;
- the availability of capital on acceptable terms;
- fluctuations in foreign exchange, currency or interest rates and stock market volatility;
- inflation in Colombia;
- operations in Spanish;
- enforcement of judgements;
- failure to realize the anticipated benefits of acquisitions;
- the yield from agricultural operations producing the Issuer's products;
- the ability to obtain patent protection and protect the Issuer's intellectual property rights and not infringe on the intellectual property rights of others;
- stock market volatility;
- potential labour unrest; and
- the other factors specifically identified as risk factors in this Listing Statement and the documents incorporated by reference herein.

Readers are cautioned that the foregoing list of factors should not be construed as exhaustive.

Unless otherwise indicated, information contained in this Listing Statement concerning the Issuer's industry and the markets in which the Issuer operates, including the Issuer's general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, the Issuer's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Issuer's internal research, and include assumptions made by the Issuer which it believes to be reasonable based on its knowledge of its industry and markets. The Issuer's internal research and assumptions have not been verified by any independent source, and the Issuer has not independently verified any third-party information. While the Issuer believes the market position, market opportunity and market share information included in this Listing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Issuer's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Forward-Looking Statements*" and "*Risk Factors*".

The forward-looking statements included in this Listing Statement expressly qualified by this cautionary statement and are made as of the date of this Listing Statement. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws.

#### **CURRENCY INFORMATION**

Unless otherwise indicated, all references to "\$" or "C\$" in this Listing Statement refer to Canadian dollars and all references to "US\$" in this Listing Statement refer to United States dollars.

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## 1. GLOSSARY OF TERMS

Unless otherwise indicated, the following terms used in this Listing Statement and the Schedules hereto shall have the meanings ascribed to them as set forth below:

**“Amalgamation”** means the three-cornered amalgamation among Blueberries, CDN M and Subco pursuant to which Blueberries will amalgamate with Subco under Section 174 of the OBCA and Blueberries Shareholders will receive CDN M Shares on the basis of one CDN M Share for each one Blueberries Share held, all as contemplated by the Amalgamation Agreement and the Business Combination Agreement;

**“Amalgamation Agreement”** means the amalgamation agreement substantially in the form attached as Schedule “A” to the Business Combination Agreement to be entered into between CDN M, Blueberries and Subco pursuant to section 175 of the OBCA to effect the Amalgamation;

**“BCBCA”** means the *Business Corporations Act* (British Columbia) as amended, including all regulations promulgated thereunder;

**“Blueberries”** means Blueberries Cannabis Corp., a corporation incorporated under the OBCA;

**“Blueberries Cannabis Business”** means the medical cannabis cultivation, manufacturing and exporting business carried on by Blueberries as of the date hereof through its subsidiary, Blueberries SAS;

**“Blueberries Finder Warrants”** means 2,466,100 finder warrants to acquire 2,466,100 Units for a period of 24 months from the completion of the Business Combination at a price of \$0.25 per Unit;

**“Blueberries SAS”** means Blueberries S.A.S., a company incorporated under the laws of Colombia and a wholly-owned subsidiary of Blueberries;

**“Blueberries Shares”** means common shares in the capital of Blueberries;

**“Business Combination”** means the business combination contemplated by the Business Combination Agreement;

**“Business Combination Agreement”** means the business combination agreement dated effective as of February 1, 2019 between Blueberries, CDN M and Subco, a copy of which is available under CDN M’s issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com);

**“CBD”** means Cannabidiol, the principal non-psychoactive constituent of the cannabis plant;

**“CBN”** means cannabinol;

**“CDN M”** means CDN MSolar Corp.;

**“CDN M Circular”** means the management information circular prepared in connection with the CDN M Meeting;

**“CDN M Meeting”** means the annual and general meeting of shareholders of CDN M held on December 6, 2018 to approve, among other matters, a new slate of seven directors

to replace the current directors of CDNМ, to be effective immediately following the completion of the Business Combination and the Issuer Option Plan;

**“CDNM Shares”** means common shares in the capital of CDNМ;

**“CSE”** means the Canadian Securities Exchange Inc.;

**“Certificate of Amalgamation”** means the certificate of amalgamation for the Amalgamation issued by the Director pursuant to the OBCA;

**“Closing”** means the completion of the Business Combination;

**“Closing Date”** means the date of the Closing;

**“Colombian Licences”** means: (i) licence No.0247 dated March 15, 2018, by means of which the Colombian Ministry of Justice and the Laws of the Republic of Colombia granted Blueberries SAS the licence to cultivate and grow non-psychoactive cannabis in Colombia, and to produce grain and seeds for cultivation, manufacture of derivative products and industrial purposes within the Cultivation Facility; (ii) licence No. 1090 dated October 24, 2018, by means of which the Colombian Ministry of Justice and the Laws of the Republic of Colombia granted Blueberries SAS the licence to cultivate and grow psychoactive cannabis in Colombia within the Cultivation Facility; and (iii) licence No. 3463 dated August 17, 2018, by means of which the Colombian Ministry of Health and Social Protection Justice of the Republic of Colombia granted Blueberries SAS the licence to manufacture, produce, commercialize and export psychoactive and non-psychoactive cannabis derivatives within the Cultivation Facility;

**“Control Person”** means any Person or company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer;

**“Cultivation Facility”** means the facilities for the purposes of cultivating High THC Medicinal Cannabis and Low THC Medicinal Cannabis; within a lot of 3 hectares, denominated as “El Porvenir”, located in Cundinamarca Department, County of Guatavita, Colombia, plot No. 50N-365101.

**“Effective Date”** means the effective date of the Amalgamation;

**“Escrow Agent”** means Marrelli Escrow Services Inc.;

**“Escrow Agreement”** means the escrow agreement entered into between Blueberries, CDNМ, the Escrow Agent, and holders of Subscription Receipts in connection with the Subscription Receipt Financing, as the same may be amended or modified from time to time;

**“Escrowed Funds”** means the gross proceeds from the Subscription Receipt Financing delivered to and held in escrow by the Escrow Agent and invested in an interest-bearing account, short-term obligations of, or guaranteed by, the Government of Canada or any other investments that may be approved by Blueberries;

**“Escrow Release Conditions”** means: (a) the completion of the Transactions, including, without limitation, the receipt of all required shareholder and regulatory approvals

required in connection with the Transactions, and the conditional approval of the CSE for the listing of the Issuer Shares; and (b) CDNM and Blueberries having delivered a certificate to the Escrow Agent confirming that the conditions set forth in item (a) above have been met or waived;

**“Escrow Release Date”** means the date that the Escrow Release Conditions have been satisfied;

**“Escrow Release Deadline”** means February 5, 2019;

**“FNE”** means the National Narcotics Fund (Fondo Nacional de Estupefacientes), the Colombian narcotics regulatory regime;

**“GEP Standards”** means the Colombian good elaboration practices certified in accordance with the guidelines set out in Decree 2200 of 2005 and INVIMA Resolution 444 of 2008;

**“GMP Standards”** means the Colombian good manufacturing standards for pharmaceutical laboratories in accordance with the guidelines set out in Decree 549 of 2001 and INVIMA Resolution 01087 of 2001;

**“High THC Cultivation Licence”** means Resolution No. 1090 dated October 24, 2018, by means the Ministry of Justice and Laws of the Republic of Colombia granted to Blueberries SAS, under Law 1787 of 2016; Decree 1427 of 2017; and Decree 613 of 2017, in accordance with the provisions of Resolutions 577, 578 and 579 of 2017, the licence to cultivate psychoactive cannabis plants for a five year term within the Cultivation Facility;

**“High THC Medicinal Cannabis”** means psychoactive cannabis containing more than 1% THC;

**“ICA”** means the Colombian Agricultural Institute;

**“IFRS”** means International Financial Reporting Standards;

**“INVIMA”** means the Colombia National Food and Drug Surveillance Institute (Instituto Nacional de Vigilancia de Medicamentos y Alimentos), the Colombian prescription drug regulatory body;

**“Issuer”** means Blueberries Medical Corp. (i.e. CDNM and its subsidiaries following completion of the Business Combination, on a consolidated basis), and, in the case of references to matters undertaken by a predecessor in interest to the Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires after giving effect to the Business Combination;

**“Issuer Board”** means the board of directors of the Issuer following completion of the Business Combination;

**“Issuer Finder Warrants”** means finder warrants of the Issuer, which are exercisable into Issuer Shares;

**“Issuer Options”** means the stock options of the Issuer to be issued pursuant to the Issuer Option Plan;



**“Issuer Securities”** means, collectively, the Issuer Shares, Issuer Finder Warrants, Issuer Options and Issuer Warrants;

**“Issuer Shares”** means the common shares in the capital of the Issuer as constituted following the Business Combination;

**“Issuer Option Plan”** means the stock option plan of the Issuer to be effective on completion of the Business Combination;

**“Issuer Warrants”** means common share purchase warrants of the Issuer, to be issued pursuant to the Business Combination, with each whole warrant entitling the holder thereof for a period 24 months following the Escrow Release Date to acquire one Issuer Share at a price of \$0.40 per Issuer Share;

**“Licences”** means, collectively, the Low THC Cultivation Licence, the High THC Cultivation Licence and the Production Licence;

**“Listing Date”** means the date the Issuer Shares are listed and posted for trading on the CSE;

**“Listing Statement”** means this listing statement of the Issuer including all Appendices attached hereto;

**“Low THC Cultivation Licence”** means Resolution No. 0247, dated March 15, 2018, by which the Ministry of Justice and Laws of the Republic of Colombia granted to Blueberries SAS, under Law 1787 of 2016; Decree 1427 of 2017; and Decree 613 of 2017, the licence to cultivate non-psychoactive cannabis plants for a five year term within the Cultivation Facility;

**“Low THC Medicinal Cannabis”** means non-psychoactive cannabis containing less than 1% THC;

**“medicinal cannabis”** means, with respect to the business of Blueberries, the cannabinoids extracted for medicinal purposes to treat certain diseases or minimize specific symptoms and, for clarity, unless otherwise indicated, reference made to medicinal cannabis in this Listing Statement shall not be considered as referring to the business of cannabis for scientific research or medicinal use;

**“Ministry of Agriculture”** means the Colombian Ministry of Agriculture and Rural Development;

**“Ministry of Health”** means the Colombian Ministry of Health and Social Protection;

**“Ministry of Justice”** means the Colombian Ministry of Justice and Law;

**“Name Change”** means the change of name of CDNM to “Blueberries Medical Corp.” or such other similar name requested by Blueberries and acceptable to regulatory authorities;

**“OBCA”** means the *Business Corporations Act* (Ontario), as amended, including all regulations promulgated thereunder;

**“Person”** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

**“Personal Information”** means any identifiable information about an individual;

**“Production Licence”** means Resolution No. 3463, August 17, 2018, by which the Ministry of Health and Social Protection of the Republic of Colombia granted Blueberries SAS, under Law 1787 of 2016; Article 2.8.11.1.1 of Decree 780 of 2016; and Resolutions 2891 and 2892 of 2017, the licence to manufacture cannabis derivatives for a five year term within the Cultivation Facility;

**“Seed Financing”** means the financing of Blueberries consisting of the sale of 7,000,000 Blueberries Shares at a price of \$0.05 per Blueberries Share for aggregate gross proceeds to Blueberries of \$350,000.

**“Standalone Subscription”** means the sale of 1,000,000 Blueberries Shares at a price of \$0.25 per Blueberries Share for aggregate gross proceeds of \$250,000 completed on October 11, 2018, of which \$200,000 was paid in satisfaction of past services rendered to Blueberries SAS;

**“Subco”** means 2663895 Ontario Inc., a wholly-owned subsidiary of CDNMI;

**“Subco Shares”** means common shares in the capital of Subco;

**“Subscription Receipt Financing”** means the financing of Blueberries consisting of the sale of 35,230,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of \$8,807,500.

**“Subscription Receipts”** means the subscription receipts of Blueberries, each subscription receipt entitling the holder thereof to receive, upon the satisfaction or waiver of the Escrow Release Conditions at or before the Escrow Release Deadline, without payment of any additional consideration or further action on the part of the holder, one Unit, subject to adjustment, in accordance with the provisions of the certificates representing the Subscription Receipts;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;

**“THC”** means Tetrahydrocannabinol, the principal psychoactive constituent of the cannabis plant;

**“Transactions”** means the transactions contemplated by, or in relation to, the Business Agreement including the Subscription Receipt Financing, the Amalgamation and the Business Combination;

**“Transfer Agent”** means Computershare Trust Company of Canada, located at 510 Burrard St., 3rd Floor Vancouver, BC V6C 3B9; and

**“Unit”** means a unit of the Resulting Issuer, each consisting of one Issuer Share and one-half of one Issuer Warrant.

Unless otherwise stated, all sums of money which are referred to in this Listing Statement are expressed in lawful money of Canada.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

## 2. CORPORATE STRUCTURE

### Corporate Name and Head and Registered Office

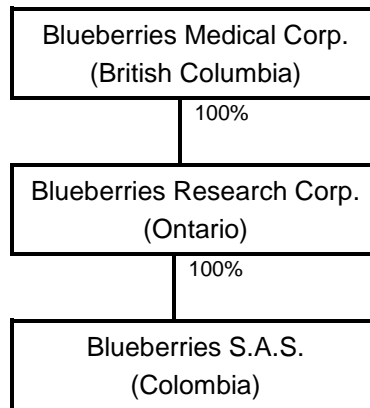
The full corporate name of the Issuer on completion of the Business Combination will be Blueberries Medical Corp. (formerly, CDN MSolar Corp.). The head office is located at Calle 93 #15-51 Oficina: 406, Bogota, Colombia and registered office of the Issuer is located at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

### Jurisdiction of Incorporation

The Issuer is incorporated under the BCBCA.

### Intercorporate Relationships

The following diagram presents the organizational chart of the Issuer immediately following the completion of the Business Combination:



### Requalification following a Fundamental Change

Prior to the completion of the Business Combination, CDN did not have any direct or indirect subsidiaries. On completion of the Business Combination, the diagram provided under the heading “*Intercorporate Relationships*” above depicts the intercorporate relationships of the Issuer upon the completion of the Business Combination.

### Non-Corporate Issuers or Issuers Incorporated Outside of Canada

This section is not applicable to the Issuer.

## 3. GENERAL DEVELOPMENT OF THE BUSINESS

### General Development of the Business

#### Blueberries

Blueberries SAS was established as a private Colombian company in 2015 for the purpose of growing, cultivating and selling blueberries. In 2018, as Colombia continued to liberalize its laws concerning growing and selling medical cannabis products, Blueberries SAS began to consider the possibility of leveraging its knowledge and abilities as an agricultural grower, as well as Blueberries SAS’ location in a prime and secure growing area in Colombia, in order to become a medical cannabis company. It began working with advisors in Colombia to establish the

Blueberries Cannabis Business, including looking for sources of financing, as well as commencing applications for the Colombian Licences.

In June 2018, Blueberries SAS and its shareholders signed a letter of intent with a group of investors and advisors, whereby Blueberries SAS agreed to sell all of its shares. On September 5, 2018, that group incorporated Blueberries under the OBCA, and on October 3, 2018, Blueberries signed and completed a share purchase and sale agreement (the “**Colombian Acquisition Agreement**”) whereby, among other things, it acquired all of the shares of Blueberries SAS. In conjunction with the completion of the Colombian Acquisition Agreement, Blueberries SAS disposed of all non-cannabis related assets to Tora Blue International Corp. An aggregate of 56,000,000 Blueberries Shares were issued in connection with the Colombian Acquisition Agreement, 4,000,000 of which were issued in consideration for a cash payment of US\$300,000 made directly by one former shareholder of Blueberries SAS to former shareholders of Blueberries SAS and \$50,000 directly to Blueberries, 17,500,000 of which were issued to shareholders of Blueberries SAS in partial consideration for the sale of Blueberries SAS, and 34,500,000 of which were issued at a deemed price of \$1.00 to various recipients who provided services to Blueberries SAS prior to and after the completion of the acquisition by Blueberries. 53,800,000 Issuer Shares will be subject to escrow, and 2,200,000 Issuer Shares will be subject to a 12 month contractual hold, with releases of 25% every three months starting the end of the third month after completion of the Business Combination. See “Escrowed Securities” and “Prior Sales”.

On October 10, 2018, Blueberries completed the Seed Financing, on October 11, it completed the Standalone Subscription, and on October 18, 19, 23 and 25, 2018, it completed the Subscription Receipt Financing in tranches, all of which are described in greater detail below.

### CDNM

CDNM, a reporting issuer in the provinces of British Columbia, Alberta and Ontario, was incorporated as “MN Ventures Ltd.” under the BCBCA on March 15, 2013. On September 30, 2013, CDNM completed an amalgamation with MN Ventures Ltd. and changed its name to “CDN MSolar Corp.” Following the completion of the amalgamation, on April 8, 2014, the common shares of CDNM were listed on the CSE under the symbol “CMS”.

CDNM was originally established to be the exclusive worldwide marketing and business development partner with Dongying Minghui New Energy Science & Technology Co., Ltd. of Dongying, Shandong Province of China (“**Minghui**”). Minghui developed, created and manufactured integrated energy saving technology systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump systems in response to a growing demand for energy-saving solutions designed for residential and commercial buildings.

Since early 2017, CDNM lacked the sufficient funds to operate its business under normal conditions. On August 8, 2017, CDNM was found to be in default of the listing requirements of the CSE, and the CDNM Shares were subsequently suspended from trading.

The Business Combination will constitute a “Fundamental Change” for CDNM, as such term is defined in the policies of the CSE.

On December 6, 2018, the shareholders of CDNM approved at the CDNM Meeting, among other things, a new slate of seven directors to replace the current directors of CDNM to be effective immediately following the completion of the Business Combination, and the Issuer Option Plan.

The CDN M Circular is available under CDN M's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

In accordance with the policies of the CSE, it is a condition to the closing of the Business Combination that shareholders of CDN M approve the Business Combination. The CSE will accept written consent resolutions from at least 50% of the shareholders of CDN M to evidence approval of the Business Combination, provided such consents be delivered after this Listing Statement has been posted under CDN M's issuer profile on the CSE. It is the intention of CDN M to obtain and deliver the required written consent resolutions from shareholders of CDN M immediately after this Listing Statement has been posted on the CSE website. See the section titled "Cautionary Statements".

### Blueberries Financings

Blueberries completed the Seed Financing on October 10, 2018 and the Standalone Subscription on October 11, 2018.

On completion of the Business Combination, the Issuer Shares to be issued to former holders of Blueberries Shares acquired pursuant to the Seed Financing will be subject to a contractual hold period with 10% of such Issuer Shares to be freely tradeable upon completion of the Business Combination, and the remainder to be released in equal tranches of one-third on the dates that are one, two, and three months following the completion of the Business Combination, respectively.

On October 18, 19, 23 and 25, 2018, Blueberries completed the Subscription Receipt Financing in separate tranches. Each Subscription Receipt entitles the holder thereof to receive, without payment of any additional consideration or further action, and subject to adjustment, upon completion of the Business Combination, one Unit being comprised of one Issuer Share and one-half of one Issuer Warrant. On the closing of the Subscription Receipt Financing, the gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Proceeds**") were deposited into escrow with the Escrow Agent and invested in an interest bearing account. If (i) the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline, or (ii) prior to the Escrow Release Deadline, Blueberries advises CDN M or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Proceeds along with any interest or income earned thereon (collectively, the "**Escrowed Funds**") shall be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders thereof. To the extent that the Escrowed Funds are not sufficient to refund the aggregate offering price of the Subscription Receipts paid by the holders of the Subscription Receipts, Blueberries will be liable to contribute such amounts as are necessary to satisfy any shortfall.

An aggregate cash fee payable of \$616,525 to certain eligible finders in consideration of services rendered in connection with the Subscription Receipt Financing will be paid on the Escrow Release Date.

As additional consideration, eligible finders were granted on the closing date of the Subscription Receipt Financing an aggregate of 2,466,100 Blueberries Finder Warrants. On completion of the Business Combination, Issuer Finder Warrants will be issued in replacement of the Blueberries Finder Warrants. Each Issuer Finder Warrant will entitle the holder thereof to acquire one (1) Issuer Share and one-half of one Issuer Warrant, at a price of \$0.25 per Issuer Finder Warrant, for a period of 24 months following Closing.

The net proceeds of the Subscription Receipt Financing are expected to be used to expand the business of the Issuer, including the outlay of expenditures related to the cultivation and agricultural processes, laboratory and extraction processes, and for working capital and general corporate purposes. See “*Narrative Description of the Business – General Business of the Issuer*”.

### The Business Combination Agreement

The Business Combination will be effected in accordance with the Business Combination Agreement. Details regarding the Business Combination including the background to, reasons for, details of, conditions to and effect of the Business Combination are set forth in this Listing Statement immediately below and the Appendices hereto. Readers are urged to carefully read the information in this Listing Statement and the Appendices hereto.

### **Business Combination**

Upon the completion of the Business Combination and in accordance with the terms of Business Combination Agreement and the Amalgamation Agreement, the Issuer will carry on business as a producer and distributor of naturally grown premium quality medicinal cannabis and cannabis-related products, with primary operations in Colombia.

The following summary of the Business Combination Agreement is qualified in its entirety by the full text of the Business Combination Agreement, a copy of which has been filed by CDNM with the Canadian securities regulatory authorities and is available on its issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Business Combination Agreement**

The Business Combination will become effective on the Effective Date, subject to the satisfaction of the applicable conditions.

The principal features of the Business Combination Agreement may be summarized as follows:

- each CDNM Share will be designated as an Issuer Share upon completion of the Business Combination;
- all Blueberries Shares held by shareholders who have exercised a right of dissent pursuant to section 185(1) of the OBCA will be deemed to have been cancelled and the holders of such Blueberries Shares will cease to have any rights as shareholders of Blueberries other than the right to be paid the fair value of their Blueberries Shares;
- Blueberries and Subco will amalgamate and continue as one corporation under the provisions of the OBCA and, as a result, the property and liabilities of Subco and Blueberries will become the property and liabilities of the amalgamated company (“**Amalco**”);
- each Blueberries Share shall be cancelled and the holder thereof shall receive that number of Issuer Shares as is equal to the number of Blueberries Shares held by such Blueberries Shareholder immediately prior to the Effective Time;
- Issuer Warrants will be issued in replacement of Blueberries Finder Warrants held by such person immediately prior to the Effective Time;

- each Subco Share outstanding immediately prior to the Effective Time shall be converted into one common share of Amalco;
- as consideration for the issuance of Issuer Shares in connection with the Business Combination, Amalco shall issue to the Issuer one common share of Amalco for each Issuer Share so issued; and
- upon satisfaction of the Escrow Release Conditions (including the completion of the Business Combination) the Subscription Receipts shall automatically convert into one Unit, with each such Unit being comprised of one Issuer Share and one-half of one Issuer Warrant.

Upon the approval of the resolutions of the directors of CDN M authorizing the Name Change in accordance with the requirements of the BCBCA and immediately following the Effective Time, CDN M shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Name Change upon and subject to the terms of the Business Combination Agreement.

Approval from the shareholders of Blueberries in respect of the Transactions will be sought by way of a unanimous shareholder consent resolution.

#### Representations, Warranties and Covenants

The Business Combination Agreement contains certain customary representations and warranties of each of CDN M, Subco and Blueberries relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Business Combination Agreement and to consummate the Transactions. Pursuant to the Business Combination Agreement, the parties have agreed to advise each other of material changes. Further, the parties have agreed to use their commercially reasonable efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Transactions.

In addition, pursuant to the Business Combination Agreement, each of the parties has covenanted, among other things, until the completion of the Transactions, to maintain their respective businesses and not take certain actions outside the ordinary course.

#### Conditions of the Transactions

The Business Combination Agreement contains a number of conditions precedent to the obligations of CDN M and Blueberries thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transactions will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Transactions becoming effective are set out in the Business Combination Agreement, and certain conditions are summarized below.

#### *Conditions to Obligations of CDN M*

The obligations of CDN M to complete the Business Combination are subject to the fulfillment or waiver of the following conditions at or prior to the Effective Date:

- the CSE shall have conditionally approved the listing of the Issuer Shares, and all conditions shall be satisfied or will be capable of being satisfied or waived in connection therewith;
- Blueberries shall have obtained the approval of its board of directors and shareholders, in accordance with the OBCA, for the Business Combination Agreement and the Transactions contemplated thereby;
- Blueberries will have obtained the Colombian Licences;
- the Subscription Receipt Financing will have closed with the gross proceeds from the sale of the Subscription Receipts being held in escrow pending satisfaction of the Escrow Release Conditions;
- the representations and warranties made in the Business Combination Agreement by Blueberries will be true and correct as of the Effective Time as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by the Business Combination Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Blueberries or prevent or delay the completion of the Business Combination or other transactions contemplated in the Business Combination Agreement), and Blueberries will have provided to CDNM a certificate of the Chief Executive Officer and Chief Operating Officer of Blueberries, certifying such accuracy on the Effective Date;
- Blueberries will have complied with its covenants in the Business Combination Agreement (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on Blueberries or prevent or delay the completion of the Business Combination or the other transactions contemplated in the Business Combination Agreement), and Blueberries will have provided to CDNM a certificate of the Chief Executive Officer and Chief Operating Officer of Blueberries, certifying that Blueberries has complied with its covenants in the Business Combination Agreement;
- all required regulatory consents, including the approval of the CSE for the Business Combination and the listing of the Issuer Shares, and any third party consents required to be obtained by Blueberries pursuant to any agreement or other instrument, shall have been obtained;
- from the date of the Business Combination Agreement up to and including the Effective Time, there will have been no material adverse change in relation to Blueberries;
- no bona fide legal or regulatory action or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the Business Combination or any other of the transactions contemplated thereby, or the right of CDNM, Subco, Blueberries or Blueberries SAS to conduct, expand, and develop their business; and
- dissent rights will not have been exercised in respect of a total number of Blueberries Shares which would, if such shares were converted into CDNM Shares pursuant to the Business Combination, exceed 5% of the CDNM Shares outstanding upon completion of the Amalgamation.



The conditions precedent listed above are for the exclusive benefit of CDNМ and may be waived, in whole or in part, by CDNМ.

*Conditions to Obligations of Blueberries*

The obligations of Blueberries to complete the Business Combination are subject to the fulfillment or waiver of the following conditions at or prior to the Effective Date:

- the CSE will have conditionally approved the listing of the Issuer Shares, and all conditions shall be satisfied or are capable of being satisfied or waived in connection therewith;
- each of CDNМ and Subco will have obtained the approval of its board of directors, and if required or permitted by the BCBCA and OBCA, as applicable, its shareholders, for the Business Combination Agreement and the transactions contemplated thereby;
- the representations and warranties made in the Business Combination Agreement by CDNМ will be true and correct as of the Effective Time as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by the Business Combination Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on CDNМ or prevent or delay the completion of the Business Combination), and CDNМ will have provided to Blueberries a certificate of the Chief Executive Officer and Chief Financial Officer of CDNМ, certifying such accuracy on the Effective Date;
- CDNМ will have complied with its covenants in the Business Combination Agreement (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on CDNМ or prevent or delay the completion of the Business Combination or the other transactions contemplated in the Business Combination Agreement), and CDNМ will have provided to Blueberries a certificate of the Chief Executive Officer and Chief Financial Officer of CDNМ, certifying that CDNМ has complied with its covenants in the Business Combination Agreement;
- all required regulatory consents, including the approval of the CSE for the Business Combination and the listing of the Issuer Shares, and any third party consents required to be obtained by CDNМ pursuant to any agreement or other instrument, shall have been obtained;
- from the date of the Business Combination Agreement up to and including the Effective Time, there will have been no material adverse change in relation to CDNМ;
- no bona fide legal or regulatory action or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the Business Combination or any other of the transactions contemplated thereby, or the right of CDNМ, Subco, Blueberries or Blueberries SAS to conduct, expand, and develop their business; and

- dissent rights will not have been exercised in respect of a total number of Blueberries Shares which would, if such shares were converted into Issuer Shares pursuant to the Business Combination, exceed 5% of the Issuer Shares outstanding upon completion of the Amalgamation.

The conditions precedent listed above are for the exclusive benefit of Blueberries and may be waived, in whole or in part, by Blueberries.

#### *Termination of Agreement*

The Business Combination Agreement may be terminated at any time prior to the Effective Date:

- by mutual written consent of CDN M and Blueberries;
- by either of CDN M or Blueberries if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in the Business Combination Agreement, which could reasonably be expected to have a material adverse effect on the terminating party or the ability of either party to complete the Business Combination in accordance with the terms of the Business Combination Agreement, provided the breaching party has been given notice of, and 10 days to cure, any such misrepresentation, breach or non-performance;
- by either of CDN M or Blueberries if a condition for the terminating party's benefit has not been satisfied or waived prior to Closing or such other date as specified under the terms of the Business Combination Agreement; and
- by either party if the Effective Date shall not have occurred by February 5, 2019 (or such later date as the parties may agree) except that the right to terminate the Business Combination Agreement shall not be available to any party in circumstances where the failure of the Effective Date to have occurred by February 5, 2019 is the result, directly or indirectly, of such party's breach of the Business Combination Agreement.

## **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

### **General Business of the Issuer**

Blueberries is seeking to become a large-scale producer of naturally grown premium quality cannabis with its primary operations well situated in the Bogotá savanna in central Colombia. Led by an expert team in agriculture, genetics, extraction, medicine, pharmacology and marketing, Blueberries SAS has received all the licences required for the cultivation, production, domestic distribution and international export of CBD and THC-based medical cannabis. Blueberries believes it can contribute to the growth of the medicinal agro-industrial cannabis harvest sector, as well as export products that meet the standards of quality required by international markets. Blueberries' combination of scientific expertise, agricultural advantages and distribution arrangements has positioned it to become a leading international supplier of naturally grown, processed and standardized medicinal-grade cannabis oil extracts and related products. The description of Blueberries and Blueberries SAS set forth below will become the Issuer's business following the completion of the Business Combination.

Over the next 10 months, a primary business objective of Blueberries SAS will be the implementation of its research and development strategy (the "**R&D Plan**"). The first segment of

the R&D Plan is characterized by the development of the ideal seed to use for cultivation. In order to achieve the desired seed for cultivation, Blueberries SAS plans to execute authenticity tests, primarily identifying: i) gas chromatography; ii) high performance liquid chromatography; iii) verification of microbiologic purity; iv) controlling presence of pesticides and herbicides; and v) completing an experimental harvest. Blueberries SAS expects this segment of the R&D Plan to be completed by the end of the first financial quarter of 2019, which will enable Blueberries SAS to have generated its first commercial crop harvest during the third financial quarter of 2019 (the "**Commercial Harvest**"). Commercial sale of CBD and THC cannabis oil extracts produced from the Commercial Harvest are expected to be available for commercial sale during the second half of 2019. The successful implementation of this segment of the R&D Plan will be supervised by a technical team and medical advisory board with significant experience in the cannabis industry. The medical advisory board is composed of Dr. Andres Vidal and Dr. Juan Villalba. The technical team is composed of Miguel Cervantes, Dr. Carlos Lopez, Miguel Camero and Dr. Andres Vidal. The first segment of the R&D Plan will also incorporate the employment of two professionals who specialize in supercritical CO<sub>2</sub> extraction to lead the transformation process. The extraction process is beneficial as it provides the capacity to achieve the desired power of the solvation to direct specific compounds. Additionally, Blueberries SAS has entered into an agreement with a leading university in Colombia that will provide technical expertise with respect to the stabilization, evaluation and development of cannabis strains. Blueberries SAS is in the process of developing its branding and marketing materials and submitted an application to register its brand and logo in November 2018. Blueberries SAS anticipates receiving all branding approvals during Q2 2019.

During the R&D Plan, Blueberries SAS expects to acquire the equipment required to improve the Cultivation Facility and surrounding land, both of which are essential components of yielding successful cannabis crops. Blueberries will have an initial effective crop area of approximately 10,000 square meters, which is estimated to allow for production of over 5.4 tonnes of dry cannabis flower annually. The Cultivation Facility will utilize a unit of supercritical CO<sub>2</sub> (the "**System**"). The System will provide high capacity production operations with efficient mechanisms for the extraction of botanical oils, without thermal degradation. The extraction plant will have the capacity of producing 16 tonnes of dry flower per year, which is capable of being increased to a production volume of 30 tonnes of dry flower annually. In respect of the raw materials required for production, Blueberries SAS anticipates it will spend approximately US\$600,000 over the next 12 months to cover the purchase of all of the materials and inputs required to perform the authenticity tests, gas chromatography, high performance liquid chromatography, verification of microbiologic purity, among other scientific processes. Furthermore, Blueberries anticipates it will spend approximately US\$77,000 on seed stock and another US\$440,000 on resources and production costs. Blueberries anticipates spending another US\$94,000 on raw materials and its cultivation processes during the R&D Plan.

On closing of the Business Combination, Blueberries expects to have total funds of approximately C\$7.5 million and anticipates the funds will be used in the manner set out below.

- The operating expenses related to the cultivation and agricultural process over the 12 months, beginning January 1, 2019, are expected to be US\$427,500. This amount includes major components such as personnel expenses, consultant fees, data analysis and security.
- The operating expenses related to the laboratory and extraction process are expected to be approximately US\$588,000. This amount includes major components such as personnel expenses, permits, inputs and consumables, analysis of data and security.

- The capital expenditures over the next 12 months, beginning January 1, 2019, for cultivation and agricultural processes are expected to be US\$660,000, which includes major components such as farm equipment, flower drying facilities, building and offices for staff, irrigation system, pre-sowing, security, seed stock and greenhouses.
- The capital expenditures for laboratory and extraction processes are expected to be US\$1.65 million and this amount includes extraction, refinement, laboratory equipment, engineering and permits and security.
- The capital expenditures for administrative processes is anticipated to be US\$61,500 which includes major components such as building construction and office supplies.
- US\$1.5 million towards the purchase of the first 15 hectares of land optioned under the Coromoto Land Purchase Promise, (as defined and as further described below).
- The balance will be used for general and administrative expenses over the next 12 months, beginning January 1, 2019, which include employee salaries, social investments, general supplies, external audit and consultant fees, legal costs, tax advisory costs, as well as safety and security programs.

#### Business Objectives and Anticipated Costs

Based on the information available as at the date of this Listing Statement (assuming the completion of the Business Combination), the Issuer plans to expend the following funds in order to achieve the above stated business objectives:

<b>Expenses Pertaining to Business Objectives (Beginning January 1, 2019)</b>	<b>Approximate Projected Expenses (US\$)</b>
1. Operating expenses pertaining to cultivation and agricultural processes beginning January 1, 2019	427,500
2. Operating expenses pertaining to laboratory and extraction processes beginning January 1, 2019	588,000
3. Capital expenditures relating to cultivation and agricultural processes	660,000
4. Capital expenditures relating to laboratory and extraction processes	1,650,000
5. Capital expenditures relating to administrative processes	61,500
6. General and administrative expenses	801,724
7. Acquisition of first 115 hectares of land under Coromoto Land Purchase Promise	1,500,000
<b>Total:</b>	<b>5,688,724</b>

The Cultivation Facility will provide a location to carry-out physiochemical testing to: i) guarantee purity; ii) identify the chromatographic profile; iii) evaluate losses due to drying of flowers; iv) evaluate levels of THC, CBD, CBN and pesticides; and v) conduct microbiology tests. The Cultivation Facility is expected to provide optimal storage conditions, designed to avoid the degradation of cannabis metabolites as well as protect the cannabis metabolites from potential contamination. Furthermore, by adding fresh compost to the soil annually and using organic

fertilizers and bio-fertilizers, the harvest is expected to yield high-quality cannabis plants. The Cultivation Facility has an automatic irrigation system designed to ensure the cannabis plants receive the nutrients and measured quantities of water required to compliment the minerals in the growing soil. The combination of these factors is expected to help ensure Blueberries is capable of developing a cannabis flower that realizes its full genetic potential. In effect, this is designed to ensure the development of quality raw materials that will provide high-quality cannabis extract.

The Blueberries business plan includes the development of strategic partnerships both locally and internationally. Blueberries and Blueberries SAS are currently in the process of developing partnerships with local companies that will provide medicinal cannabis to the surrounding region. In October 2018, Blueberries SAS entered into a binding letter of intent (the “**Clinic LOI**”) with a local alternative medicine clinic (the “**Clinic**”). Pursuant to the Clinic LOI, the Clinic will provide research support and assistance in the development of formulations to Blueberries SAS in exchange for obtaining priority use of Blueberries SAS medicinal cannabis products.

Blueberries also plans on penetrating the burgeoning European medicinal cannabis market. Blueberries plans to distribute products falling into two (2) categories: i) dietary supplements; and ii) standardized formulations. The Blueberries dietary supplements in the form of CBD “relax gummies” are projected to go to market in 2019. Blueberries is currently negotiating with a U.S. supplier to roll out a high quality solvent-free concentrate cannabis product. The required permits for this product are anticipated to be received during 2019, meaning this product is expected to be sold to consumers before the end of 2019. It is projected that for Standardized formulations, each product developed by Blueberries will be packaged in five (5) bottle batches, weighing 1,000 grams (each, a “**Bottle**”). Each Bottle will: i) have security features; ii) be wrapped with Alveolar Film for enhanced protection during transportation; iii) have a date of manufacture and date of expiration; iv) have a lot number, v) list the cannabis oil concentration level; vi) have the INVIMA/phytosanitary registration number; vii) have safety bands located on the lid; and viii) have seals.

The second segment of the Business Plan involves the commencement of the production of medicinal cannabis products on a second plot of land named Coromoto (the “**Coromoto Property**”), located in Cogua, Cundinamarca (the “**Expansion Plan**”). Pursuant to the Expansion Plan, Blueberries SAS has entered into a binding agreement (the “**Coromoto Land Purchase Promise**”) to acquire up to 15 hectares of the Coromoto Property at a price of US\$100,000 per hectare. Pursuant to the Coromoto Land Purchase Promise, Blueberries SAS agreed to acquire 15 hectares of land by March 15, 2019.

Blueberries SAS anticipates that it will have received approval for the extension of the existing THC License, CBD License and Production Licence in 2019. The extension of the aforementioned licences will permit medicinal cannabis cultivation and production on the entire 82 hectares of the Coromoto Property. Furthermore, Blueberries SAS anticipates that during 2019 it will have: (i) received electrical permits; (ii) received water permits; and (iii) erected the required security infrastructure. During 2019, Blueberries SAS also expects to have constructed greenhouses and assembled an extraction plant on the Coromoto Property. The extraction plant will be compliant with GMP standards.

The market for exporting quality cannabis is restricted to highly regulated markets, which include Canada, Australia and Europe. Blueberries SAS’ distribution strategy is focused on pursuing and establishing strategic alliances with regional and European distributors, with a specific focus on companies with a developed client portfolio. Blueberries SAS expects to seek out direct contact with companies that have both importation and commercial licenses, and

Blueberries SAS has recently entered into a letter of intent to form a partnership with an Italian cannabis company. Blueberries SAS believes that entering into these strategic alliances will also help ensure a profitable and efficient exporting process. In particular, Blueberries SAS believes that Italy presents an expansion opportunity for the medicinal cannabis market given recent regulatory and social developments. More specifically, medicinal cannabis has been legal in Italy since 2007, however, Italy has been experiencing cannabis product shortages in conjunction with difficulties of obtaining medicinal cannabis licenses. In January 2018, the high demand and current shortages for medicinal cannabis in Italy prompted the government to permit the importation of cannabis from Canada. As such, Blueberries SAS believes the Italian market presents an opportunistic and financially viable landscape for the distribution of its medicinal cannabis products. This belief is supported by the fact that the Italian medicinal cannabis market is expected to increase to US\$24 million by 2025<sup>1</sup>.

Locally, Blueberries SAS will retain a security delivery company with measures and safeguards in place to ensure the safety of cannabis products due for export (the “**Lots**”). The Lots will consist of ten (10) boxes (each, a “**Box**”) that will contain fifty (50) bottles of either CBD, CBN or THC oils. The production cost of each Box in the Lots is expected to be approximately US\$5,000 with an additional US\$2,200 in shipping costs.

Management of Blueberries SAS believes that one significant competitive advantage it has over domestic competitors is the European partnerships it has established. Furthermore, Blueberries SAS has executed a letter of intent with a product development company (the “**PD Company**”). Blueberries SAS believes that given the PD Company’s extensive international distribution network across more than 70 countries, it will be an effective partner in establishing both a local and international presence. Furthermore, Blueberries SAS is in the process of formulating specialized seed strains for the Bogota savannah. Blueberries SAS intends to commercialize these specialized seeds and has applied for a license to do so. This license is expected to provide Blueberries SAS with the ability to engage in a revenue stream that many of its local competitors have not yet pursued.

Another significant competitive advantage management of Blueberries SAS believes it has over its international competitors is the year-round growing cycle afforded by the Colombian climate and environment. Specifically, Colombia’s natural and consistent 12 hour light cycle and temperate climate maximizes cycles and production yields of cannabis plants. Additionally, Blueberries SAS has developed a cost structure that it expects will enable it to be competitive on the international market while concurrently providing a product that meets all quality norms to be exported to the most demanding markets.

In addition, management of Blueberries SAS believes the location of its Cultivation Facility in Guatavita provides another distinct advantage because the region has a population with the labor and skills required to complete the work, and at favourable wages.

As part of its operations, Blueberries SAS will need to comply with Colombian environmental protection requirements. This will entail spending approximately US\$10,000 annually on tree plantation projects as well as developing a program to enhance the recirculation of water used for irrigation purposes. These programs are not expected to have a material financial or operational effect on Blueberries’ capital expenditures, earnings and competitive position in the current financial year or in future years. In addition, Blueberries will be implementing ISO standard 17025 which sets out the general requirements for the competence of testing and

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<sup>1</sup> <https://www.prohibitionpartners.com/europeancannabisreport/>

calibration for the laboratory at the Cultivation Facility. Blueberries will also be adopting the Good Manufacturing Practice (“**GMP**”) standard which sets out the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of pharmaceutical products, among other items. GMP guidelines provide the minimum requirements that a manufacturer must meet to assure that their products are consistently high in quality, from batch to batch, for their intended use. Blueberries will also abide by Global G.A.P., through which it will implement a series of internationally recognized standards on good agricultural, livestock and aquaculture practices. Under the Global G.A.P. brand, a set of good practice protocols are grouped together by Food Plus GmbH, a non-profit entity (ESAL) that develops standards for the certification processes for obtaining products from the primary sector worldwide, including aquaculture.

Over the next 12 months, there are aspects of Blueberries SAS’ business that may be affected by the renegotiation or termination of contracts. Any termination or stall in negotiations with respect to the letter of intent signed between Blueberries SAS and its Italian partner could have an impact on Blueberries’ SAS or the Issuer’s ability to penetrate the European market. Notwithstanding the foregoing, Blueberries SAS is actively looking to diversify its European distribution strategy by seeking out new partners, which management of Blueberries SAS reasonably believes could help offset such a risk. Any renegotiation or termination of the agreements existing between local companies and Blueberries SAS could impact Blueberries SAS’ or the Issuer’s ability to establish a strong market presence within the region. See Section 17 “Risk Factors”.

Pursuant to Resolution 579 of 2017, issued by the Ministry of Justice, the Ministry of Health and the Ministry of Agriculture, small and medium-sized licensed growers are those who grow or cultivate cannabis in an area of 0.5 hectares or less. In an effort to ensure the sustainability of small-scale growers, Blueberries SAS, through a foundation (which is in the process of being organized) is expected to process at least 10% of its assigned annual cannabis quota from a small or medium-sized licensed grower. If market conditions prevent the satisfaction of this requirement, Blueberries SAS will be required to file a declaration supporting its inability to source cannabis from small- or medium-sized growers.

## **Environmental**

The Issuer does not anticipate that environmental protection requirements will have a material financial or operational effect on the Issuer’s capital expenditures, earnings and competitive position in the current financial year or in future years.

Environmental protection requirements in Colombia are governed mainly by legislation and regulations for environmental components (soil, water, air and biodiversity) that will be positively or negatively impacted. The relevant environmental laws are summarized below:

<b>Law/Decree</b>	<b>Brief Description</b>
Decree 2811 of 1974	The National Code for Renewable Natural Resources and Environmental Protection focuses on water and biological resources and establishes some preliminary rules regarding air pollution.
Law 09 of 1979	The National Code for Renewable Natural Resources and Environmental Protection focuses on water and biological resources and establishes some preliminary rules regarding air pollution.
Law 99 of 1993	The Ministry of Labour created the National Environmental System, the agency in charge of the management and conservation of the environment and renewable natural resources.

Law 388 of 1997 and Law 1454 of 2011	Both laws provide guidelines on the regulatory scope of territorial planning codes regarding territorial strategies on the use, occupation, management and development of the territories, according to the environmental, urban development, social and economic objectives of the corresponding municipalities and districts.
Law 1333 of 2009	This law empowers environmental authorities to initiate investigations, and administrative processes and within such processes, issue decisions regarding preventive measures and sanctions which are determined by the authority according to the significance of the offense. The general criteria for the imposition of monetary penalties are defined in the law. The formula to determine the amount of the fines under the law is based on the following factors, among others: illicit profit obtained by the infringer, its economic capacity and the significance of the damage to the environment.
Legal Act 778 of 2012	Procedures for requesting VAT exemptions from the competent environmental authorities applicable to national or imported equipment and elements that are intended for the construction, installation, assembly and operation of control and monitoring systems necessary for compliance with regulations and environmental standards.
Legal Act 779 of 2012	Procedures for requesting accreditation or certification of environmental control from the competent environmental authorities and approval for improvement investments eligible for tax incentives.
Decree 1076 of 2015	The Sole Decree on Environmental and Sustainable Development, which compiles the regulatory standards that govern the environment.

The initial business of Blueberries SAS, which commenced in 2015, was the growth and cultivation of blueberries. All agricultural projects in Colombia require an environmental permit to use water for irrigation purposes. The environmental authority in the region in which Blueberries SAS operates (the Corporacion Autonoma Regional), granted Blueberries SAS a surface water concession permit for a term of 10 years, which commenced in November 2015; and this permit remains valid and will be used by Blueberries SAS for the growth and cultivation of cannabis on its land located in Guatavita. In order to obtain the permit for the use of water for irrigation purposes, Blueberries SAS agreed to create a water recirculation project for the crops, which, at the date hereof, remains a work in progress. Blueberries SAS is also required to comply with the environmental authorities' parameters set out in the permit, which are set forth below:

- Pay the corresponding fees regarding the rate of water use.
- Preserve the protection of the source of the catchment and maintain the protective vegetation of it.
- Within sixty days, sixty trees of native species with a minimum height of 0.80 meters must be planted from the signing date of the resolution. The sowing of the trees must be done on the round area of the water source.
- The beneficiary of the concession must ensure the proper development of the planted species.
- Comply with the environmental provisions foreseen especially in Decree 1076 of 2015, and the standards of quality, potability and efficient use of water stipulated in Law 373 of 1997.



## **Employees**

As of the date hereof, Blueberries and Blueberries SAS has 11 employees. Over the next 12 months, Blueberries anticipates it will need to hire approximately 70 more individuals in the following departments: administration, finance, operations, legal and human resources. This number includes both formal employees and alternative service providers or independent contractors.

## **Market Information, Trends, Commitments, Events and Uncertainties**

The most significant trends and uncertainties which management expects could impact its business and financial condition are: (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis-related products throughout the world; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis-related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives. See Section 17 “Risk Factors”.

### *Industry Information*

Medicinal cannabis applies the use of cannabis and its constituent cannabinoids to treat certain diseases or relieve chronic symptoms such as pain, muscle spasticity and nausea. Cannabinoid is a blanket term covering a family of complex chemicals, both natural and man-made, that bind with receptors (protein molecules on the surface of cells) to elicit a wide number of responses. Cannabinoid receptors in the human body are part of a system called the endocannabinoid system, a system that produces endocannabinoids that bind with cannabinoid receptors. Cannabinoid receptors are found in the brain and throughout the body. Scientists have found that cannabinoid receptors in the endocannabinoid system are involved in a vast array of functions in our bodies, including helping to modulate brain and nerve activity (including memory and pain), energy, metabolism, heart function, the immune system and reproduction.

While there are a large number of active cannabinoids found in cannabis, the two most commonly used for medical purposes are THC and CBD. Scientific studies have identified that THC and CBD, alone or in combination, have the potential to provide treatment benefits for a large number of medical conditions. For example, THC, a psychotropic cannabinoid, has been shown to activate the endocannabinoid system in the central nervous system. This blocks neuronal signals and has shown the potential to treat patients with post-traumatic stress disorder (PTSD), as well as reduce nausea and vomiting, and improve the appetite of patients being treated with chemotherapy. In addition to the potential benefits of treatment with THC, CBD, a non-psychotropic cannabinoid, has been demonstrated to potentially reduce the frequency and severity of epileptic seizures<sup>2</sup>.

## **Legal and Regulatory Trends**

The Issuer’s business and investments are located in Colombia and management currently expects the legal and regulatory regimes in Colombia to be the most relevant to its business.

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<sup>2</sup> McCormick et al, 2017. “The Health Effects of Cannabis and Cannabinoids”. National Academies Press website: [www.nap.edu](http://www.nap.edu)

## Colombian Regulatory Framework

### *Highlights of Cannabis Legalization in Colombia*

- Law 1787 of 2016 enacted by the Colombian Congress, Decree 613 of 2017 and regulatory resolutions (577, 578 and 579 of August 8th of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health) formed a legal framework that regulates the actions of any company in Colombia working with cannabis for medical and scientific purposes, including the cultivation, production and domestic and international distribution of cannabis, cannabis seeds, High THC Medicinal Cannabis and Low THC Medicinal Cannabis extracts.
- Colombia's regulatory framework focuses on extracts to generate a purely medical product market and provides for product quality and consistency through INVIMA.
- The aim of the Colombian regulatory framework is to enable access for patients to medications made in Colombia that are safe, of high-quality and accessible, while concurrently promoting scientific research in the country.

### *Background – Drug Policies in Colombia Prior to Cannabis Legalization*

Prior to the legalization of medicinal cannabis in Colombia, drug policies were punitive in nature and heavily influenced by other international jurisdictions. While Colombia initially took a liberal approach to cannabis use in the early 20<sup>th</sup> century, its stance on prevention and prosecution became increasingly influenced by the stringent policies of the United States and the broader global community. During the second half of the 20<sup>th</sup> century, Colombia implemented policies with severe sanctions targeting all aspects and actions relating to the production and distribution of narcotics.

Year and Legal Framework		Colombian Approach to Drug Enforcement
1920	Law 11	Trafficking or consumption subject only to monetary penalties.
1928	Law 128	Established punitive sanctions and made it possible to seize controlled substances.
1936	Criminal Code	Criminalized the preparation, distribution, sale or supply of narcotic substances. Penalties included minor sentences carried out in low-level security prisons.
1946	Decree 1669	Increased the penalties for breach of then-existing laws regulating activities related to narcotics with longer sentences and periods of solitary confinement carried out in medium-level security prisons.
1964	Decree 1669	Criminalized the consumption of any narcotic substance.
1971	Decree 522	Punished the trafficking and cultivation of narcotics. The decree decriminalized their possession and use in private spaces but imposed a penalty of imprisonment of one to three months for public use.
1974	Decree 1188	Considered the first National Narcotics Statute, the decree increased penalties for drug trafficking and criminalized consumption. From 1974 to 1980, Colombia ratified international agreements on drugs (Single Convention on Narcotic Drugs of 1961 and The Convention on Psychotropic Substances of 1971).
1986	Law 30	The National Narcotics Statute (ENE, or Estatuto Nacional de Estupefacientes), regulated by Decree 3788 of 1986, was one of several laws

		implemented between 1980 and 1993 that targeted trafficking and related activities as opposed to preventive and rehabilitative measures contained in preceding legislation.
1994	Judgment C-221	The Constitutional Court found those articles of Law 30 of 1986 that punish possession and consumption of a personal amount of up to 20 grams to be unconstitutional.
2009	Legislative act 02	A 2009 constitutional amendment prohibited possession and consumption of narcotic or psychotropic substances, unless a medical prescription is provided.
2011	Law 1453	The Citizen Security Law reformed the Criminal Code and eliminated the previous exemption from prosecution for narcotics possession if the quantity was equivalent to the legal personal dose.
2012	Judgment C-491	Possession of the legal personal dose remains decriminalized and drug use continued to be interpreted as an activity protected by the right to the free development of personality.
2018	Decree 1844	Allows the police force to seize any amount of narcotics that are being consumed in public places and impose fines on those who carry or are consuming narcotics.

In the 1970s, a more hard-line approach to narcotics was reinforced in response to the growing influence of international treaties and the efforts of governments to coordinate their drug policies. The 1980s saw an emphasis on comprehensive regulation, leading to the adoption of Law 30 (the ENE) in 1986, focused on the control and enforcement of criminal drug consumption and trafficking. Following the introduction of Law 30, Colombia signed the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances on December 20, 1988 and later ratified it on June 10, 1994.

In 1994, the decriminalization of personal possession and consumption was mandated by Judgment C-221 of 1994 of the Constitutional Court. While this represented a shift in approach by Colombian lawmakers, a constitutional amendment in 2009 reversed the effects of Judgment C-221 of 1994 and reinstated the prohibition on personal possession and consumption of narcotic or psychotropic substances, even on a personal dose basis, unless supported by a medical prescription.

Despite the constitutional amendment in 2009, in recent years Colombian legislation with respect to cannabis has trended towards a preventative and rehabilitative approach. The Citizen Security Law, enacted in 2011, reformed the Criminal Code and softened some of the punitive provisions relating to possession of personal amounts of narcotics. In the Constitutional Court's 2012 ruling C-491, the right to legally possess a personal amount of narcotics was upheld and the Court noted that drug use should continue to be understood as an activity protected by the right to the free development of personality. The Constitutional Court, through rulings SU-642 of 1998 and C-336 of 2008, among others, has established that the right to the free development of personality, also known as the right to autonomy and personal identity, grants individuals the right to self-determination, that is the freedom and independence to govern his or her own existence and determine a lifestyle according to his or her own interests, provided that the rights of others and the constitutional order are respected. Notwithstanding, the foregoing, Mr. Ivan Duque, the newly elected president of Colombia, issued Decree No 18-44 (Dated October 1, 2018) which allows the police force to seize any amounts of narcotics that are being consumed in public places and impose fines on those who carry or are consuming narcotics. The procedure contemplates an immediate assessment by police officers pursuant to which they will determine whether the owner of the substance qualifies for medicinal consumption in which

case the substance will be returned to the owner, otherwise the possession will be qualified as a violation of the citizen coexistence regulations and the seized substance will be destroyed.

In January 2013, the Advisory Commission on Drug Policy (the “**Drug Policy Commission**”) was established to provide recommendations on how legislation should treat criminal networks and citizen drug users, as well as the appropriate quantities to be considered as suitable personal amounts. In July 2014, the Drug Policy Commission issued an initial report submitted to the Ministry of Justice analyzing the conditions of drug use in Colombia and proposing guidelines to update the policy.

In May 2015, the Drug Policy Commission published its final report, which proposed a review of the drug policy in the country and made important recommendations, such as: (i) the creation of an agency for drug policy; (ii) measures to help reduce the risk to consumers; (iii) rethinking the fumigation involved with cultivation; (iv) regulation of medicinal cannabis; (v) alternative means to measure the success of policies against drugs; (vi) modernize the National Statute on Drugs and Psychoactive Substances; and (vii) leading the global drug policy debate. As a result of the Drug Policy Commission’s final report, in 2016 the Colombian President approved and sanctioned Law 1787 which was intended to regulate the use of cannabis for therapeutic purposes. The law, initially presented by Senator Juan Manuel Galan in an effort to legalize cannabis for medical and scientific purposes, marked a new direction in the legislative approach to drugs. Law 1787 amended articles 375, 376 and 377 of the Colombian Criminal Code (the “**Criminal Code**”) to remove sanctions against the medical and scientific use of cannabis used under a licence duly granted by the relevant authorities according to Colombian laws. This amendment was required given that the Criminal Code expressly provided a general prohibition to the cultivation, conservation or financing of cannabis plantations, among other related activities.

In order to regulate the activities that had become legal by way of Law 1787, the Ministry of Health, Ministry of Justice and Ministry of Agriculture issued Decree 613 of 2017 whereby they defined the different types of licences that may be granted in respect of permissible activities related to medicinal cannabis, including: (i) production of cannabis derivatives; (ii) use of seeds for planting; (iii) planting of psychoactive cannabis plants; and (iv) planting of non-psychoactive cannabis plants. The decree also sets out the requirements and criteria for the assignment of quotas for psychoactive cannabis plant cultivation, cannabis by-product production and other related activities.

### *Cannabis Legalization Framework and Oversight of the Colombian Cannabis Industry*

The Colombian government’s increasingly pragmatic and liberal approach to cannabis culminated in the adoption of Law 1787. Throughout the 20<sup>th</sup> century, Colombia’s lawmakers followed a global agenda that imposed strict prohibitions and harsh sanctions on drug use and trafficking. While certain domestic social conditions hindered the prospect of permitting a specifically medicinal use of an illicit drug, Colombia has changed course and constructed an effective legal framework with appropriate mechanisms to introduce and regulate the use of cannabis for medicinal purposes. The following table sets out the current legal landscape relating to cannabis in Colombia and discusses the legislative developments that have shaped the current progressive outlook.

<b>General Legal Framework</b>	
Colombia’s Political Constitution	Article 49 of the Political Constitution of Colombia regulates the use and consumption of cannabis, stating that “everyone is guaranteed access to services for the promotion, protection and recovery of health”. Subsequently, through Legislative Act 02 of 2009, Article 49 was modified, adding the proviso that cannabis use is only legal with a medical

	prescription.
Colombian Criminal Code	Chapter II of Law 599 of 2000 of the Criminal Code (“ <b>Trafficking in Narcotic Drugs and the Infractions</b> ”) outlines penalties and sanctions related to narcotics trafficking and associated activities, such as the conservation or financing of marijuana plantations or any other plant from which cocaine, morphine and heroin can be produced without the permission of the competent authority, and the manufacture of narcotic drugs that exceeds the dose for personal use permitted in Colombia.
<b>Laws, Legislative Acts, and Decrees</b>	
Decree 677 of 1995	This law established the National Narcotics Statute of Colombia, defining terms such as drug, narcotic, medication and psychotropic and setting the legal personal amount for consumption of cannabis at 20 grams.
Decree 677 of 1995	The Synthetic Drugs Regulation and Good Manufacturing Practices Regulation establishes a regime for establishing registers, licences and the quality control, as well as a sanitary monitoring regimen (including the definition of Good Manufacturing Practices), for cosmetic medicines, pharmaceutical preparations based on natural resources and others.
Decree 2200 of 2005	The Prescription Preparation and Production Conditions Regulation defines standard pharmaceutical services, including GEP standards for prescription preparation and conditions for production and storage.
Legislative Act 02 of 2009	This constitutional amendment prohibits the possession and consumption of narcotic or psychotropic substances, unless supported by a medical prescription. This amendment is intended to have a rehabilitative purpose to prevent addiction, with additional measures and treatments of a pedagogical, prophylactic or therapeutic nature to be implemented as support mechanisms for people over-consuming such substances.
Decree 2467 of 2015	Decree 2467 of 2015 regulates the medical and scientific uses of cannabis by setting standards for the production, manufacturing, import/export, distribution, trade, use and possession of narcotics, as well as the cultivation of plants from which these are produced.
Law 1787 of 2016	Approved on July 6, 2016, Law 1787 creates a regulatory framework that allows for the safe and informed use of cannabis and its derivatives for medical and scientific purposes. It includes provisions outlining the regulation of production, manufacturing, acquisition, import/export, storage, transportation, marketing, distribution, use and possession of the seeds of the cannabis plant, its derivatives and related products for medicinal and scientific purposes.
Decree 613 of 2017	Decree 613 of 2017 supports Law 1787 of 2016 by elaborating on the concepts of informed access and safe production of cannabis for medical and scientific use and establishes a licensing regime to conduct related activities.

With Law 1787 of 2016 and Decree 613 of 2017, Colombia’s regulatory framework has developed five legal and administrative orders that control the operation of the cannabis sector, as follows:

1. Resolutions 577, 578 and 579 of August 8, 2017, enacted by the Ministry of Justice, regulate the cultivation of non-psychoactive and psychoactive cannabis.
2. Resolutions 2891 and 2892 of 2017, enacted by the Ministry of Health, regulate the production or manufacturing of cannabis derivatives (extracts). The resolutions define whether the derivatives are to be used in the national market as raw material for final medical products or if they are to be exported to international markets.

3. If the derivative is going to be used in the national market, it can be used as a synthetic or prescription drug, or a final product regulated by Decree 677 of 1995, developed in Resolutions 3183 of 1995, 1087 of 2001, and 1124, 1160 of 2016.
4. The final product sold to the public may be a herbal or branded mass market phytotherapeutic product, which is a category regulated by Decree 2266 of 2004. Per Decree 613, derivatives extracted from cannabis cannot be commercialized as final products without sanitary approval from INVIMA, the regulatory body responsible for defining the final products that have access to the market. A sanitary permit is required to commercialize derivatives as herbal or synthetic products. . The regulatory framework (Decree 613 of 2017 and Decree 2200 of 2005) allows the introduction of prescription preparations with cannabis. Prescription preparations are customized prescription products that do not require a sanitary permit as they are not mass market phytotherapeutic products with standardized characteristics, but they must be prepared by a licence holder in a laboratory that meets GEP Standards.
5. If a product or extract will be exported, the licence holder must obtain a permit from the FNE allowing for the delivery of cannabis. The permit process is regulated in Resolution 1478 of 2006, which is an administrative order that also regulates the quotas that Colombia requests from the International Narcotic Control Board.

#### *Licences and Authorizations*

Currently, Decree 613 of 2017 is the most significant aspect of the cannabis regulatory framework concerning medical and scientific uses of cannabis, as it establishes a licensing regime for the evaluation, monitoring and control of import, export, cultivation, production, manufacturing, acquisition, storage, transport, marketing, distribution and the use of seeds for planting, cannabis and cannabis plants and their derivatives, as well as products containing it.

Decree 613 granted oversight for the licensing program for the production of cannabis derivatives to the Ministry of Health, through the Division of Medications and Health Technologies. The Ministry of Justice, through the Division of Control and Supervision of Chemical and Narcotic Drugs, has jurisdiction over licences for the use of seeds for planting and cultivating cannabis plants, as well as administrative and operational control of activities related to the management of seeds for planting, cannabis cultivation and cannabis. The FNE was tasked with administrative and operational control of activities related to the management of cannabis and its derivatives. Once a licence is issued, INVIMA and the ICA are responsible for the control of finished products of psychoactive cannabis.

Decree 613 authorizes the granting of four types of licences permitting the following activities:

- **Production of derivatives from cannabis:** This licence authorizes activities related to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medical and scientific purposes. The licence may include an authorization by the Ministry of Health to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade and distribution of psychoactive or non-psychoactive cannabis by-products.
- **Use of seeds for sowing:** This licence authorizes the management of seeds for planting which covers the acquisition, import, storage, trade, distribution, possession, and final disposal of the seeds, as well as their export and use for medical and scientific purposes.

- **Cultivation of psychoactive cannabis plants:** This licence authorizes the cultivation of High THC Medicinal Cannabis plants, which covers the planting, acquisition and production of seeds, storage, trade, distribution and final disposal of plants, as well as export and use for medical and scientific purposes.
- **Cultivation of non-psychoactive cannabis plants:** This licence authorizes the cultivation of Low THC Medicinal Cannabis plants, and covers the planting, acquisition, and production of seeds, storage, trade, distribution and final disposal of plants, as well as export and use for medical and scientific purposes.

Self-cultivation activities, which refer to non-commercial cultivation of up to 20 cannabis plants for personal consumption, do not require a plant cultivation licence nor are they subject to the licensing and quota system referred to in the Decree 613.

Licences are not transferable, exchangeable or assignable and are valid for five years and may be renewed for an equal period as many times as requested by the licensee. Licences may not be granted to individuals or legal persons who intend to carry on licenced activities on lands that are in national parks or in protected areas established by the National System of Protected Areas.

Licence holders of manufacturing cannabis derivatives must, at a minimum, determine, by means of validated analytical methodologies, the content of THC, CBD and CBN in any cannabis crop they receive and in each derivative that is produced.

Licensees are responsible for the electronic registration of basic information and movements of seeds for planting, plants, derivatives and cannabis products and must comply with established safety protocols.

#### *Obligations and Restrictions Imposed on Licence Holders*

Licensees are required to meet a number of conditions in the course of carrying on business, including:

- Compliance with the conditions established in the law, the decree and the technical regulations issued by governmental authorities.
- Present the licence to third parties with whom it is intending to carry out transactions involving seeds for sowing, cannabis plants and cannabis, or their registration with the FNE in the case of transactions with cannabis derivatives.
- Inform governmental authorities of unusual or suspicious operations that licensees become aware of during the performance of activities authorized by the corresponding licence.
- Attend inspections carried out in the exercise of administrative and operational control.
- Maintain up-to-date records as required by the decree and its technical regulations, including the monitoring and follow-up of the activities undertaken by the licence holders.
- Provide all information and documentation requested by governmental authorities within any prescribed time period.
- Rectify any administrative or operational failures identified by governmental authorities during the inspections, within the deadlines established in any report issued.

- Begin the process of modification of the licence upon the occurrence of fundamental changes to the licensee.
- Authorized importers and exporters must submit to the Ministry of Justice and to the FNE, as applicable, within eight days of the completion of the customs clearance process, import and export declarations that indicate the dates and quantities of entry or exit from Colombia of seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing them.
- Comply with administrative requirements and requirements derived from onsite citations issued by the authorities.

The Ministry of Justice, the Ministry of Health and the Ministry of Agriculture issued Resolution 579 of 2017, stating that small and medium licenced growers are those who grow or cultivate cannabis in an area of 0.5 hectares or less. In an effort to ensure the sustainability of small-scale growers, holders of cannabis derivative production licences, except those only conducting research process, are required to, within five years following the commencement of their operations, process at least 10% of their assigned annual cannabis quota from a small or medium licenced grower. If market conditions prevent the satisfaction of this requirement, licensees must file a declaration supporting their inability to source cannabis from small or medium growers.

In the course of carrying on business, licensees are restricted from engaging in a number of activities, including:

- Promotion or through the media or social networks, or by means of flyers or by any other means, of seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing it. Medicines may only be advertised or promoted in scientific or technical publications addressed to the medical or veterinary community. Additionally, in the information or advertising addressed to the medical or veterinary community must specify the actions, indications, therapeutic uses, contraindications, side effects, risks of administration, risks of drug addiction and other precautions and warnings, without omitting any information found in scientific literature or known by the manufacturers.
- Marketing or manufacturing for sale, distributing, receiving or delivery to third parties, in any manner, self-cultivated cannabis plants, as well as the derivatives and seeds for sowing obtained from them, other than if provided as a seed source while the producer is awaiting its seed licence.
- Allowing individuals under 18 years of age to access seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing any of the foregoing. Minors may access products containing cannabis if there is a medical prescription and with the informed consent of parents or guardians.
- Exporting cannabis plants, dried cannabis flower or unprocessed cannabis, except for scientific purposes and with authorization.

#### *Termination of Licences*

Decree 613 of 2017 provides that the Ministry of Health or the Ministry of Justice, as applicable, may terminate a licence upon the occurrence of any of the following:



- Failure to correct the administrative and operational failures identified by the control authorities within the deadlines set.
- Failure to comply with the security protocols, which are explained in the following section of this Listing Statement.
- Exceeding the maximum authorized quota for each term.
- Advertising seeds for sowing, cannabis plants, cannabis, cannabis derivatives or any product containing cannabis through media, social networks, flyers or any means, if such advertisements do not relate to academic or scientific purposes, and are not addressed to medical or veterinary groups.
- Failure to initiate the activities authorized in the licence after a six-month period, starting from either: (i) the date the corresponding quotas are granted; or (ii) as of the granting of the licences for sowing seeds and cultivation of non-psychoactive cannabis plants.
- Failure to request the amendment of the licence within 30 calendar days following any changes in (i) legal representation; (ii) the ownership or possession of the real estate properties in which the licenced activities are authorized to take place; and (iii) the contractor(s) that provide services to the licensee related to activities authorized in the licence.
- Preventing access to authorities conducting administrative and operational controls.
- Performing transactions involving seeds for sowing, cannabis plants, cannabis or cannabis derivatives with unlicensed third parties or parties not registered in the FNE when the transaction relates to cannabis derivatives.
- Using seeds for sowing, cannabis plants, cannabis or cannabis derivatives for non-scientific or medical purposes or beyond the scope authorized by the corresponding licence.
- The licensee, or its legal representative in the case of a company, is convicted of a crime related to drug trafficking, after the licence was issued.
- Any indication of or actual forgery or fraudulent alteration of the documents supporting the licence application.
- Failure to pay the monitoring fees to the applicable government entity.

Furthermore, in accordance with Colombian regulations, licence holders must refrain from, among other things: (i) allowing individuals under 18 years of age to access seeds, plants or products containing cannabis; (ii) exporting the plants, dry cannabis flowers or non-transformed cannabis, except as authorized for scientific purposes; and (iii) commercializing or transforming for sale, distributing, receiving or delivering to third parties, cannabis plants, derivatives and seed for sowing resulting from self-cultivation, except as may temporarily be provided for seed sources.

*Required Security Measures for Cannabis Activities under Colombia Law*

The Ministry of Justice and the Ministry of Health regulate the security protocol requirements established in licences for sowing seeds, the cultivation of psychoactive cannabis plants and the manufacturing of cannabis derivatives through Resolutions 577 and 2892 of 2017, respectively.

Pursuant to Resolution 577 of 2017, licence holders must prepare a security protocol and submit it to the Ministry of Justice. The protocol should include measures to ensure that areas and properties in which sowing seeds, psychoactive cannabis plants and psychoactive cannabis are handled have the appropriate levels of protection according to the particular environment and scale of the operation. The licence holders must comply with the following minimum security protocols specifications:

- Submit a comprehensive security plan and risk analysis that addresses physical security and operations and security measures during transportation, which includes the following phases:
  - Diagnosis: including the vulnerability and probability variables of an event and all its consequences.
  - Design: including the risk control mechanisms, as well as the protection management system indicators that demonstrate the effectiveness and efficiency of the risk control mechanisms.
  - Monitoring or evaluation: including an internal and external audit program and safety inspections of the risk control mechanisms.
- Have a protection system with risk control mechanisms for physical and operational safety that includes physical barriers and conduct control procedures to prevent access to unauthorized persons.
- Physical barriers must be built with materials that guarantee the integrity of the installations.
- Establish a single entrance and exit point, where employees, visitors and vehicles access the area, which must have access control for the entry and exit of vehicles, individuals, operational assets and raw materials, seeds for sowing, psychoactive cannabis plants and psychoactive cannabis, and all goods generally. This exit must be established without compromising the emergency exits and other industrial safety measures that the licensee must maintain in the facilities. Areas where activities related to the management of sowing seeds, psychoactive cannabis plants and psychoactive cannabis take place must have restricted access, and manual or automated entry and exit control records are required.
- Establish a monitoring and surveillance service that generates evidence and traceability.
- Establish internal and external signaling indicating that unauthorized access is prohibited.
- Provide and ensure that the plant personnel and visitors carry visible identification at all times. Employees engaged in activities related to the management of sowing seeds, plants for psychoactive cannabis and non-psychoactive cannabis must be fully identified and carry appropriate employee identification.

- Ensure that the licence has the capacity to communicate internally and with external agents in order to notify or report security incidents and request the intervention and support of the state's security forces in a timely manner if it were necessary.
- Establish risk control mechanisms to deter and control risk situations in the facilities' perimeter, including protective perimeter lighting.
- For transportation purposes, the licence holder must establish control mechanisms that allow it to prove compliance with the protection of areas and facilities, using closed-type vehicles with elements that allow for sealed verification control of the transported derivatives at all times.

In addition, the Ministry of Justice shall conduct a control visit during the assessment of the licence application for the cultivation of psychoactive and non-psychoactive cannabis plants at the premises where the cultivation activities take place. The Ministry of Justice will verify the following minimum standards:

- The location of the property and the facilities where the activities will take place, compared with the documentation and photographic record attached to the licence application.
- The internal procedures for the implementation of the security protocol.
- The cultivation area is free of pre-existing cannabis crops.
- The storage areas, if applicable, are free of cannabis crops.

Failure to allow the control visit will lead to the rejection of the corresponding licence application.

In addition to the security protocol guidelines set out by the Ministry of Justice, the Ministry of Health issued Schedule 1 to Resolution 2892 of 2017 which contains guidelines for the elaboration and implementation of the security protocol related specifically to the manufacturing of cannabis derivatives. The guidelines established by the Ministry of Health set out specific additional measures that are required as follows:

- **Safety**
  - the integrity of the facilities must be guaranteed and a physical barrier to prevent access of unauthorized individuals must be established;
  - all doors and windows must be in adequate condition so as to allow for full closure of the areas and prevent access to unauthorized individuals;
  - all openings, ducts and mechanical or electrical passageways must be protected with safety material;
  - external and internal signals or signage indicating that unauthorized access is prohibited;
  - personal profiles and responsibilities of company employees and third party contractors that provide security services in the facilities must be established and the fulfilment of the security protocols must be monitored;

- a single entrance and exit point, where employees and visitors access the area, notwithstanding provisions in terms of industrial safety (including emergency exits) must be established;
- the structures of buildings must be constructed using resistant materials to prevent forced entry and secured with locking devices; and
- the production and harvest storage areas, as well as those for manufactured derivatives, shall provide for secure access with controls and registration.

- **Monitoring and detection**

The licensee must guarantee that the licenced area complies with the following monitoring and detection parameters:

- the installation of closed-circuit cameras that operate 24 hours per day and 7 days per week around the perimeter of the facilities; and the video camera recordings must be saved for a minimum 30 calendar day period;
- all managers, employees, contractors and visitors must be identified at all times and, more specifically, an employee inside a cultivation facility must accompany any visitors at all times; and
- the hiring of qualified security surveillance personnel who are prepared to react effectively to any detection of unauthorized access or security incidents. The security personnel must record each event, indicating the place, time, date, personnel present in the facilities, facts and measures adopted. The records of unusual events must be saved for a minimum five-year period.

- **Access control**

- installation of appropriate access control technology and appropriate measures to restrict access and properly identify any individual entering or leaving the perimeter of manufacturing facilities are required;
- pre-established and appropriate controls for the issuance of locks, keys and access codes; and
- access to storage and production areas should be restricted to only those individuals requiring access.

- **Electricity supply**

- as facilities for the manufacturing of cannabis derivatives require constant lighting, the power system must have auxiliary sources to ensure it can be fully operational under any circumstance; and
- a response plan in case of interruption of the electric power must be in place.

- **Cooperation with authorities**

- cooperate with public authorities in order to prevent the diversion or misuse of derivatives or products that contain them; and

- o licensees shall immediately inform applicable authorities of suspicious or unusual activities. In case of loss or theft of psychoactive cannabis or its derivatives during the manufacturing process, the licensee must inform the applicable authorities and the Ministry of Health within 48 hours after the event took place. The notice sent by the licensee must include a complaint form, records describing the event, personnel involved, date and time, location, product type and amount lost. Records of theft or lost products and the subsequent investigation reports must be saved for a minimum five-year period.

In addition to the foregoing, the FNE will conduct audit visits during the licence term to verify compliance with the operations plan, security protocol and other obligations the licensee must meet.

### Licences and Authorizations

Blueberries SAS has applied for or obtained the following licences, which are required in order for it to conduct the Blueberries Cannabis Business at the Cultivation Facility:

LICENSE	PROCESS REQUESTED	APPLICATION DATE	STATUS	APPLICATION	GRANT DATE	ENTITY RESPONSIBLE
Non-psychoactive cannabis cultivation	1. For seed production for planting 2. For grain production 3. For the manufacture of derivatives	15-Jan-18	Granted	Less than 1.0% THC Production of low THC extracts Domestic and international distribution	15-Mar-18	Ministry of Justice and Law
Cultivation of psychoactive cannabis	1. For seed production for planting 2. For grain production 3. For the manufacture of derivatives	31-May-18	Process completed. Awaiting Ministry notification of grant.		24-Oct-18	
Seed	1. Marketing or delivery 2. Scientific purposes	27-Sep-18	In transit. Process started in September	Marketing: Buy and sell of seeds		
Manufacture of cannabis derivatives	1. For national use 2. For export	31-May-18	Granted	Production of high THC extracts Authorizes use of high THC cultivation licence Domestic and international distribution	17-Aug-18	Ministry of Health and Social Protection

## ***Competitive Conditions and Environment***

### **Carrying on Business in Colombia**

#### Introduction and Overview

Below is a summary of certain geographic, political and economic considerations relevant to carrying on business in Colombia but does not purport to be a comprehensive statement of such considerations. It is included for background information only and should not be relied on or used for any other purpose.

Colombia is a representative democracy with a central government and separation of powers. The country has three branches of government: executive, legislative and judicial. In the executive branch, the President and Vice-President are elected to a maximum of four-year terms. The President acts as both the head of state and head of government. The legislative branch is a bicameral legislature currently consisting of a 108 member Senate and a 171 member House of Representatives. Both chambers are directly elected for four-year terms. Finally, Colombia's judicial system is composed of the following institutions: Supreme Court, Prosecutor General Office, Superior Council of the Judiciary, Constitutional Court and Council for Administrative Law Jurisdiction. The Supreme Court is the highest court of criminal, civil and labour law, and judges are appointed by the Supreme Court from a shortlist submitted by the Superior Judicature Council. Supreme Court judges are appointed for eight-year terms.

Colombia is the third-largest country in Latin America after Mexico and Brazil, with an estimated population of nearly 50 million people. Despite being one of the 30 largest countries in the world, Colombia's population density is sparse, with just 41 people per square kilometer (106/square mile), which ranks 173<sup>rd</sup> in the world. Colombia also has the third-largest Spanish-speaking population in the world after Mexico and the United States.

In recent years, Colombia has undergone a remarkable transformation, making great strides in restoring security and stability and advancing policies that have led to significant social progress and economic growth. Colombia is Latin America's oldest and most stable democracy. For more than a century, the country has experienced peaceful changes of government every four years as citizens have elected government representatives in free and fair elections in a political environment that proudly supports full freedom of the press.

After peace negotiations in Cuba, the Colombian government of President Juan Manuel Santos and guerrilla of FARC-EP, Colombia's largest guerrilla group, announced a final agreement to end the conflict. However, a referendum to ratify the deal was unsuccessful. Afterward, the Colombian government and the FARC-EP signed a revised peace deal in November 2016, which the Colombian congress approved. Notwithstanding the foregoing, portions of the countryside are still under the influence of certain guerrilla factions, such as the Ejército de Liberación Nacional or "ELN", another guerrilla armed group, which has been operating in Colombia for the past 52 years. The ELN and the Colombian government are currently conducting peace talks and negotiations.

#### Corruption Perceptions Index

The Issuer's primary operations will be located in Colombia, a country which is perceived as having fairly high levels of corruption. Colombia ranked 96<sup>th</sup> out of 180 countries surveyed in the 2017 Corruption Perceptions Index published by Transparency International. The Issuer cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which the

Issuer's operations might be subject, or the manner in which existing laws might be administered or interpreted. See Section 17 "Risk Factors".

The Worldwide Governance Indicators are a measure of business stability in a given country. Control of corruption is one component leading to a country's overall score. The indicator ranges from 0 (lowest control of corruption) to 100 (highest control of corruption), and assessed Colombia at a value of 43 in 2017.

#### Defense of Competition and Antitrust Regulation

Colombia's competition laws are contained in Law 155 of 1959, Decree 3307 of 1963, Decree 1302 of 1964, Decree 2153 of 1992, Law 256 of 1996 and Law 1340 of 2009.

#### *Key prohibitions*

Colombia's competition laws prohibit, among other activities:

- Anti-competitive horizontal arrangements: any contract, covenant, meeting of the minds, agreed or consciously parallel practice between two or more competitors, which has the purpose or likely effect of lessening free competition in Colombia. This may include price fixing, bid rigging, geographic sharing of markets and certain non-compete clauses.
- Anti-competitive vertical arrangements: any contract, covenant, meeting of the minds, agreed or consciously parallel practice between two or more businesses, which has the purpose or likely effect of lessening free competition in Colombia. This primarily concerns resale price maintenance, vertical allocation of customers or territories and exclusive-dealing arrangements.
- Abuse of dominance: unilateral conduct by which a firm that possesses a dominant position in the market abuses such position. Prohibited conduct may include tying and bundling, predatory pricing, price discrimination, obstructing or impeding third parties' access to markets or marketing channels, refusals to deal, denying access to essential facilities and certain exclusive dealing arrangements.
- Any other unilateral acts, without regard to whether a firm holds a dominant position, as well as any other conduct tending to limit free competition and to maintain or establish unfair prices.

#### *Fines*

The Superintendent of Industry and Commerce (the "SIC") may impose, for each violation and to each legal entity that commits any anticompetitive practice, fines of up to 100,000 minimum legal monthly wages<sup>3</sup>, or up to 150% of the profits derived from the restrictive conduct. SIC may also order corporations to cease engaging in the prohibited conduct.<sup>4</sup>

Additionally, the SIC may impose fines up to 2,000 minimum legal monthly wages on individuals who assist, facilitate, authorize or condone the commission of the above-noted anti-competitive conduct.

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<sup>3</sup> The minimum legal monthly wage for the year 2018 amounts to COP 781,242 (approximately US\$267).

<sup>4</sup> Articles 25 and 26 of Law 1340 of 2009

For more information on the legal framework for cannabis in Colombia, see *“Legal and Regulatory Trends - Colombian Regulatory Framework”*.

### Sale and Ownership of Real Estate

The Colombian Constitution protects private ownership of property by Colombian nationals and foreigners<sup>5</sup>. Ownership of real estate is evidenced by a public deed granted before a notary public and the registry of such deed before the Office of Public Registry. While private parties (including individuals and legal entities) may hold ownership interests in Colombian real property, the Colombian Constitution requires that the state own the subsoil, as well as natural and non-renewable resources.

Non-native Colombian citizens and foreign legal entities are entitled to purchase any real property in Colombia other than: (i) vacant and uncultivated lands located on Colombian shores or border regions; or (ii) real estate located on the island of San Andrés and Providence.

Expropriation is usually conducted by a judicial process and in certain exceptional circumstances, by an administrative process. There are specific expropriation regimes for certain sectors, such as but not limited to, the mining, oil and gas and infrastructure sectors.

There is currently no specific expropriation regime for cannabis-related activities; however, the Land National Agency (ANT) is entitled to expropriate rural land in the following cases: (i) in favour of indigenous, afro-Colombian people and other ethnic people, provided the land they inhabit is insufficient; (ii) in favour of farmers of regions affected by public catastrophes; and (iii) in favour of farmers or other people benefiting from special governmental programs to provide land or areas over which there is an ecological interest of the national government. Every act or transaction affecting rights associated with real property must be registered with the Office of Public Registry. The property’s ownership history and any encumbrances or liens will be recorded on a certificate maintained by the Office of Public Registry.

### Land Usage

In Colombia, municipal and district authorities can regulate the use of land in their territory through the following instruments: (i) Land Management Schemes (for territorial entities with a population of less than 30,000 inhabitants); (ii) Basic Plans of Territorial Organization (for territorial entities with a population between 30,000 and 100,000 inhabitants); and (iii) Land Management Plans (for territorial entities with a population greater than 100,000 inhabitants).

Through these instruments, the municipal or district authority classifies the land to establish its uses and the restrictions or prohibitions in the development of particular activities in the territory. It can be classified as urban land, urban expansion land, rural land, sub-urban land and protected land. The owner of a project or work must confirm that the activity is in accordance with the corresponding ordering instrument (being the Plan de Ordenamiento Territorial, Plan Basico de Ordenamiento Territorial or Esquema de Ordenamiento Territorial) but does not preclude an individual’s obligation to get urban permits for the construction of buildings.

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<sup>5</sup> Colombian Constitution. Articles 58 and 100.



## Environmental Regulations

### *Authorities*

The Ministry of the Environment and Sustainable Development is the authority for environmental management, planning, regulation and policy-making. In addition, the National Agency of Environmental Licences (the “**NAEL**”), regional autonomous corporations (“**RACs**”) and urban environmental authorities are responsible for granting licences and permits within their jurisdictions (collectively, the “**Environmental Authorities**”).

### *Environmental Licences, Permits and Fees*

1. Environmental licences. The environmental licence is the authorization granted by the Environmental Authorities for any given project, work or activity that may cause damage to renewable natural resources or the environment, or have a significant impact on the landscape. An environmental licence must be obtained prior to initiating any project, work or activity. The licence must include all permits, authorizations or concessions for the use of any renewable natural resources required for the project. Whenever an environmental licence is required, the specific permits must be requested within the same licence application.
2. Environmental permits. Projects involving the use of the following natural resources require a specific permit: forest use, dumping of sewage, hazardous waste management, water concession (surface water and underground water use) and atmospheric emissions.

### *Environmental Responsibility*

Under Colombian law, liability for environmental damage following land ownership creates a presumption of liability in case of (i) breach of environmental laws; (ii) environmental damage; and (iii) breach of environmental licence or any other administrative act emanating from the Environmental Authorities. The Environmental Authorities may investigate potential claims, authorize preventative measures or impose sanctions on parties breaching environmental law.

General principles of environmental law are set out in Law 99 of 1993. Article 9 of the National Code of Natural Resources and Protection of the Environment establishes principles governing the use of natural resources, including the fact that use must occur without causing harm to the interests of the community or to third parties.

Parties that cause environmental damage while acting under the authority of a permit are responsible for rectifying the damage. The imposition of environmental sanctions is in addition to civil and criminal penalties that may be imposed. Environmental damage caused while a party is acting without a licence constitutes a breach of Law 99 of 1993 and may lead to the imposition of sanctions and possibly civil or criminal proceedings. Parties that cause environmental damage, in addition to sanctions or penalties that apply, will also be required to carry out studies to assess the characteristics of the damage.

### *Genetically Modified Organisms*

Genetic material of living organisms found in the Colombian territory are the property of the Colombian State. They are inalienable, imprescriptible and not subject to seizure or similar measures. Andean Decision 391 of 1996, signed by the member countries of the Andean Community, regulates access to genetic resources in the form of genes or derived products and establishes that parties require authorization to obtain access.

Under Decree Law 3570 of 2011, the Ministry of the Environment and Sustainable Development is responsible for processing requests for access to genetic resources and signing corresponding access contracts, in accordance with the procedure provided for in Resolution 620 of 1997.

According to Resolution 1352 of 2017, applications for a patent for products or procedures obtained or developed from genetic resources or their derived products must include a copy of the contract of access to genetic resources. The use and transboundary transport of Modified Live Organisms (“**OVM**”) is regulated by the Convention on Biological Diversity, Law 165 of 1994, the Cartagena Protocol on Bio-safety and Decree 1071 of 2015.

The use and transboundary movement of OVMs requires prior authorization from the following authority in the relevant jurisdiction: (i) Ministry of Agriculture and Rural Development, through the ICA, for OVMs for agricultural, livestock, fishing, commercial and agro-industrial forest plantations; (ii) Ministry of the Environment and Sustainable Development when dealing with OVMs for environmental use; and (iii) Ministry of Health, through INVIMA, for OVMs for human consumption.

There are certain pre-existing cannabis varieties (genetic material) for planting seeds that are already established in the Colombian territory, which can be used by producers until December 31, 2018. After such date, companies who require the use of cannabis seeds must comply with the requirements of the “**ICA**” and must be recognized by the ICA as a selected seed producer. Blueberries has already completed this process and is a recognized seed producer.

#### Foreign Direct Investment

According to data published by the Colombian Central Bank (“**BR**”), foreign direct investment (“**FDI**”) inflow reached US\$7.494 billion in 2017, an increase of US\$816.8 million over the previous year (US\$6.677 billion). The majority, specifically 55.3%, of Colombian FDI is invested in the oil and gas and mining industries. According to The World Bank Doing Business Index, Colombia is ranked 59<sup>th</sup> globally and 3<sup>rd</sup> in Latin America. Colombia has a strong position in various categories of the index, including Getting Credits (2<sup>nd</sup> place), Protecting Minority Investors (16<sup>th</sup> place), Resolving Insolvency (33<sup>rd</sup> place) and Registering Property (60<sup>th</sup> place).

Foreign investment in Colombia is regulated by Law 9 of 1991, Decree 1068 of 2015 (second Book, Part 17, Titles 1 and 2) as modified by Decree 119 dated January 26, 2017, External Resolution 8 of 2000 and Regulatory External Circular DCIN-83 (Ch. 7) from the Central Bank.

Colombia’s legislative framework provides for equal treatment of foreign and domestic investments. Any investment of capital from abroad, whether direct or in a portfolio, that is made in Colombian territory, including Colombian free trade areas, by non-Colombian residents, is considered a foreign investment. Any investment made by a person who does not qualify as a resident of Colombia for foreign exchange purposes will qualify as foreign investment. Foreign investment is permitted in all sectors, except in activities related to defense, national security, and toxic waste handling and disposal.

If foreign investments are lawfully registered investments in Colombia, foreign investors are able to remit abroad the profits resulting from the activities to which from the investment was directed as well as the principal and any capital gains.

#### Exchange Regulation

Law 9 of 1991 outlines the general framework for the current foreign exchange regime in Colombia, which provides that the Colombian Government is in charge of regulating foreign

investment operations in Colombia through the Superintendence of Finance (the “**CSF**”) and that the BR is in charge of regulating monetary policy and the exchange market.

Colombian exchange regulation provides some restrictions and obligations that should be complied with by residents and non-residents.

The performance of transactions in foreign currencies in Colombia or between individuals or corporations resident in Colombia are generally not allowed, with some particular exceptions. Among the more relevant are transactions between companies dedicated to the exploration and production of oil and gas, payments between residents through foreign accounts registered before the BR and the payment of international transport freights.

The following activities are subject to exchange market requirements: (i) the import and export of goods; (ii) foreign indebtedness; and (iii) foreign investment made in cash and guarantees issued in foreign currency or in transactions between residents and non-residents. These activities must be channeled through exchange market intermediaries such as local banks or through foreign accounts registered before the BR, and are subject to certain BR registration requirements.

Accounts receivable resulting from the aforementioned activities must be repaid in cash and cannot be offset against any credit or inventory arrangements.

### Sanctions

All foreign investors must register their investments or will risk incurring sanctions. Not registering a foreign investment in a timely and appropriate manner constitutes an exchange offense punishable by a fine of up to 200% of the amount of the non-registered investment. The amount is reduced to 70% if the offender admits its liability. Other penalties are imposed if foreign exchange regulations are not followed.

### Anti-Money Laundering

Colombia has implemented regulations for the control, mitigation and prevention of money laundering from terrorist activities, based on the recommendations made by the Financial Action Task Force and the Basel Committee on Banking Supervision. Colombian Law 526 of 1999 created the Special Administrative Unit for Financial Information and Analysis (“**UIAF**”), which is responsible for detecting money laundering operations as well as centralizing and analyzing data related to money laundering operations.

Institutions regulated by the “**CSF**” are required to implement an anti-money laundering and counter-terrorism financing risk management system. CSF-regulated corporations are also required to establish self-regulatory systems to manage money laundering and address terrorism financing risks.

### Taxes

Tax regulation is complex and subject to frequent amendments. Recent amendments have implemented base erosion and profit sharing measures as well as emphasized the enforcement of the value-added tax (“**VAT**”). Colombia has signed several international treaties following the OECD model to reduce the potential for double taxation. The Colombian tax system is comprised of national, departmental and municipal taxes.

The following is a summary of material Colombian tax regulations impacting Blueberries, which is current as at the date of this Listing Statement and is subject to legislative, judicial or

administrative change or interpretation. Any such change or interpretation could result in tax consequences, potentially on a retroactive basis, material to the Issuer's financial position.

#### *Income Tax on Economic Activities*

Colombian companies and individuals deemed residents for taxation purposes are taxed on their worldwide income. Non-resident corporations and individuals are taxed on their Colombian sourced income. Entities engaged in business cooperation agreements, including joint ventures, are taxed as separate taxpayers.

Companies are subject to income tax at a rate of 33% in 2018. Companies with a tax base of COP\$800,000,000 (approximately US\$266,000) or greater are subject to an additional tax surcharge of 4% in 2018. In addition to the above tax rate, a 0.966% municipal tax rate is payable on Blueberries SAS' net revenue.

Colombia's income tax regime presumes that a corporation's net income for tax purposes will, at a minimum, equal 3.5% of the corporation's net equity as calculated at December 31 of the prior year. The corporate tax rate is applied to the presumptive income. Corporations will be subject to the presumptive income whenever the net income of the current taxable year is lower than the presumptive income.

Capital gains are those profits arising from the disposition of assets which have been part of the fixed assets of the taxpayer for a period of at least two calendar years and are taxed at a rate of 10%. Capital losses may only be offset with capital gains over the following 12 taxation years.

#### *Non-Resident Income Tax*

For 2018, non-resident corporations will be taxed on their Colombian source income at a rate of 33%.

Payments to non-residents are generally subject to withholding tax at a rate of 15% with several exceptions, including payments by way of dividends. The withholding tax rate may be reduced if Colombia is a signatory to a tax treaty with the non-resident's home jurisdiction. Canada and Colombia have entered into a convention for the avoidance of double taxation. Accordingly, the Issuer may receive tax rate reductions depending on the scope of the payments that take place between Issuer and Blueberries SAS.

Under Colombian regulation, foreign companies receiving Colombian-sourced payments, such as interests or dividends may be subject to local tax obligations which in most cases is a withholding income tax. However, these taxes may be greatly reduced or even eliminated by the application of international tax treaties.

In addition to withholding tax, in some circumstances non-residents will be required to file and pay corporate taxes applicable to Colombian resident corporations, at the rates outlined in "*Carrying on Business in Colombia – Taxes – Income Tax on Economic Activities*".

#### Value-Added Tax

The VAT is a 19% indirect national tax applied on: (i) services rendered in Colombia for any individual or corporation, regardless its place of incorporation or tax residency; (ii) services rendered from abroad which are intended to benefit Colombian individuals or companies; (iii) the sale or import of goods; (iv) the first sale of residential units with a price exceeding approximately US\$285,000; and (v) the sale or transfer of intangible assets related to industrial property.

In most cases, VAT does not apply to the sale of fixed assets or export of goods and services. VAT does not apply to expressly excluded goods or services, including most groceries, energy, pharmaceuticals, medical services, certain transportation services, residential tenancies, education services, tickets (i.e. cultural events, sporting events, movies) and certain services related to agricultural activities. Various other products and services are exempt from the application of VAT, including the export of services (provided that certain conditions are complied with) and tourism services.

Generally, VAT paid by a corporation may be treated as an input tax credit if the good or service acquired is related to a VAT-taxable activity and can be characterized as an expense for tax purposes. Accordingly, the VAT payments that are generated by Blueberries SAS are creditable against any VAT paid by Blueberries SAS to third parties. Exporters and producers of exempt goods and services are refunded surplus input VAT.

#### *Tax on Dividends*

The tax treatment of dividends distributed to Colombian resident individuals differs depending on whether tax on the dividends was first paid by the corporation. If the dividends were taxed at the corporate level, they are subject to a progressive tax rate ranging from 0% to 10%. If the dividends were not taxed at the corporate level, they are subject to a 35% tax rate. In the last case, the 0-10% dividends tax rate will be applied once the 35% rate has been deducted.

The tax treatment of dividends distributed to Colombian resident corporations similarly varies based on whether tax was first paid by the corporation distributing the dividend. If tax was paid on the dividends by the corporation distributing the dividends, the dividends do not constitute taxable income in the hands of the recipient corporation. If tax was not paid by the distributing corporation, dividends are subject to tax at a rate of 33% (2018). Dividends will be subject to a withholding tax at a rate of 20% which is creditable for income tax purposes.

Dividends distributed to non-residents are taxed at a rate of 5% if tax was first paid on the dividends by the distributing corporation. If the dividends were not taxed at the corporate level, they are subject to a tax rate of 35%. In the last case, the 5% dividends tax rate will be applied once the 35% rate has been subtracted.

Under the tax treaty with Canada, Colombia may tax (i) dividends paid by Blueberries SAS at rate rate ranging between 5% and 15% on the gross amount of the dividend (5% if the Canadian entity controls at least 10% of the voting power of Blueberries SAS) and interest by Blueberries SAS to its parent at a withholding rate not to exceed 10% of the gross amount of the interest.

#### *Medicinal Cannabis Consumption Tax*

Law 1819 of 2016 created a Medicinal Cannabis Consumption Tax ("**MCCT**") levied on the sale of any manufactured products that contains psychoactive or non-psychoactive cannabis. The MCCT is assessed at a rate of 16%.

MCCT cannot be used as input tax credits for VAT purposes. In other words, the MCCT cannot be creditable for VAT purposes but can be treated as a deductible expense for income tax purposes. However, it may be treated as deductible expenses. The taxpayer is the buyer or producer of cannabis that submits cannabis to a transformation process. According to Colombian tax law, transformation is understood as (i) any process that implies changing the form of cannabis; (ii) any transmutation of flowering tops or with fruit, in any other product; or (iii) obtaining a derivative through any mechanical, physical, chemical or biological process from

psychoactive or non-psychoactive cannabis. These derivatives include, among others, oils, resins, tinctures, extracts or plant materials from cannabis plants.

### *Employment Contracts*

Colombian law permits parties to enter into employment relationships for the duration of a specific project, for a fixed period or indefinitely. Fixed term employment must be evidenced by a written employment agreement and the initial term may not exceed three years. Employment contracts may be renewed by the parties. Fixed term contracts are automatically renewed for an additional term in the event the relationship extends 30 days beyond the initial term and no party notifies the other of its intention not to extend the agreement. Unless expressly agreed otherwise, employment agreements are presumed to be indefinite in nature.

### *Termination of Employment Agreements*

An employment agreement may be terminated unilaterally, with or without cause, or by mutual consent. In case of unilateral termination by the employer without cause, the employee is entitled to damages payable by the employer. Damages vary depending on the salary level of the employee and the duration of the employment agreement.

Prior authorization from the Ministry of Labour is required for unilateral terminations involving defined classes of protected employees (i.e. those on maternity or sick leave, disabled employees, etc.) The authorization to unilaterally terminate an employment contract for a protected or unionized employee must be granted by the courts.

The amount of the compensation required upon termination varies based on the salary level of the employee and the duration of the employment agreement.

For agreements entered into for an indefinite term, severance rules apply as follows:

- For employees with a salary equivalent to less than 10 minimum monthly legal wages: 30 days' salary for the first year of services plus 20 additional days' salary for each subsequent year of service on a pro rata basis.
- For employees with a salary equivalent to 10 minimum monthly legal wages or more: 20 days' salary for the first year of services plus 15 additional days' salary for each subsequent year of service on a pro rata basis.

For fixed term agreements or agreements in which the term is subject to the performance of a specific job, upon termination, the employer must pay the employee the greater of the compensation for the remaining term of the contract or 15 days' salary.

### *Salaries*

Under Colombian law, salary includes fixed or variable remuneration as well as any other amount that the employee receives, in money or in kind, as direct compensation for services performed, regardless of the form or name given to it. By way of example, the following concepts, in principle (subject to the exclusions mentioned below), constitute salary: premiums, contractual bonuses, overtime pay for work on compulsory rest days, sales commissions, meals, housing or clothing benefits and permanent travel expenses for dining and lodging.

The following amounts are excluded from the definition of salary:

- Amounts granted to the employee occasionally as discretionary premiums, bonuses and gratuities.

- Amounts granted (in money or in kind) to properly perform an employee's functions, such as relocation and transportation allowances or stipends for work tools.
- Business development expenses incurred in the course of representing an employer at industry or entertainment-related events.
- Payments in respect of mandatory social benefits programs.
- Any customary or occasional extralegal benefit paid (in money or in kind) when the parties have expressly agreed in writing that these are not part of the salary and which by nature do not compensate the work or services provided.

### *Legal Guidelines for Establishing Salary Level*

There is no legal provision for establishing special salary levels, except for the minimum monthly legal wage. The minimum monthly legal wage in Colombia for 2018 is COP 781,242 (approximately US\$250.75<sup>6</sup>) per month. Employees earning less than twice the minimum wage also receive a transportation allowance of COP 88,211 (approximately US\$28.31<sup>6</sup>) per month and are entitled to receive uniforms from their employer.

In practice, and subject to the minimum monthly legal wage, salary levels depend on the criterion of the employer, the qualifications of the employee and, in general terms, on the specific characteristics of the activity performed (i.e. average salary levels applicable in the region for similar services).

Article 132 of the Labour Code establishes a term called “integral salary”, which refers to a salary that compensates the ordinary services rendered by an employee and incorporates all social benefits (including semester bonuses, severance pay and interest on severance pay), allowances, work performed on Sundays and holidays, and, in general, any other payment or benefit expressly identified in the agreement as part of the employee’s salary. Vacation time is the only benefit that is provided by an employer in addition to the lump sum integral salary.

Integral salary is applicable only if agreed to in writing with employees who have a monthly salary greater than 13 times minimum legal wages. For 2018, the minimum monthly integral salary is COP 10,156,150 (approximately, US\$3,260), which is adjusted annually based on increases to the minimum legal wage.<sup>6</sup>

### *Social Benefits*

Colombian labour law requires the employer to pay the employee certain mandatory social benefits. Social benefits are the minimum benefits payable to employees and are included in the monthly salary for those employees who have agreed to receive an integral salary. The following social benefits are established under Colombian law:

#### 1. Severance Pay and Interest on Severance Pay

As of December 31 of each year, employers must calculate the severance pay accrued for each employee during the corresponding calendar year, based on 1 months’ salary if the employee worked a full calendar year or on a pro rata basis if the employee worked less than 1 year.

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<sup>6</sup> Exchange rate equivalent to USD 1 = COP 3174.4497 as of January 31, 2019.

Employers must deposit the accrued severance pay into an account designated by each employee and held by a financial institution authorized by the government to receive and administer said funds by no later than February 15 of the following year.

Employees also receive direct interest payments equal to 12% interest per annum calculated on the accrued severance pay existing as of December 31 of each year, or on the date of termination of the employment, before January 30 of the following year.

## 2. Half-Yearly Bonus

This benefit is equivalent to 30 days of salary payable to employees and is paid in two tranches with 50% being paid on the last business day of June and the remaining 50% being paid within the first 20 business days of December. Both payments are made based on the time worked during the **previous** six-month period.

## 3. Dress and Shoes for Labour

Employees having a monthly salary not exceeding an amount equal to twice the minimum monthly legal wage are entitled to receive uniforms and shoes appropriate for work from the employer every four months.

### *Working Hours and Overtime*

On average, employees work eight hours per day to a maximum of 48 hours per week. Regulations governing hours of work and overtime pay do not apply to employees that perform managerial functions or handle funds or property. However, these employees are entitled to receive overtime surcharges for work completed on Sundays or holidays, unless otherwise provided for in an integral salary.

In exceptional circumstances, Colombian law permits overtime work up to two hours per day and 12 hours per week. The employer must apply to the Ministry of Labour and receive approval for a segment of non-managerial employees to accrue overtime hours.

If authorized by the Ministry of Labour, employees are entitled to the payment of a premium hourly wage equal to 125% of the employee's hourly wage for day shifts and 135% for night shifts. The Ministry of Labour can impose discretionary penalties on the employer for the non-compliance with overtime obligations in the form of fines of up to 5,000 minimum legal monthly wages.

From a legal point of view, employers must have received the required authorization for overtime from the Ministry of Labour in advance of employing employee(s) to work overtime, regardless if the overtime work is required urgently or not.

Colombian law does not establish categories of employees eligible for overtime work. To request overtime authorization, an employer must file an application before the Ministry of Labour that includes: the position and services provided by the required employees, the needs and activities of the company and any other information which support the overtime work.

Employees who perform supervisory functions, hold positions of trust or handle funds or property are considered exempt employees and are excluded from the legal maximum workday provisions requiring overtime pay. Exempt employees are only entitled to overtime for overnight shifts and shifts on Sundays and holidays. Exempt employees earning integral salary do not receive any additional payment.



### *Vacation*

Pursuant to Colombian Decree-Law 2663 of 1970 and its modification to Law 50 of 1990, all employees are entitled to 15 paid vacation days per year. Upon termination, employees are entitled to receive compensation for the accrued vacation days not used during the course of the employment.

Employees must use at least six vacation days per year. Subject to exceptions, unused vacation days may be carried over to subsequent years. Pursuant to a request from an employee, employers and employees may agree in writing to pay employees for up to 50% of accrued vacation days.

### *Annual Bonus*

Employees and employers can agree on non-salaried benefits or payments that do not directly remunerate the employee's services. These benefits are not included for the purposes of calculating social benefits, vacation, contributions to the social security system and payroll taxes.

### *Social Security Contributions*

Law 100 of 1993 requires all employees in Colombia to participate in the integral social security system, which includes mandatory health, worker compensation and pension programs.

Two mandatory pension programs exist in Colombia: (i) a fixed contribution scheme administered by Colpensiones, which is a public entity; and (ii) individual savings schemes through private pension funds regulated by the government.

Both pension schemes cover retirement, disability and death risks. The pension schemes are differentiated by the requirements for each program.

In the fixed contribution scheme, an individual has the right to receive a retirement pension upon reaching the legal retirement age (which is 57 years of age for women and 62 years of age for men) and if they have contributed to the pension plan for a minimum of 1,300 weeks. In the individual savings scheme, an individual may receive the retirement pension whenever the capital accrued in the individual account via contributions is enough to finance the pension. In addition to the mandatory pension programs, employees may voluntarily contribute to private pension funds.

All employees must be affiliated with a health service provider (an "EPS" or *Empresa Prestadora de Salud*), which provides coverage and reimbursement to individuals and their families for health services and medical coverage authorized by the Health Superintendence. An EPS does not provide health services directly and can be either private or government-owned.

Employers are required to engage their employees with a workplace accident insurance provider duly authorized to provide general medical care in the event an accident or illness occurs during the course of employment.

### *Employee Contributions*

On a monthly basis, 16% of an employee's salary is contributed to pension programs. The employers are responsible for contributing 12% of this, and the employees are responsible for

the remaining 4%. Employees COP 3,124,242 (approximately US\$1,123) are required to contribute up to an additional 2% towards their pension plan.

Contributions of 12.5% of employees' salaries are made to the EPS, with employers being responsible for contributing 8.5% of this amount and employees being responsible for the remaining 4%.

The quantum of contributions to labour risk entities is dependent on the corporation's unique risk factors. Contributions range from 0.348% to 8.7% of an employee's salary.

Employers are required to contribute 9% of their total payroll costs to family subsidy institutions as follows:

- 2% is allocated to the National Learning Service, which is a Colombian public institution focused on the provision of technical and higher education services;
- 3% is allocated to the Colombia Institute of Family Welfare, which is a Colombian public institution focused on early childhood care and protection services; and
- 4% is allocated to Family Welfare Funds, which are private entities focused on the improvement of the quality of life of employees.

Employees earning less than 10 times the minimum legal wages are exempt from paying the National Learning Service and Colombia Institute of Family Welfare contributions. In lieu of the above, employers contribute a total of 4% of payroll costs for employees earning less than 10 times the minimum legal wages.

If an employer pays integral salaries, the above-noted percentages will be applied to 70% of the employee's integral salary.

#### *Accident and Health Insurance*

There is no legal provision requiring employers to provide employees with occupational accident and health insurance. Insurance coverage is provided by social security entities. Extended coverage for accidents occurring during work activities is included in the integral social security system.

#### *Time Limits for Claims*

Labour law claims are subject to a three-year statute of limitations period commencing on the date of the claim's enforceability. However, in accordance with the Colombian Constitution, the right to bring claims related to pension rights have no statute of limitations period.

#### **Outstanding Asset-based Securities**

This information is not applicable to the Issuer.

#### **Mineral Projects**

This information is not applicable to the Issuer.

#### **Oil and Gas Operations**

This information is not applicable to the Issuer.

## 5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

As the Issuer will be formed as a result of the Business Combination, it does not have historical financial statements presented on a consolidated basis. The following table provides a brief summary of available pro-forma financial information of the Issuer as of October 31, 2018 and should be read in conjunction with the pro-forma financial statements of the Issuer attached hereto as Schedule D:

	Issuer Pro Forma (unaudited) as at October 31, 2018
Total Revenues	Nil
Total Assets	\$8,830,431
Total Long-Term Liabilities	Nil
Cash Dividends Declared Per Share	Nil

In addition, the following table summarizes selected pro-forma consolidated financial information for the Issuer as at October 31, 2018 and should be read in conjunction with the financial statements of CDN, Blueberries, and the pro-forma financial statements of the Issuer attached hereto as Schedules B, C, and D, respectively.

	CDN (unaudited) as at September 30, 2018 (\$)	Blueberries (audited) as at October 31, 2018 (\$)	Pro Forma Adjustments (\$)	Issuer Pro Forma (unaudited) as at October 31, 2018 (\$)
Current Assets	6,104	402,143	7,375,156	7,783,403
Total Assets	6,104	1,449,171	7,375,156	8,830,431
Current Liabilities	101,080	428,099	(293,936)	235,243
Long-Term Liabilities	Nil	Nil	Nil	Nil
Shareholders' equity (deficit)	(94,976)	1,021,072	7,669,092	8,595,188

### Dividends

The Issuer does not intend, and is not required, to pay any dividends on the Issuer Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. See Section 17 "Risk Factors".

### Foreign GAAP

The financial statements included in this Listing Statements have been, and the future financial statements of the Issuer shall be, prepared in accordance with IFRS.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

CDNM's annual Management's Discussion and Analysis (MD&A) for its most recent fiscal year ended March 31, 2018 has been posted and is accessible at [www.sedar.com](http://www.sedar.com) and is attached to this Listing Statement as Schedule F. Each of CDNM's interim MD&A for the first quarter ended June 30, 2018 and the second quarter ended September 30, 2018 has been posted and is accessible at [www.sedar.com](http://www.sedar.com). Each MD&A for the said fiscal periods is specifically incorporated into and forms an integral part of this Listing Statement, and should be read in conjunction with the CDNM Financial Statements and the notes thereto for the corresponding time periods.

The MD&A for the most recent fiscal period for Blueberries is attached to this Listing Statement as Schedule G, and should be read in conjunction with the Blueberries Financial Statements, and the notes thereto for the corresponding time periods.

## 7. MARKET FOR SECURITIES

The Issuer Shares are not listed on any exchange or market. The CSE has conditionally approved the listing of the Issuer Shares subject to the Issuer satisfying all conditions for listing.

## 8. CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Issuer after giving effect to the Business Combination:

Designation of Security	Authorized	Outstanding as at the date hereof (after giving effect to the Business Combination)
Issuer Shares	Unlimited	106,622,772
Issuer Warrants <sup>(1)</sup>	N/A	17,615,000
Finder Warrants <sup>(2)</sup>	N/A	2,466,100
Notes:		
As set out in " <i>General Development of the Business – Business Combination</i> ", under the Business Combination,		
(1) Issued in connection with the Subscription Receipt Financing. Each whole Issuer Warrant may be exercised for one Issuer Share at an exercise price of \$0.40 for 24 months from satisfaction of the Escrow Release Conditions.		
(2) Issued in connection with the Subscription Receipt Financing. Each Finder Warrant may be exercised for one Issuer Share at an exercise price of \$0.25 for 24 months from satisfaction of the Escrow Release Conditions.		

## 9. OPTIONS TO PURCHASE SECURITIES

In connection with the Business Combination, the Issuer adopted the Issuer Option Plan on the terms set out below. The Issuer Option Plan was approved by shareholders of CDNM on December 6, 2018.

A brief summary of the Issuer Option Plan is set out under Section 15 "Executive Compensation".

The Issuer Option Plan provides that other terms and conditions may be attached to a particular Issuer Option at the discretion of the Issuer.

It is expected that, immediately following the completion of the Business Combination, the following options will be issued and outstanding under the Issuer Option Plan:

Category	Number of Issuer Options Option	Exercise Price per Issuer Share (\$)	Expiry Date
All executive officers and directors of the Issuer	3,825,000	0.40	Five Years From Grant Date
All other employees of the Issuer	525,000	0.40	Five Years From Grant Date
All consultants of the Issuer	440,000	0.40	Five Years From Grant Date
<b>Total</b>	<b>4,790,000</b>		

### Issuer Finder Warrants

The following table summarizes the Issuer Finder Warrants that will be issued and outstanding following completion of the Business Combination.

Finder Warrant Holder <sup>(1)</sup>	Number of Finder Warrants	Exercise Price (\$)	Expiry
PowerOne Capital Markets Ltd.	2,466,100	0.25	24 Months from the Escrow Release Date
Note: (1) Finder Warrants issued under the Subscription Receipt Financing			

## 10. DESCRIPTION OF SECURITIES

### *Issuer Shares*

Upon completion of the Business Combination, the CDNM Shares will be the Issuer Shares. The authorized capital of the Issuer shall consist of an unlimited number of Issuer Shares. Holders of Issuer Shares are entitled to dividends, if, as and when declared by the Issuer Board, to one vote per share held at meetings of shareholders of the Issuer and, upon dissolution, to share equally in such assets of the Issuer as are distributable to the holders of Issuer Shares. There are currently no Issuer Options outstanding; however, it is anticipated that 4,790,000 Issuer Options will be granted upon completion of the Business Combination. After giving effect to the Business Combination, there will be 106,622,772 Issuer Shares issued and outstanding.

### Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Issuer.

### Prior Sales

In the 12 months preceding the date of this Listing Statement, CDNM did not sell or distribute any securities.

The following table summarizes the issuances of securities of Blueberries in the 12 months preceding the date of this Listing Statement.

Date of Issuance	Number and Type of Securities	Issuance (or Deemed Issuance) Price Per Security (CAD\$)	Details of the Issue
September 5, 2018	1 Blueberries Share	Nominal consideration	Incorporation of Blueberries <sup>7</sup>
October 3, 2018	17,500,000 Blueberries Shares	See Details of the Issue	Share Purchase <sup>8</sup>
October 3, 2018	38,500,000 Blueberries Shares	\$1 (aggregate)	Share Purchase <sup>9</sup>
October 10, 2018	7,000,000 Blueberries Shares	\$0.05	Private Placement
October 11, 2018	1,000,000 Blueberries Shares	\$0.25	Private Placement
October 18, 2018	34,130,000 Subscription Receipts	\$0.25	Private Placement
October 19, 2018	800,000 Subscription Receipts	\$0.25	Private Placement
October 23, 2018	100,000 Subscription Receipts	\$0.25	Private Placement
October 25, 2018	200,000 Subscription Receipts	\$0.25	Private Placement

### Stock Exchange Price

The CDN Shares are listed on the CSE under the ticker symbol “CMS”; however, the CDN Shares were suspended from trading on the CSE on August 8, 2017. The closing price of the CDN Shares on the CSE on August 7, 2017 was \$0.01.

### 11. ESCROWED SECURITIES

As required under the policies of the CSE, principals of the Issuer will, in connection with the completion of the Business Combination, enter into an escrow agreement (the “**Escrow Agreement**”) as if it was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (“**NP 46-201**”). The escrow agent is Computershare. Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers.

The form of the Escrow Agreement must be as provided in NP 46-201. The following securities of the Issuer will be held in escrow on completion of the Business Combination:

Principal	Number of Securities Held in Escrow <sup>(1)(2)</sup>	Percentage of Class of Shares <sup>(3)</sup>
Tora Blue International Corp. <sup>(4)</sup>	17,500,000 Issuer Shares	16.4%
Black Swan Finance Corp.	7,916,667 Issuer Shares	7.4%

<sup>7</sup> Subsequently repurchased for cancellation

<sup>8</sup> 17,500,000 Blueberries Shares issued in connection with the sale of Blueberries SAS to Blueberries. See Section 3 – General Development of the Business

<sup>9</sup> Issued in consideration for reasonable value of services performed by former shareholders of Blueberries SAS. See Section 3 – General Development of the Business

VP Bank AG	7,916,666 Issuer Shares	7.4%
White Raven Corp.	7,150,000 Issuer Shares	6.7%
2599584 Ontario Inc.	5,000,000 Issuer Shares	4.6%
Cosmos Holding Group SA de CV	4,000,000 Issuer Shares	3.7%
The DiCapo Family Trust	2,916,667 Issuer Shares	2.7%
Dorson Commercial Corp. <sup>(5)</sup>	700,000 Issuer Shares	<1%
Camilo Villalba	300,000 Issuer Shares	<1%
Patricio Villalba	300,000 Issuer Shares	<1%
Chris Reid	200,000 Issuer Shares	<1%
Christian Toro	100,000 Issuer Shares	<1%
<b>Total:</b>	<b>54,000,000 Issuer Shares</b>	<b>50.6%</b>

(1) An aggregate of 54,000,000 Issuer Shares are to be held in escrow which comprise all shares of the Issuer issued as “Builder Shares” (as such term is defined in accordance with the policies of the CSE) or to “Principals” of the Issuer prior to the Business Combination, “Principals” being (i) directors and senior officers of the Issuer or any material operating subsidiary owning shares of the Issuer carrying 1% or more of the voting rights upon completion of the Business Combination, (ii) promoters of the Issuer during the two years preceding the Business Combination owning shares of the Issuer carrying 1% or more of the voting rights upon completion of the Business Combination, (iii) holders of more than 10% of the outstanding shares of the Issuer immediately before the Closing Date who also have a right to elect or appoint a director or senior officer of the Issuer or a material operating subsidiary, (iv) holders of more than 20% of the outstanding shares of the Issuer immediately before the Closing Date, (v) companies, trusts, partnerships or other entities held more than 50% by one or more of the foregoing, and (vi) spouses or other relatives that live at the same address as any of the foregoing.

(2) Computershare acts as escrow agent.

(3) Based on 106,622,772 Issuer Shares outstanding on a non-diluted basis on completion of the Business Combination.

(4) This entity is beneficially owned and controlled equally by Andres Castañeda and Paola Castañeda, who are two unrelated individuals.

All of the foregoing Issuer Shares (collectively, the “**Escrowed Shares**”) are to be released from escrow based on the following schedule:

<b>Proportion to be Released</b>	<b>Release Date</b>
1/10 of the Escrowed Shares	Listing Date
1/6 of the Remaining Escrowed Shares	6 months from the Listing Date
1/5 of the Remaining Escrowed Shares	12 months from the Listing Date
1/4 of the Remaining Escrowed Shares	18 months from the Listing Date
1/3 of the Remaining Escrowed Shares	24 months from the Listing Date
1/2 of the Remaining Escrowed Shares	30 months from the Listing Date
The Remaining Escrowed Shares	36 months from the Listing Date

## 12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of CDN and Blueberries, as of Closing only the following shareholders will beneficially own or exercise control or direction over Issuer Shares carrying more than 10% of the votes attached to such Issuer Shares.

<b>Name</b>	<b>Number of Issuer Shares</b>	<b>Percentage of Equity of the Issuer After Giving Effect to the Business Combination (Undiluted)<sup>(1)</sup></b>	<b>Percentage of Equity of the Issuer After Giving Effect to the Business Combination (Fully Diluted)<sup>(2)</sup></b>	<b>Type of Ownership<sup>(3)</sup></b>
Tora Blue International Corp. <sup>(3)</sup>	17,500,000	16.4%	13.3%	Direct
<p>Notes:</p> <p>(1) Based on 106,662,759 Issuer Shares outstanding on a non-diluted basis on completion of the Business Combination.</p> <p>(2) Based on 131,493,872 Issuer Shares outstanding on a fully-diluted basis on completion of the Business Combination.</p> <p>(3) Tora Blue International Corp. is an entity beneficially owned and controlled equally by Andres Castañeda and Paola Castañeda, who are two unrelated individuals.</p>				

## 13. DIRECTORS AND OFFICERS

### Directors, Officers and Management of the Issuer

The following table lists the names and municipalities of residence of the proposed, officers and promoters of the Issuer upon completion of the Business Combination, their current and anticipated positions and offices with the Issuer, respectively, their principal occupations during the last five years and the number and percentage of Issuer Shares anticipated to be owned, directly or indirectly, or over which control or discretion is exercised by each.



Name and Municipality of Residence	Proposed Office with Issuer	Principal Occupation and Positions Held During the Last Five Years	Number and Percentage of Issuer Shares Owned, Beneficially Held or Controlled upon Completion of the Business Combination
Christian Toro <i>Bogota, Colombia</i>	Chief Executive Officer and a Director	Chief Executive Officer of Blueberries (September 2018 - Present); and Chief Executive Officer of Publicidad Toro (June 1983 - August 2018).	100,000 Issuer Shares (<1%)
Chris Reid <i>Calgary, Alberta, Canada</i>	Interim Chief Financial Officer	Chief Financial Officer of Blueberries (October 2018-Present), Chief Executive Officer and President of Petrodorado, a petroleum company with operations in Colombia, since January 2016 and as the Chairman since May 2016. Mr. Reid also served as the Interim Chief Executive Officer, Chief Financial Officer and Interim President of Petrodorado from February 2012 to January 2016.	900,000 Issuer Shares (<1%)
Camilo Villalba <i>Bogota, Colombia</i>	Chief Operating Officer	Chief Operating Officer of Blueberries (September 2018 - Present), Managing Partner of Optim Holdings SAS (September 2016 - Present), Project Director of Once Energy (April 2015 - July 2016), Project Development Manager in Grand Vision Energy (March 2013 - March 2015).	300,000 Issuer Shares (<1%)
Andres Vidal <i>Bogota, Colombia</i>	Director	Chief Executive Officer of Harmony & Lifes Honey S.A.S. (December 2012 - Present).	Nil
Francisco Sole <i>Bogota, Colombia</i>	Director	Director of Grupo Planeta (December 2013 - Present).	Nil
Andres Castañeda <i>Bogota, Colombia</i>	Country Manager	Chief Executive Officer of Blueberries SAS (January 2017 - Present), Pipeline Leader of Pacific Exploration and Production (November 2014 - January 2017), Revenue & G&A Coordinator of Petrominerales Colombia Ltd (September 2008 - November 2014).	8,750,000 Issuer Shares <sup>(1)</sup> (8.2%)
Paola Castañeda <i>Bogota, Colombia</i>	Director and Advisor	Chief Financial Officer of Blueberries SAS (February 2018 - Present), Reporting Accounting Leader of Frontera Energy (February 2017 -	8,750,000 Issuer Shares (8.2%) <sup>(1)</sup>

		February 2018), International Accounting Leader of Pacific Stratus Energy (June 2010 - February 2017).	
Patricio Villalba <i>Bogota, Colombia</i>	Director	Chief Executive Officer Stratus Energy Corp (January 2016 – Present), Vice President of Oleum Energy (January 2014 - October 2016), Coal & Energy SAS (June 2011 - January 2014).	300,000 Issuer Shares (<1%)
Catherine Lathwell <i>Toronto, Ontario</i>	Director	Principal at Impresario Accounting (2009 – Present); Accountant, PowerOne Capital Markets Limited (October 2015 – May 2018)	Nil
Matthew Bajurny <i>Toronto, Ontario</i>	Director	Senior Analyst – Finance, White Gold Corp. (August 2018 - Present); Senior Associate, PwC LLP (January 2017 – August 2018); Staff Accountant, Crowe MacKay LLP (April 2015 - December 2016); Financial Interim, MOL (Canada) Inc. (April 2014 - March 2015).	Nil
<p>Note:</p> <p>(1) Collectively, 17,500,000 Issuer Shares will be held through Tora Blue International Corp., an entity beneficially owned and controlled equally by Andres Castañeda and Paola Castañeda, who are two unrelated individuals.</p>			

Each of the proposed directors of the Issuer will hold office until the next annual meeting of the shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Issuer’s articles or by-laws.

### Committees of the Board of Directors

Directors will be appointed to the Compensation Committee and the Corporate Governance and Nominating Committee following completion of the Business Combination in accordance with regulatory guidelines. The composition and mandate of such committees will be determined by the Issuer Board.

It is anticipated that the Audit Committee will be comprised of three directors as follows: Francisco Sole (Chair), Catherine Lathwell and Matthew Bajurny. Messrs. Sole and Bajurny, and Ms. Lathwell are all “independent”, as such term is defined within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Each proposed member of the Audit Committee is also “financially literate”, as such term is defined within the meaning of NI 52-110, and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

### Penalties and Sanctions

No proposed director, officer, promoter of the Issuer or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities

regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body including a self-regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Business Combination.

### **Corporate Cease Trade Orders or Bankruptcies**

No proposed director, officer, promoter of the Issuer or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, within 10 years before the date of this Listing Statement, has been, a director, officer or promoter of any Person or company that, while that Person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

No director, officer or shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### **Conflicts of Interest**

There are potential conflicts of interest to which the directors, officers and promoters of the Issuer will be subject with respect to the operations of the Issuer. Certain of the directors or officers serve as directors or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoters of the Issuer will be engaged in direct competition with the Issuer. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the BCBCA. The BCBCA requires that directors and officers of the Issuer, who are also directors or officers of a party which enters into a material contract with the Issuer or otherwise have a material interest in a material contract entered into by the Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Issuer's directors to approve the contract.

The following biographies provide certain selected information in respect of the persons who will be serving as officers and/or management of the Issuer:

#### ***Christian Toro (Chief Executive Officer and a Director)***

Mr. Toro has over 40 years of applicable work experience. Mr. Toro began his professional career at Publicidad Toro in 1978, a leading Colombian marketing and advertising firm, and was appointed Chief Executive Officer in 1982. Mr. Toro is also the founder of Manning Selvage & Lee (a public relations firm) and Arena (a media buying company). Mr. Toro has worked in advertising and marketing for the National Coffee Growers Association in Colombia for more than 25 years. Mr. Toro has been a university professor and image consultant for presidents, senators and other politicians. He is also a member of the board of directors of Corporacion Matamoros (Ministry of National Defense of Colombia). Mr. Toro is a distinguished member of Colombian civil society and has been the recipient of many accolades, including: being named

“Buen Ciudadano” (Good Citizen) which is the highest rank from the National Police of Colombia; Ministry of Defense “Distinguished Services” Award; invited to be a member of, and has served as president of both, the Young Presidents Organization and the World Presidents Organization; recognized as advertising and marketing man of the year in 2007 and in 1997 was recognized as one of the top ten (10) executives in Colombia.

***Chris Reid (Interim Chief Financial Officer)***

Mr. Reid has served as the Chief Financial Officer for CruzSur Energy Corp (formerly PentaNova Energy Corp), a petroleum company with operations in Colombia and Argentina since April 2017. Mr. Reid has also served as the Chief Executive Officer and interim President of Petrodorado Energy Ltd. (“**Petrodorado**”), a petroleum company with operations in Colombia, since January 2016 and has served as the Chairman since May 2016. Mr. Reid also was the Interim Chief Executive Officer, Chief Financial Officer and Interim President of Petrodorado from February 2012 to January 2016, where he was involved in the turnaround of the company through a divestiture program. Additionally, Mr. Reid has been a director of Potash Ridge Corporation since June 1, 2016. Mr. Reid is a Chartered Professional Accountant whose career includes 12 years of experience in industry and international business. Mr. Reid is currently a director of First Cobalt Corp., Potash Ridge Corp., Integrated Energy Storage Corp. and Petrodorado.

Mr. Reid is a member of the Institute of Chartered Accountants of Alberta and the Chartered Professional Accountants of Alberta. Mr. Reid holds a Bachelor of Business Administration from Saint Francis Xavier University.

***Camilo Villalba (Chief Operating Officer)***

Mr. Villalba was a founding partner in 2016 of Optim Holdings, a consulting firm focused on natural resources to assist companies in the development of investment projects along the value chain in oil and gas and mining industries. In 2015 and 2016 Mr. Villalba worked for Oleum Energy in Mexico City, participating and leading the screening, analysis and development of different business opportunities emerged from the energy reform in Mexico. With proven results, structuring a successful financial offer in the bidding process held by the National Hydrocarbons Commission, obtaining for the company a strategic Oil & Gas asset with one of the lowest offers in the round. In 2013 and 2014 Mr Villalba worked for Ancara Energy Inc., a company that creates and structures oil and gas assets portfolios for foreign investors, coordinating processes with some of the top investment banks in Canada and the USA.

Mr. Villalba obtained a bachelor degree in Finance and International Trade and a Masters in Business Administration (MBA) from the London School of Business (2010), and a specialization in the oil and gas industry from Saint Vincent College (2014).

***Andres Vidal (Independent Director)***

Mr. Vidal has over 18 years of general experience in the pharmaceutical sector with over seven years of experience relating specifically to sales and marketing in the pharmaceutical industry. He is a surgeon and is currently the general manager of Harmony and Life S.A.S, which is a company that provides alternative medicinal services, where he is responsible for preparing and implementing comprehensive business plans as well as developing and executing the company’s business strategies. Mr. Vidal has developed several programs related to continuing medical education and the development of technical argumentation, has conducted sales force training, and collaborated in the development of visual aids for medical visits, and key opinion

leader (KOL) development plans. Mr. Vidal has been involved with product development and the registration of certain medicines before Colombian governmental authorities.

Mr. Vidal obtained a Medical Doctorate (2002) and Master's Degree in Pharmacology (2008) from the Universidad Nacional de Colombia, and a postgraduate studies degree in Healthcare Marketing (2012) from Universidad Jorge Tadeo Lozano. He is currently enrolled in a postgraduate studies degree in Vegetal Pharmacology for Physicians at Clinica Universitaria Juan N Corpas in Bogota, Colombia.

***Francisco Sole (Independent Director)***

Mr. Sole is currently a member of the board of directors of Mapfre Seguros Generales de Colombia and has served in various capacities with Grupo Planeta, a Colombian publishing and media company, since 1989 and is currently the Chairman of the Board of Directors of Grupo Planeta in Colombia and the Hispano-Colombian Chamber of Commerce. He is an advisor to the General Directorate of Indra and General Director of Empresas; Inversiones Rasma, S.A.S. Begar Andina, S.A.S., Seralia Andina, S.A.S. and Andina Media de Inversiones, S.A.S. Mr. Sole has also been General Director for America of Grupo Planeta, Corporate President for the Andean Area of Grupo Planeta, Vice President of El Tiempo Publishing House and Member of the Board of Directors for CEET TV, El Tiempo Publishing House and Canal 3 Television in Colombia. From 1985-1989, he was General Director and Director of Administration at the oil refining company Lubricantes del Este de Espana (LUDESA) in Spain. He has also been Department Head, Accountant and Section Chief in the department of cost accounting at Novartis, a chemical and pharmaceutical company.

***Andres Castañeda (Country Manager)***

Mr. Castañeda is the Chief Executive Officer and co-founder of Blueberries SAS, and has experience in managing blueberry cultivation in the Bogotá savanna, as one of the pioneers in the region. Mr. Castañeda formed a solid technical and administrative team that has made Blueberries SAS a success in blueberry cultivation and is expected to provide technical assistance and advice to the company as it transitions to cannabis cultivation.

Mr. Castañeda is a Chartered Accountant specializing in international accounting with 12 years of experience leading the finance, logistics and marketing functions for various entities, and has experience in Canada and Bahamas where he has worked day-to-day in finance and accounting roles.

***Paola Castañeda (Director and Country Financial Manager)***

Mrs. Castañeda is the Chief Financial Officer and co-founder of Blueberries SAS. Mrs. Castañeda has developed exceptional management and board skills and has a strong knowledge of the international oil and gas sector as well as financial reporting requirements. Mrs. Castañeda's role at Blueberries SAS also includes developing and fostering strategic alliances with clients and suppliers and she will provide technical assistance and advice to the company as it transitions to cannabis cultivation and marketing.

Mrs. Castañeda obtained her Bachelor's Degree in Finance and a Masters of Banking and Finance from La Universidad de los Andes in Bogotá, Colombia, with a focus on international trade and marketing.

***Patricio Villalba (Independent Director)***

Mr. Villalba has over 20 years of experience in Latin America in the mining, exploration, logistics and trading of hydrocarbons, notably in Colombia and Mexico, and he has developed an extensive network in governmental and private organizations at both the local and international levels. Mr. Villalba has an active presence in up-mid and downstream projects with important achievements in the development of integral logistics, achieving economic efficiencies, delivery times and commercialization, specifically in Mexico.

***Catherine Lathwell (Independent Director)***

Ms. Lathwell, is a CPA, CGA, Chartered Professional Accountants of Ontario finalist and currently the principal and senior accountant at Impresario Accounting, a full service accounting firm. Ms. Lathwell has developed financial literacy through her many years as a full cycle accountant for private and public companies and her studies in the area. Ms. Lathwell is a graduate of the University of Toronto with distinction.

***Matthew Bajurny (Independent Director)***

Mr. Bajurny, CPA, is currently a senior financial analyst at White Gold Corp. (TSXV: WGO), and has strong financial literacy skills through his post-secondary education having achieved a Bachelor of Commerce in Accounting at the University of Guelph, combined with his years of professional experience in financial statement audit at public accounting firms PwC LLP and Crowe Mackay LLP.

**14. CAPITALIZATION**

Please see Schedule A for the capitalization information required in section 14 of CSE Form 2A.

**15. EXECUTIVE COMPENSATION**

***The statement of executive compensation contained in this section relates only to the proposed executive compensation of the Issuer assuming completion of the Business Combination, and should be read and interpreted as though the Business Combination has been completed.***

**General**

Executive compensation is required to be disclosed for (i) the Chief Executive Officer (or the individual who served in a similar capacity during the most recently completed financial year), (ii) the Chief Financial Officer (or the individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or the three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "NEOs").

Upon completion of the Business Combination, the Issuer will still be in its early stages of development. It is expected that the Issuer will form a compensation committee after completion of the Business Combination. Initially, the compensation program for the Issuer will only provide

for a base amount of cash compensation, with no formal long-term equity plan or bonus program in place.

Other than as described above, the Issuer does not intend to provide the NEOs with any additional personal benefits, nor does the Issuer intend to provide any additional compensation to its NEOs for serving as directors of the Issuer.

The Issuer Board as a whole determines the level of compensation in respect of the Issuer's senior executives. There were no long-term incentive awards. There are no pension plan benefits in place for the named executives and none of the NEOs, senior officers or directors of the Issuer are indebted to the Issuer. In addition, there are no plans in place with respect to the NEOs for termination of employment or change in responsibilities.

### **Base Salaries**

To set base compensation levels, the Issuer will give consideration to objective factors such as level of responsibility, experience and expertise and subjective factors such as leadership, commitment and attitude.

### **Option-Based Awards**

Following completion of the Business Combination, the Issuer intends to grant Issuer Options to purchase an aggregate of up to 4,790,000 Issuer Shares to the Issuer's directors and to certain officers and employees at an exercise price equal to the issue price of the Subscription Receipts, representing less than one percent of the equity of the Issuer on a post-Business Combination basis.

It is expected that options awards held by management will be taken into consideration by the Compensation Committee at the time of any subsequent grants under the Compensation Plan in determining the quantum or terms of any such subsequent award grants. Issuer Options (and other awards) may be granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Issuer. The size of the award grants is anticipated to be in proportion to the deemed ability of the individual to make an impact on the Issuer's success, as determined by the Issuer Board.

A material summary of the terms of the Issuer Option Plan is set below:

#### *Purpose*

The purpose of the Issuer Option Plan is to authorize the grant to eligible persons, being directors, employees, officers or eligible consultants and investor relations persons (collectively, the "**Eligible Participants**") of the Issuer or its affiliates of Issuer Options to acquire Issuer Shares and thus benefit the Issuer by enabling it to attract, retain and motivate Eligible Participants by providing them with the opportunity, through Issuer Options, to acquire an increased proprietary interest in the Issuer.

#### *Eligible Participants*

Issuer Options may be granted to Eligible Participants. Subject to the provisions of the Issuer Option Plan, the Issuer Board has the authority to determine the terms, limitations, restrictions and conditions applicable to the vesting or to the exercise of an Issuer Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Issuer Shares acquired on exercise of an Issuer Option.

### *Vesting*

The Issuer Board will establish vesting and other terms and conditions for an Issuer Option at the time each Issuer Option is granted.

### *Securities Issuable under the Issuer Option Plan*

The aggregate number of Issuer Shares reserved for issuance for all Issuer Options granted under the Issuer Option Plan must not exceed 10% of the Issuer Shares issued and outstanding (on a non-diluted basis) at the time of granting the Issuer Option.

The maximum number of Issuer Shares which may be reserved for issuance to insiders under the Issuer Option Plan, any other stock option plans of the Issuer or options for services, shall be 10% of the Issuer Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The maximum number of Issuer Shares which may be issued to insiders under the Issuer Option Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of Issuer Shares which may be issued to any one insider and his or her associates under the Issuer Option Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the Issuer Shares outstanding at the time of the grant (on a non-diluted basis).

### *Exercise Price and Term*

Each Issuer Option is confirmed by an option agreement or option grant letter or other form of confirmation (electronic or otherwise) as prescribed by the Issuer Board from time to time. The Issuer Board shall establish the exercise price of an Issuer Option at the time the Issuer Option is granted. The exercise price may not be less than the "market price" (as defined in the Issuer Option Plan) on the date of grant, being the greater of the closing market price of the Issuer Shares on the CSE on: (a) the trading day prior to the date of grant of the Issuer Options; and (b) the date of grant of the Issuer Options. In the event that the Issuer Shares are not then listed and posted for trading on the CSE or such other stock exchange or quotation system on which the Issuer Shares are listed or quoted from time to time, the market price shall be determined by the Issuer Board in its sole discretion. Issuer

### *Cessation or Termination of Options*

Subject to the death of an optionee, if any optionee who is a service provider shall cease to be an Eligible Participant for any reason (whether or not for cause) the optionee may, but only within the period of 90 days (unless such period is extended by the Issuer Board or the a committee of the Issuer Board, as applicable, to a date no later than the date the relevant options would have otherwise expired, and approval is obtained from the stock exchange on which the Issuer Shares trade where required), or 30 days if the Eligible Participant is an Investor Relations Person (as such term is defined under the Issuer Plan) unless such period is extended by the Issuer Board or committee of the Issuer Board, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Issuer Shares trade where required), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided below.

In the event of the death of an optionee during the currency of the optionee's option, the option granted to the optionee shall be exercisable within, but only within, the period of one year next



succeeding the optionee's death (unless such period is extended by the Issuer Board or a committee of the Issuer Board, as applicable, to a date no later than the date the relevant options would have otherwise expired, and approval is obtained from the stock exchange on which the Issuer Shares trade where required).

#### *Assignability*

An Issuer Option granted under the Issuer Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such Issuer Option shall be exercisable, during an optionee's lifetime, only by the optionee.

#### *Amendment Provisions*

The Issuer Board or a committee of the Issuer Board, as applicable, may at any time amend or terminate the Issuer Plan, but where amended, such amendment is subject to regulatory approval. Notwithstanding the foregoing, in the event the Issuer Shares are listed on the CSE, the terms of an option may not be amended once issued; and if an option is cancelled prior to its expiry date, the Issuer must post notice of the cancellation and shall not grant new Issuer Options to the same Eligible Participant until 30 days have elapsed from the date of cancellation.

#### **Summary Compensation Table**

The following table sets out all anticipated annual compensation to be paid by the Issuer during the twelve-month period following the closing of the Business Combination.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$) <sup>(4)</sup>
					Annual incentive plans	Long-term incentive plans <sup>(2)</sup>			
Christian Toro <i>Chief Executive Officer</i>	2019	\$130,000	Nil	\$500,000	N/A	N/A	N/A	Nil	\$630,000
Chris Reid <i>Interim-Chief Financial Officer</i>	2019	\$120,000	Nil	Nil	N/A	N/A	N/A	Nil	\$120,000
Camilo Villalba <i>Chief Operating Officer</i>	2019	\$120,000	Nil	\$500,000	N/A	N/A	N/A	Nil	\$620,000

(1) Option based grants may be awarded to NEOs in fiscal 2019.

(2) It is expected that NEOs will be able to fully participate in employee benefits of the Issuer, and reasonable business expenses, including travel and lodging, will be reimbursed to NEOs.

(3) This figure does not include the potential value of securities or benefits proposed to be issued, paid or reimbursed in footnotes (1) and (2) above.

Equity-based awards, if any, for fiscal 2019 will be determined by the Issuer Board or a committee thereof. See "*Executive Compensation – Compensation Plan*".

Any additional compensation to be paid to the NEOs for fiscal 2019 will be determined by the Issuer Board or a committee thereof. As of the date hereof, the Issuer Board does not intend to pay any NEO perquisites in aggregate worth \$50,000 or more, or worth 10% or more of such NEO's total salary, for fiscal 2019.

### **Incentive Plan Awards**

Immediately prior to Closing, there will not be any share-based or option-based awards outstanding.

### **Options to Purchase Securities**

It is expected that the Issuer will grant 4,790,000 Issuer Options upon completion of Business Combination. The Issuer Board may also decide to grant new Issuer Options in the future.

### **Pension Plan Benefits**

The Issuer does not intend to implement any pension or retirement plan which is applicable to the NEOs. Blueberries has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who has acted or will act as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person.

### ***Defined Benefits Plans***

On completion of the Business Combination, the Issuer will not have a defined benefits pension plan.

### ***Defined Contribution Plans***

On completion of the Business Combination, the Issuer will not have a defined contribution plan.

### ***Deferred Compensation Plans***

On completion of the Business Combination, the Issuer will not have a deferred compensation plan.

### **Termination and Change of Control Benefits**

Other than as disclosed herein, the Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

It is contemplated that on completion of the Business Combination, the Issuer will enter into employment agreements with each of Messrs. Christian Toro, Camilo Villalba, Christopher Reid, Andres Casteneda, and Mrs. Paola Casteneda that will provide for a payout of salary and bonuses to be negotiated in accordance with standard market practice and based on comparable issuers in the same sector.

## **Director Compensation**

Directors of the Issuer will receive fees in the amount of approximately USD\$1,000 per meeting attended and will be awarded Issuer Options under the Issuer Option Plan. The Issuer does not intend to implement any pension plan or other arrangement for non-cash compensation for its directors who are not NEOs. In the 12 months following the completion of the Business Combination, the Issuer may issue stock options to directors, officers, certain technical employees and consultants from time to time.

Other than as set forth in the foregoing, no director of the Issuer who is not an NEO has received compensation pursuant to:

- (a) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (b) any arrangement for the compensation of directors for services as consultants or experts.

## **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No existing or proposed director, executive officer or senior officer of the Issuer is currently indebted to the Issuer.

## **17. RISK FACTORS**

*The following specific risk factors could materially adversely affect the Issuer and should be considered when deciding whether to make an investment in the Issuer and the Issuer Shares. Some of the following risk factors are interrelated and, consequently, investors should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect the Issuer or the Issuer Shares and additional risks and uncertainties not currently known to the Issuer, or that it currently deems to be immaterial, may also impair the business, financial condition and results of operations of the Issuer or the value of the Issuer Shares. If any of the following risks or other risks occur, they could have a material adverse effect on the Issuer's business, financial condition and results of operations or the value of the Issuer Shares. There is no assurance that any risk management steps taken by the Issuer will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.*

### **Risks generally related to the Issuer**

***The Issuer is a development stage company with limited operating history.***

As the Issuer has only recently becoming a going concern, it is extremely difficult to make accurate predictions and forecasts of its finances. This is compounded by the fact the Issuer intends to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that the Issuer's products or services will be attractive to potential consumers.

***Uncertainty about the Issuer's ability to continue as a going concern.***

The Issuer's ability to continue as a going concern will be dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Issuer; however, there can be no certainty that such funds will be available at terms acceptable to the Issuer, or at all. These conditions indicate the existence of material

uncertainties that may cast significant doubt about the Issuer's ability to continue as a going concern.

***The Issuer's actual financial position and results of operations may differ materially from the expectations of the Issuer's management.***

The Issuer's actual financial position and results of operations may differ materially from management's expectations. As a result, the Issuer's revenue, net income and cash flow may differ materially from the Issuer's projected revenue, net income and cash flow. The process for estimating the Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Issuer's financial condition or results of operations.

***Probable lack of business diversification.***

Because the Issuer will be initially focused solely on developing its cannabis business, the prospects for the Issuer's success will be dependent upon the future performance and market acceptance of the Issuer's intended facilities, products, processes and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, the Issuer does not anticipate having the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. Again, the prospects for the Issuer's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

***Regulatory compliance risks.***

Achievement of the Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer may not be able to obtain or maintain the necessary licences, permits, quotas, authorizations or accreditations to operate its business or may only be able to do so at great cost. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. To date, the Issuer, through Blueberries SAS has received the Licences to cultivate Low THC Medicinal Cannabis and to cultivate High THC Medicinal Cannabis from the Colombian government manufacture cannabis derivatives. The impact of the compliance regime, any delays in obtaining or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The officers and directors of the Issuer must rely, to a great extent, on the Issuer's Colombian legal counsel and local consultants retained by the Issuer in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Issuer's business operations, and to assist the Issuer with its governmental relations. The Issuer must rely, to some extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of, and appreciation for, the local business culture and practices in Colombia. The Issuer also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local

business practices in Colombia are beyond the control of the Issuer and may adversely affect its business.

The Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increase compliance costs or give rise to material liabilities, which could all have a material adverse effect on the business, results of operations and financial condition of the Issuer.

### ***Canadian regulatory and civil proceedings.***

The Issuer operates in Colombia pursuant to licences and authorizations granted by Ministry of Justice and the Ministry of Health. Consequently, certain activities conducted by the Issuer are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. Despite the fact that the Canadian federal government legalized cannabis on October 17, 2018, there is a risk that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of the Issuer and view the Issuer as having violated their local laws, despite the Issuer having obtained all applicable Colombian licences or authorizations and despite the fact that the Issuer does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against the Issuer. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon the Issuer or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Issuer's business, revenues, operating results and financial condition as well as impact upon the Issuer's reputation.

### ***Change of cannabis laws, regulations and guidelines.***

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require the Issuer to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Issuer's businesses. The Issuer cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Issuer's business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions. See the Risk Factor entitled "*Unfavourable publicity or consumer perception*" below.

***Reliance on licences and authorizations.***

The Issuer's ability to grow, store and sell cannabis in Colombia is dependent on the Issuer's ability to sustain or obtain the necessary licences and authorizations by certain authorities in Colombia, including, but not limited to, the Licences. The licences and authorizations are subject to ongoing compliance and reporting requirements, and the ability of the Issuer to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of the Issuer. Although the Issuer believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, the Issuer may be curtailed or prohibited from the production or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Issuer may be materially adversely affected.

***Temporary reliance on one facility.***

The Cultivation Facility is currently the Issuer's only licenced facility under the Licences. The Licences held by the Issuer are specific to the Cultivation Facility. Adverse changes or developments affecting the Cultivation Facility, including but not limited to a breach of security, could have a material and adverse effect on the Issuer's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Colombian regulatory authorities, could have an impact on the Issuer's ability to continue operating under the Licences or the prospect of renewing the Licences.

The Issuer is seeking to acquire additional cultivation facilities and it will have to expand its licences to cover these additional cultivation facilities if and when acquired. Please see Section 4 Narrative Description of the Business – General Business of the Issuer for a description of the Issuer's plans to expand its operations to the Coromoto Property.

That being said, Blueberries SAS will be using small contract growers and small producers that will help to offset the risk associated with the temporary reliance on one cultivation area.

Certain contemplated capital expenditures of the Issuer may require approval of Colombian regulatory authorities. There is no guarantee that Colombian regulatory authorities will approve any contemplated expansion or renovation, which could adversely affect the business, financial condition and results of the Issuer's operations.

***The Issuer faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.***

Many other businesses in Colombia engage in similar activities to the Issuer. An increase in the companies competing in this industry could limit the ability of the Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and be able to develop higher quality equipment or products at the same or a lower cost. The Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Issuer could have a material adverse effect on its business, operating results and financial condition.

***Unfavourable publicity or consumer perception.***

The Issuer believes the medical and recreational cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis distributed to such consumers. Consumer perception of the Issuer's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis or derivative products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical or recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition and cash flows of the Issuer. The Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Issuer, the demand for the Issuer's products, and the Issuer's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Issuer's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

***The Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.***

The Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer. The Issuer's efforts to grow its business may be costlier than the Issuer expects, and the Issuer may not be able to increase its revenue enough to offset its higher operating expenses. The Issuer may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Issuer is unable to achieve and sustain profitability, the market price of the Issuer Shares may significantly decrease.

***Demand for cannabis and derivative products.***

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Issuer.

***Reliance on a single jurisdiction.***

To date, the Issuer's activities and resources have been primarily focused in Colombia and parts of Europe. The Issuer expects to continue the focus on expansion opportunities into other jurisdictions. Adverse changes or developments within Colombia could have a material and adverse effect on the Issuer's ability to continue producing cannabis, its business, financial condition and prospects. Additionally any material or adverse change in European jurisdictions in which the Issuer will do business may effect the Issuer's ability to continue producing cannabis, its business, financial condition and prospects.

***Development of the business of the Issuer.***

The development of the business of the Issuer and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Issuer's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Issuer. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

***There is no assurance that the Issuer will become profitable or pay dividends.***

There is no assurance as to whether the Issuer will become profitable or pay dividends. The Issuer has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Issuer's results of operations, cash flow, financial condition and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the



amount of any such dividends. In the event that any of the Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Issuer to declare or pay dividends, affect other distributions or subsequently repatriate such funds back to Canada.

***The Issuer may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.***

If the Issuer implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Issuer's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Issuer intends to utilize outsourced resources and hire additional personnel to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Issuer's business and the value of the Issuer Shares.

***Risks inherent in an agricultural business.***

The Issuer's business involves the growing of cannabis, which is an agricultural product. Medicinal cannabis will be grown outdoors. The occurrence of severe adverse weather conditions, especially droughts, or frost, is unpredictable and may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce the Issuer's yields or require the Issuer to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of the Issuer's cannabis production, which could materially and adversely affect the Issuer's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, the Issuer's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect the Issuer's operating results and financial condition. Furthermore, if the Issuer fails to control a given plant disease and the production is threatened, the Issuer may be unable to supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

***Risks inherent in rural real estate.***

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws.

Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

In August 2011, Colombia and Canada entered into the Canada-Colombia Free Trade Agreement (the “**Free Trade Agreement**”), which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favourable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a non-discriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional “direct” takings and so-called “indirect” or “creeping” expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-State dispute resolution process is provided for in the event that the investment is not provided the protections set out in the Free Trade Agreement. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian local courts.

***Protected areas established by the National System of Protected Areas.***

Cannabis licences may not be granted to individuals or legal persons who intend to conduct the licenced activities on lands that are in national parks or in protected areas established by the National System of Protected Areas. The government has the right to establish new protected areas in areas with certain environmental relevance that might result in the prohibition to conduct any type of activities on those areas or the need to obtain environmental authorizations.

The Issuer does not operate in a protected area and is not at risk of expropriation pursuant to the National System of Protected Areas.

***Energy prices and supply.***

The Issuer requires substantial amounts of electric energy and other resources for its harvest activities and transport of cannabis. The Issuer relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and the Issuer is unable to find replacement sources at comparable prices, or at all, the Issuer’s business, financial condition and results of operations would be materially and adversely affected.

***Supply of cannabis seeds.***

If for any reason the supply of cannabis seeds is ceased or delayed, the Issuer would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, the Issuer’s business, financial condition and results of operations would be materially and adversely affected.

***Liability, enforcement and complaints.***

The Issuer's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions and inquiries by third parties, other companies or various governmental authorities against the Issuer. Litigation, complaints and enforcement actions involving the Issuer could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

***Breaches of security at its facilities, or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.***

Given the nature of the Issuer's product, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage, as well as theft. A security breach at one of the Issuer's facilities could expose the Issuer to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential consumers from choosing the Issuer's products. In addition, the Issuer collects and stores personal information about its consumers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly consumer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Issuer's business, financial condition and results of operations.

***Dependence on suppliers.***

The ability of the Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of equipment, parts and components. This could have an adverse effect on the financial results of the Issuer.

***The Issuer may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Issuer relating to intellectual property rights.***

The Issuer may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Issuer's business. The existence or outcome of any such litigation could harm the Issuer's business. Further, because the content of much of the Issuer's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, the Issuer may face additional difficulties in defending its intellectual property rights.

***Negative results from clinical trials.***

From time to time, studies or clinical trials on cannabis products may be conducted by academics or others, including government agencies. The publication of negative results of studies or clinical trials related to the Issuer's proposed products or the therapeutic areas in which the Issuer's proposed products will compete could have a material adverse effect on the Issuer's sales.

***Insurance coverage.***

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Issuer maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Issuer is not generally available on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

***The Issuer may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Issuer's reputation, business, results from operations and financial condition.***

The Issuer may be named as a defendant in a lawsuit or regulatory action. The Issuer may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Issuer's business, results of operations, sales, cash flow or financial condition.

***Ability to establish and maintain bank accounts.***

While the Issuer does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where the Issuer operates will not accept payments related to the cannabis industry. Such risks could increase costs for the Issuer. In the event that financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Issuer may be required to seek alternative payment solutions, including, but not limited to, cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency the Issuer would have to adopt policies and protocols to manage its volatility and exchange rate risk exposure. The Issuer's inability to manage such risks may adversely affect the Issuer's operations and financial performance.

***Product recalls.***

Manufacturers and distributors of products can be subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Issuer's products are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management

attention. Although the Issuer has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Issuer's brands were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the Issuer's results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

***The Issuer faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.***

An increase in the companies competing in this industry could limit the ability of the Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Issuer could have a material adverse effect on its business, operating results and financial condition.

***If the Issuer is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.***

The Issuer's success has depended, and continues to depend, upon its ability to attract and retain key management, including the Issuer's directors, officers and technical experts. The Issuer will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Issuer's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Issuer or results of operations of the business and could limit the Issuer's ability to develop and market its cannabis-related products. The loss of any of the Issuer's senior management or key employees could materially adversely affect the Issuer's ability to execute the Issuer's business plan and strategy, and the Issuer may not be able to find adequate replacements on a timely basis, or at all. The Issuer does not maintain key person life insurance policies on any of the Issuer's employees.

***There is no assurance that the Issuer will retain any relevant licences.***

Licences and authorizations obtained by the Issuer are expected to be subject to ongoing compliance and reporting requirements. Failure by the Issuer to comply with the requirements of licences or any failure to maintain licences would have a material adverse impact on the business, financial condition and operating results of the Issuer. Should any jurisdiction in which the Issuer considers a licence important not grant, extend or renew such licence or should it renew such licence on different terms, or should it decide to grant more than the anticipated number of licences, the business, financial condition and results of the operation of the Issuer could be materially adversely affected.

***Failure to successfully integrate acquired businesses, its products and other assets into the Issuer, or if integrated, failure to further the Issuer's business strategy, may result in the Issuer's inability to realize any benefit from such acquisition.***

The Issuer may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets into the Issuer may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Issuer may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Issuer's business strategy as anticipated, expose the Issuer to increased competition or other challenges with respect to the Issuer's products or geographic markets, and expose the Issuer to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Issuer acquires cannabis businesses, it may obtain the rights to applications for licences as well as licences; however, the procurement of such applications for licences and licences generally will be subject to governmental and regulatory approval. There are no guarantees that the Issuer will successfully consummate such acquisitions, and even if the Issuer consummates such acquisitions, the procurement of applications for licences may never result in the grant of a licence by any state or local governmental or regulatory agency and the transfer of any rights to licences may never be approved by the applicable state or local governmental or regulatory agency.

***The size of the Issuer's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.***

As the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Issuer and, few, if any, established companies whose business model the Issuer can follow or upon whose success the Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Issuer. There can be no assurance that the Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Issuer regularly purchases and follows market research.

***The Issuer's industry is experiencing rapid growth and consolidation that may cause the Issuer to lose key relationships and intensify competition.***

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Issuer in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Issuer to expend greater resources to meet new or additional competitive threats, all of which could harm the Issuer's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Issuer's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability. The Issuer may continue to sell shares for cash to fund operations, capital expansion and mergers and acquisitions that will dilute the current shareholders' equity.

There is no guarantee that the Issuer will be able to achieve its business objectives. The continued development of the Issuer and its business will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current

business objectives or the Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Issuer.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Issuer Shares. The Issuer's articles permit the issuance of an unlimited number of Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Issuer have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Issuer Shares will be issued by the Issuer on the exercise of options under the Issuer **Option** Plan and upon the exercise of outstanding Issuer Warrants. In addition, from time to time, the Issuer may enter into transactions to acquire assets or shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Issuer's ability to pursue its business objectives.

If an investor purchases Issuer Shares in an offering, it will experience substantial and immediate dilution, because the price that such investor will pay will be substantially greater than the net tangible book value per share of the Issuer Shares that it acquires. This dilution is due in large part to the fact that the Issuer's earlier investors will have paid substantially less than a public offering price when they purchased their shares of the Issuer's capital stock.

***The Issuer could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Issuer.***

The Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless or negligent conduct or disclosure of unauthorized activities to the Issuer that violate government regulations. It is not always possible for the Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings and curtailment of the Issuer's operations, any of which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

***The Issuer will be reliant on information technology systems and may be subject to damaging cyberattacks.***

The Issuer has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Issuer's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats,

including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Issuer's reputation and results of operations.

The Issuer has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Issuer will not incur such losses in the future. The Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

***The Issuer's major shareholders, officers and directors may be engaged in a range of business activities resulting in conflicts of interest.***

Although certain major shareholder, officers and board members of the Issuer are expected to be bound by anti-circumvention agreements limiting their ability to enter into competing or conflicting ventures or businesses, the Issuer may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Issuer's executive officers and directors may devote time to their outside business interests as long as such activities do not materially or adversely interfere with their duties to the Issuer. In some cases, the Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Issuer's business and affairs and that could adversely affect the Issuer's operations. These business interests could require significant time and attention of the Issuer's executive officers and directors.

In addition, the Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Issuer. In addition, from time to time, these persons may be competing with the Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer.

***In certain circumstances, the Issuer's reputation could be damaged.***

Damage to the Issuer's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for



individuals and groups to communicate and share opinions and views regarding the Issuer and its activities, whether true or not. Although the Issuer believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Issuer does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Issuer's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

***Changes in corporate structure.***

Colombian cannabis licences are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the licence by the governmental authority. Notwithstanding the foregoing, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares or any changes in holders or final beneficiaries of cannabis licences.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal representatives. Furthermore, Decree 613 of 2017 provides a set of resolutive conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a licence if the licensee fails to request the amendment of the licence within 30 calendar days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective licence.

***Emerging market risks.***

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of the Issuer's operations are in Colombia. Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect the Issuer's business, financial condition and results of operations.

In particular, fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had, and may continue to have, a significant impact on companies operating in Colombia, including the Issuer. Specifically, the Issuer may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect the Issuer's business, financial condition and results of operations.

### ***Global economy.***

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into Colombia and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on the Issuer's business, financial condition and results of operations. The economy of Colombia, where the Issuer's operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to reductions in demand for the Issuer's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Issuer's products. In addition, as a result of volatile or uncertain economic conditions, the Issuer may experience the negative effects of increased financial pressures on its clients. For instance, the Issuer's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Issuer incurring increased bad debt expense. If the Issuer is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Colombia's economy in the future. If such fluctuations were to occur, the Issuer's business, financial condition and results of operations could be materially and adversely affected.

### **Risks related to investment in a Colombian company**

#### ***Operational risks.***

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including, but not limited to, inflation, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency. Notwithstanding the peace deal Colombia entered into in Cuba in 2016 with the FARC-EP, which was Colombian largest guerrilla, portions of the countryside are still under the influence of certain guerrilla factions, such as the ELN, another guerrilla armed group which has been operating in Colombia for the past 52 years. The ELN and the Colombian Government are currently conducting peace talks. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Issuer to suspend operations on its properties. Although the Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Issuer's operations, or other matters. The Issuer also bears the risk that changes can occur in

the government of Colombia and a new government may void or change the laws and regulations that the Issuer is relying upon.

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

#### ***Inflation in Colombia.***

Colombia has in the past experienced double digit rates of inflation. If Colombia experiences substantial inflation in the future, the Issuer's costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail the Issuer's ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect the Issuer's business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase the Issuer's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

#### ***Operations in Spanish.***

As a result of the Issuer conducting its operations in Colombia, the books and records of the Issuer, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

#### ***Enforcement of judgments.***

The Issuer is incorporated under the laws of the Province of British Columbia; however, all of its assets are located outside Canada. Furthermore, many of the Issuer's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada.

As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Issuer Board or controlling shareholders than they would as public shareholders of a Canadian company.

#### **Risks related to the Issuer's securities**

***The Issuer cannot assure investors that a market will continue to develop or exist for the Issuer Shares or what the market price of the Issuer Shares will be.***

The Issuer cannot assure that a market will develop or be sustained for the Issuer Shares. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell Issuer Shares at an attractive price or at all. The Issuer cannot predict the prices at which the Issuer Shares will trade.

***The Issuer may be subject to additional regulatory burden resulting from its public listing on the CSE.***

Prior to the Business Combination, Blueberries was not subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Issuer is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to the Issuer's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Issuer has made, and will continue to make, changes in these and other areas, including the Issuer's internal controls over financial reporting. However, the Issuer cannot assure holders of Issuer Shares that these and other measures that the Issuer might take will be sufficient to allow it to satisfy the Issuer's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for the Issuer and will require the time and attention of management. The Issuer cannot predict the amount of the additional costs that the Issuer might incur, the timing of such costs or the impact that management's attention to these matters will have on the Issuer's business.

***The market price for Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control.***

The market price for Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control, including the following: (i) actual or anticipated fluctuations in the Issuer's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which the Issuer operates; (iv) addition or departure of the Issuer's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Issuer Shares; (vi) sales or perceived sales of additional Issuer Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Issuer's competitors; (viii) fluctuations to the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (x) operating and share price performance of other companies that investors deem comparable to the Issuer or from a lack of market comparable companies; (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Issuer's industry or target markets; and (xii) regulatory changes in the industry.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Issuer Shares may decline even if the Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Issuer's operations could be adversely affected and the trading price of the Issuer Shares might be materially adversely affected.

***Future sales of Issuer Shares by existing shareholders could reduce the market price of the Issuer shares.***

Sales of a substantial number of Issuer Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Issuer Shares intend to sell their Issuer Shares, could reduce the market price of the Issuer Shares. Additional Issuer Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Issuer Shares.

***Tax issues.***

There may be income tax consequences in relation to the Issuer Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

***No guarantee on the use of available funds by the Issuer.***

The Issuer cannot specify with certainty the particular uses of its available funds. Management has broad discretion in the application of its available funds. Accordingly, shareholders of Issuer Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Issuer's management may spend a portion or all of the available funds in ways that the Issuer's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm the Issuer's business. Pending use of such funds, the Issuer might invest available funds in a manner that does not produce income or that loses value.

***Currency fluctuations.***

The Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars or Colombian pesos, while funding may occur in Canadian dollars or other non-U.S. currencies therefore exposing the Issuer to currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar, the Canadian dollar and the Colombian peso may have a material adverse effect on the Issuer's business, financial condition and operating results. The Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

**18. PROMOTERS**

This section is not applicable to the Issuer.

**19. LEGAL PROCEEDINGS**

Other than described below, there are no actual or pending material legal proceedings to which the CDNM or Blueberries is a party or of which any of their assets is subject. Management of the CDNM and Blueberries are not aware of any such material legal proceedings contemplated against either CDNM or Blueberries.

On July 4, 2017, CDNM filed Notice of Civil Claim in the Supreme Court of British Columbia to claim \$631,579 against previous President and Director, Mr. Samuel Lin Hoi Yu for wrongfully and without legal justification taking possession of \$331,579 of CDNM's funds and taking an

unauthorized \$300,000 loan. On August 14, 2017, CDNМ filed Notice of Trial in the Supreme Court of British Columbia and the trial of proceeding has been set for hearing on January 7, 2019.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this Listing Statement, no director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owners of, or who exercises control or direction over, more than 10% of any class of the Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

## **21. AUDITORS, TRANSFER AGENT AND REGISTRAR**

### **Auditors**

Manning Elliott LLP, located at 11<sup>th</sup> Floor, 1050 West Pender St., Vancouver, BC V6E 3S7, are the auditors for CDNМ and it is anticipated that MNP LLP, located at 111 Richmond Street West, Suite 300 Toronto, ON M5H 2G4, will be appointed as the Issuer's auditors after the closing of the Business Combination.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Issuer, after giving effect to the Business Combination, will be Computershare Trust Company of Canada, located at 510 Burrard St., 3rd Floor Vancouver, BC V6C 3B9.

## **22. MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into within two years to the date hereof which are currently in effect and are considered to be currently material:

- (a) the Business Combination Agreement;
- (b) Blueberries SAS acquisition agreement;
- (c) Blueberries Land Acquisition of "El Porvenir" Lot, Guatavita Colombia; and
- (d) Coromoto Land Purchase Promise.

## **23. INTEREST OF EXPERTS**

Manning Elliott LLP, auditors of CDNМ, prepared the auditor's report for the audited financial statements of CDNМ at and for the fiscal years ended March 31, 2018 and 2017. They are independent as determined by the Chartered Professional Accountants of British Columbia.

MNP LLP, auditors of Blueberries, prepared the auditor's report for the audited financial statements of Blueberries as at and for the period from the date of incorporation (September 5, 2018) to October 31, 2018. They are independent as determined by the Institute of Chartered Accountants of Ontario.

No other person or company who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement has, or will have immediately following completion of the Business Combination, any direct or indirect interest in the Issuer or Blueberries.

**24. OTHER MATERIAL FACTS**

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to CDNM and Blueberries.

**25. FINANCIAL STATEMENTS**

See Schedules B, C and D.

**CERTIFICATE**

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 31<sup>st</sup> day of January, 2019.

*“Christian Toro”*  
Chief Executive Officer and Director

*“Chris Reid”*  
Interim Chief Financial Officer



Schedule A

**POST-CLOSING CAPITALIZATION OF THE ISSUER**

The following table sets forth the pro forma consolidated capitalization of the Issuer on completion of the proposed Business Combination:

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<u>Public Float</u>				
Total outstanding (A)	106,622,772	131,493,872	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	50,483,333	57,673,333 <sup>(1)</sup>	47.35%	43.86%
<b>Total Public Float (A-B)</b>	<b>56,139,439</b>	<b>73,820,539</b>	<b>52.65%</b>	<b>56.14%</b>
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	63,000,000 <sup>(2)</sup>	63,000,000 <sup>(2)</sup>	59%	47%
<b>Total Tradeable Float (A-C)</b>	<b>43,622,772</b>	<b>70,953,782</b>	<b>41%</b>	<b>53%</b>

Notes:

1. Includes 3,965,000 Issuer Options and 4,000,000 Issuer Warrants to be held by certain persons on completion of the Business Combination.
2. See Section 3 "General Development of the Business – Blueberries Financing" and Section 11 "Escrowed Securities".

### Public Securityholders (Registered)

For the purposes of the following table report, “Public Securityholders (Registered)” are persons other than persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

**Class of Security: Issuer Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	53	2,506
100 – 499 securities	6	1,613
500 – 999 securities	4	3,000
1,000 – 1,999 securities	6	8,471
2,000 – 2,999 securities	2	4,979
3,000 – 3,999 securities	2	6,458
4,000 – 4,999 securities	2	8,621
5,000 or more securities	53	16,774,286
<b>Total</b>	<b>128</b>	<b>16,809,934</b>

### Public Securityholders (Beneficial)

For the purposes of the following table, “Public Securityholders (Beneficial)” includes: (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include “non-public securityholders” being those persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

**Class of Security: Issuer Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	109	2,150
100 – 499 securities	19	5,025
500 – 999 securities	14	10,493
1,000 – 1,999 securities	11	15,854
2,000 – 2,999 securities	13	35,194
3,000 – 3,999 securities	1	3,285
4,000 – 4,999 securities	3	13,836
5,000 or more securities	77	39,243,668
<b>Total</b>	<b>247</b>	<b>39,329,505</b>

For the purposes of this table, “Non-Public Securityholders (Registered)” are persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

**Class of Security: Issuer Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	10	50,483,333
<b>Total</b>	<b>10</b>	<b>50,483,333</b>

Provide the following details for any securities convertible or exchangeable into any class of listed securities:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Issuer Options <sup>(1)</sup>	4,790,000	4,790,000
Issuer Warrants / 24 Months / \$0.40	17,615,000	17,615,000
Issuer Finder Warrants / 24 Months / \$0.25	2,466,100	2,466,100

Notes:

(1) See the “Options to Purchase Securities” section in the Listing Statement for a description of the proposed exercise terms and exercise price.

Schedule B

**FINANCIAL STATEMENTS OF CDN M**

See attached.

**CDN MSOLAR CORP.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**September 30, 2018 and 2017**

(Expressed in Canadian dollars)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim financial statements of CDN MSolar Corp. (the "Company") are the responsibility of the Company's management. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim financial statements prior to their submission to the Board of Directors for approval.

"Thurman Tat Hong So"

Thurman Tat Hong So  
Chief Financial Officer

November 9, 2018

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018 AND MARCH 31, 2018**  
(Expressed in Canadian Dollars)

	Note	September 30, 2018	March 31, 2018
		\$	\$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		83	965
GST receivable		6,021	2,554
		6,104	3,519
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		85,120	36,450
Due to related parties	4	15,960	37,451
		101,080	73,901
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	1,056,092	1,056,092
Deficit		(1,151,068)	(1,126,474)
		(94,976)	(70,382)
		6,104	3,519
Nature and Continuance of Operations	1		
Commitments	9		
Subsequent Events	10		

Approved and authorized for issue by directors on November 9, 2018

"Thurman Tat Hong So"  
Thurman Tat Hong So, Director

"Catherine Lathwell"  
Catherine Lathwell, Director

"Matthew Bajurny"  
Matthew Bajurny, Director

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE GAIN (LOSS)**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	Note	For the Three Months ended Sept 30, 2018	For the Three Months ended Sept 30, 2017	For the Six Months ended Sept 30, 2018	For the Six Months ended Sept 30, 2017
		\$	\$	\$	\$
<b>Operating expenses</b>					
Listing expenses		3,643	1,500	4,799	3,000
Office & miscellaneous		3	10	7	94
Professional fees		2,121	4,524	16,200	14,790
Transfer agent & filing fees		18,298	597	22,039	2,868
<b>Other items</b>					
Gain on debt forgiveness	6	-	-	18,451	-
<b>Net loss and comprehensive loss</b>		<b>(24,065)</b>	<b>(6,631)</b>	<b>(24,594)</b>	<b>(20,752)</b>
Basic and diluted loss per common share		0.00	0.00	0.00	(0.01)
Weighted average number of common shares outstanding		7,392,759	2,192,759	7,392,759	2,192,759

The accompanying notes are an integral part of these financial statements



**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital \$	Equity (Deficit) \$	Total Shareholders' Equity \$
<b>Balance, March 31, 2016</b>	2,192,759	796,092	(695,070)	101,022
Comprehensive loss	-	-	(52,567)	(52,567)
<b>Balance, Sept 30, 2016</b>	2,192,759	796,092	(747,637)	48,455
Comprehensive loss	-	-	(363,366)	(363,366)
<b>Balance, March 31, 2017</b>	2,192,759	796,092	(1,111,003)	(314,911)
Comprehensive loss	-	-	(20,752)	(20,752)
<b>Balance, Sept 30, 2017</b>	2,192,759	796,092	(1,131,755)	(335,663)
Issuance of shares from debt conversion	5,200,000	260,000	-	260,000
Comprehensive income	-	-	5,281	5,281
<b>Balance, March 31, 2018</b>	7,392,759	1,056,092	(1,126,474)	(70,382)
Comprehensive loss	-	-	(24,594)	(24,594)
<b>Balance Sept 30, 2018</b>	7,392,759	1,056,092	(1,151,068)	(94,976)

During six months ended September 30, 2018, the Company completed a share consolidation on the basis of one new common share for every 10 old common shares. All shares presented and per share amounts have been retroactively adjusted as required for the effect of this share consolidation (see Note 9) in these financial statements.

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	For the Six Months Ended Sept 30, 2018	For the Six Months Ended Sept 30, 2017
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net loss	(24,594)	(20,752)
Changes in non-cash working capital balances		
Gain on debts forgiveness	(18,451)	-
	(43,045)	(20,752)
Changes in non-cash working capital balances		
GST receivable	(3,467)	6,627
Accounts payable and accrued liabilities	48,670	6,714
Cash used in operating activities	2,158	(7,411)
<b>Financing activities</b>		
Advances from related parties	-	7,473
Repayments to related parties	(3,040)	-
Cash provided by (used in) financing activities	(3,040)	7,473
CHANGE IN CASH DURING THE PERIOD	(882)	62
CASH, BEGINNING	965	-
CASH, ENDING	83	62
Supplementary disclosures:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

The accompanying notes are an integral part of these financial statements

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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1. NATURE AND CONTINUANCE OF OPERATIONS

CDN MSolar Corp. (the “Company” or “CMS”) was incorporated under the laws of British Columbia on March 15, 2013. On September 30, 2013, the Company completed an amalgamation with MN Ventures Ltd. (“MN”), a reporting issuer and continues under the name CDN MSolar Corp. The address of the Company’s corporate office and its principal place of business are 5300 Lancing Road, Richmond, BC, V7C 3A1.

The Company is established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. (“Minghui”). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China. Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and products (the “Minghui Technology”). Minghui has developed over thirty patents in conjunction with several Chinese universities in China.

For the six months ended Sept 30, 2018, the Company had a loss of \$24,594 (2017: loss of \$20,752) and had an accumulated deficit of \$1,151,068 (2017: \$1,131,755). The Company’s ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its marketing and other costs. These uncertainties raise significant doubt about the Company’s ability to continue as a going concern.

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. The Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to implement the business plan.

The success of the Company is dependent upon certain factors that may be beyond management’s control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected. These financial statements do not include any adjustments relating to the recoverability and classification of recorded liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) New accounting policies

i) IFRS 9 – Financial Instruments

Effective April 1, 2018, the Company adopted IFRS 9, Financial Instruments (“IFRS 9”). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (“IAS 39”). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no material impact to the Company’s financial statements.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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2. BASIS OF PRESENTATION (continued)

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new IFRS 9 guidance has had no material impact on the Company's financial statements.

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's September 30, 2018 financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income.

The Company determines the classification of its financial assets at initial recognition.

*i. Financial assets recorded at fair value through profit or loss ("FVTPL")*

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets measured at FVTPL.

*ii. Amortized cost*

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable is classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

*i. Amortized cost*

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities, do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

*ii. Financial liabilities recorded at fair value through profit or loss ("FVTPL")*

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above and include warrant liability and special warrants.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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2. BASIS OF PRESENTATION (continued)

*Subsequent measurement*

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

*Derecognition*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

*Expected Credit Loss Impairment*

Model IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

ii) IFRS 15 – Revenue from Contracts with Customers

Effective April 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). Given that the Company does not have revenue from contracts with customers, there is currently no material impact from adoption of the standard.

c) Functional and Presentation Currency

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Measurement basis

The unaudited condensed interim financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs 3q & r. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Use of estimates

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant accounts that require estimates as the basis for determining the stated amounts include determination of accrued liabilities, deferred income taxes and useful lives and impairment of equipment. Actual results could differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management; and the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c. Use of judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. The more significant areas where management judgment has been applied are:

d. Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

e. Income taxes

Judgments are made by management at the end of the reporting period to determine the likelihood that deferred income tax assets will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make judgments related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in profit or loss in the period in which the change occurs.

f. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

h. Impairment

Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes 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 is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

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 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).

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Share-based payments

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

j. Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k. Amortization

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated at the following annual rates:

Office equipment	33% straight line
Furniture and fixture	20% straight line

Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably.

l. Leases

The Company has classified its car lease as an operating lease. Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

m. Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Income taxes (continued)

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

n. 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.

o. 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 at June 30, 2018 and 2017, the Company has not recorded any provisions.

p. Intangible asset

Intangible asset consists of acquired technologies. Acquired technologies have an infinite useful life. The intangible asset was initially recognized at cost as an asset and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, the intangible asset is allocated to the Company's cash-generating units that are expected to benefit from the synergies of combination. The cash-generating units are tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the intangible asset and then to the other assets pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognized in profit or loss.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial assets

See Note 1b.

r. Financial liabilities

See Note 1b.

s. Newly adopted accounting standards

The mandatory adoption of the following new and revised accounting standards and interpretations on September 30, 2018 had no significant impact on the Company's financial statements for the current or prior periods presented. The following standards were adopted for the six months ended September 30, 2018:

t. New accounting standards effective for annual periods on or after April 1, 2019:

IFRS 16 - Leases

In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. As the Company currently has limited exposure to leases, there is currently no material impact expected from the future adoption of the standard.

4. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2015, the Company made an advance to its former President, who was also a director, of the Company, in the amount of \$300,000. The amount is unsecured, non-interest bearing and with no fixed terms of repayment. This person was removed as the President of the Company in January of 2017 and ceased to be a director of the Company in March of 2017. The Company has filed a civil claim lawsuit against the former President. As the outcome of the legal proceeding is uncertain and management believes that the Company's recovery of this amount is doubtful, the Company has provided a provision against this advance receivable of \$300,000 as a bad debt expense for the year ended March 31, 2017.

In addition, the Company has also filed a second claim against the former President alleging that the former President wrongfully took possession of an advance intended to be made to the Company by a controlling shareholder. The outcome of this claim is uncertain.

As at September 30, 2018, an amount of \$15,960 (2017: \$295,451) was due to a director of the Company. The amount is unsecured, non-interest bearing and with no fixed terms of repayment.

As at September 30, 2018, an amount of \$24,837 (September 30, 2017: \$291,551) included in accounts payable and accrued liabilities was due to the former President of the Company. This amount is unsecured, noninterest bearing with no fixed terms of repayment.

There was no key management remuneration or payroll paid during the period.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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5. SHARE CAPITAL

a. Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b. Issued and Outstanding: As at September 30, 2018, there were 7,392,759 common shares.

c. Shares held in escrow: Nil

On March 9, 2018 the Company issued 5,200,000 shares at a price of \$0.05 per share in settlement of debts in the amount of \$260,000.

During the six months ended September 30, 2018, the Company completed a share consolidation on the basis of one new common share for every 10 old common shares. All share amounts have been retroactively restated in these financial statements.

6. GAIN ON DEBT RESTRUCTURING

During the six months ended September 30, 2018, historic amounts payable owing to the current President in the amount of \$18,451 were restructured and as a result the Company recorded the amount as a gain on debts forgiveness on the statements of comprehensive loss.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to fund its operations, so that it can provide returns for shareholders and benefits for other stakeholders. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

8. FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Fair Value of Financial Instruments*

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2018 and 2017 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)

	2018	2017
FVTPL – Financial assets Level 1 (i)	\$ 83	\$ 62
Amortized cost – Financial assets Level (ii)	-	-
FVTPL – Financial liabilities (iii) Level 3	98,080	336,889

- (i) Cash and cash equivalents
- (ii) Due from related party
- (iii) Accounts payable and due to related parties

*Financial risk management objectives and policies*

The Company's financial instruments consist of cash and cash equivalents, due from related party, accounts payable and due to related parties. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*(i) Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar.

*(ii) Interest rate 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.

*(iii) Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash equivalents is limited because the Company has no trade receivables as at June 30, 2018 and 2017. Therefore, the Company is not exposed to significant credit risk.

*(iv) Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at September 30, 2018, the Company had cash of \$83 (2017: \$62) to settle accounts payable of \$85,120 (2017: \$20,501) and due to related parties of \$15,960 (2017: \$316,388) which fall due for payment within twelve months of the financial position date.

9. COMMITMENTS

On September 6, 2018 the Company announced that it had entered into a binding letter agreement (the "Letter Agreement") with Blueberries Cannabis Corp., a privately held issuer existing under the laws of the Province of Ontario ("Blueberries"), which outlines the general terms and conditions pursuant to which CDN and Blueberries have agreed to complete a transaction (the "Transaction") that will result in a reverse take-over of the Company by the current shareholders of Blueberries. The Letter Agreement was negotiated at arm's length and is effective as of September 5, 2018.

Blueberries SAS, a wholly-owned subsidiary of Blueberries, is seeking to become a large-scale producer of naturally grown premium quality cannabis with its primary operations well situated in the Bogotá savanna in central Colombia.

It is currently anticipated that the proposed transaction will be affected by way of a three-cornered amalgamation or other similar form of transaction as is acceptable to the parties. There are currently outstanding an aggregate of 7,392,759 common shares in the capital of the Company and it will issue 63,000,000 Shares to the shareholders of Blueberries Shares in conjunction with the closing of the transaction. For additional information see the Company's press release dated September 6, 2018.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the Company undertook to make a Listing Statement to list the shares of the Company on the Canadian Securities Exchange in connection with the transaction disclosed in Note 9.

Schedule C

**FINANCIAL STATEMENTS OF BLUEBERRIES**

See attached.

# **BLUEBERRIES CANNABIS CORP.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

For the period from September 5, 2018 (Date of incorporation) to October 31, 2018

## Independent Auditors' Report

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To the Shareholders of Blueberries Cannabis Corp.:

We have audited the accompanying consolidated financial statements of Blueberries Cannabis Corp., which comprise the consolidated statement of financial position as at October 31, 2018, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the period from September 5, 2018 (Date of Incorporation) to October 31, 2018, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blueberries Cannabis Corp. as at October 31, 2018 and its financial performance and its cash flows for the period from September 5, 2018 (Date of Incorporation) to October 31, 2018 in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Toronto, Ontario  
February 1, 2019

**MNP LLP**

Chartered Professional Accountants  
Licensed Public Accountants

**MNP**



**BLUEBERRIES CANNABIS CORP.**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at October 31, 2018

(Expressed in Canadian Dollars)

<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 401,051
Other receivables	\$ 1,092
<b>Total Current Assets</b>	<b>\$ 402,143</b>
Non-Current Assets	
Property Plant and equipment (Note 8)	\$ 143,588
Licenses (Note 7 & 10)	\$ 1,298,240
<b>Total Non-Current Assets</b>	<b>\$ 1,441,828</b>
<b>Total assets</b>	<b>\$ 1,843,971</b>
<u>Liabilities and equity</u>	
Current Liabilities	
Trade accounts payable and other accounts payable	\$ 98,899
Employee benefits	\$ 35,264
Related Party Debt (Note 9)	\$ 293,936
<b>Total Current Liabilities</b>	<b>\$ 428,099</b>
<b>Total Non-Current Liabilities</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 428,099</b>
Equity	
Common shares (Note 9)	\$ 1,664,738
Total Accumulated Other Comprehensive Income	\$ 519
Deficit	\$ (249,385)
<b>Total equity</b>	<b>\$ 1,415,872</b>
<b>Total liabilities and equity</b>	<b>\$ 1,843,971</b>

See accompanying notes to the consolidated financial statements

**Approved by the Board of Directors:**

(signed) "Christian Toro"  
**Director**

(signed) "Camilo Villalba"  
**Director**

# BLUEBERRIES CANNABIS CORP.

## CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the period from September 5 (Date of incorporation) to October 31, 2018

*(Expressed in Canadian Dollars)*

Pre-operating expenses - Cannabis	\$	(37,717)
Depreciation	\$	(1,956)
General and administrative expenses	\$	(20,076)
Other income (expenses)	\$	(268)
Professional fees	\$	(189,368)
<b>Profit (Loss) before Income tax</b>	<b>\$</b>	<b>(249,385)</b>
Current income tax	\$	-
<b>Net Loss for the Period</b>	<b>\$</b>	<b>(249,385)</b>
<b>Other Comprehensive Income (Loss)</b>		
Foreign Currency Translation Adjustment	\$	519
	\$	519
<b>Comprehensive loss for the Period</b>	<b>\$</b>	<b>(248,866)</b>
Profit (Loss) per share - basic and diluted	\$	(0.008)
Weighted average # of shares outstanding		31,000,000

*See accompanying notes to the consolidated financial statements*

# BLUEBERRIES CANNABIS CORP.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from September 5, 2018 (Date of Incorporation) to October 31, 2018

*(Expressed in Canadian Dollars)*

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### Cash flows related to the following activities:

#### Operating activities

Loss for the period	\$ (249,385)
Adjustment for:	
Depreciation	\$ 1,956
Change in non-cash working capital	
Other receivables	\$ 79
Trade accounts payable and other accounts payable	\$ 85,326
Employee benefits	\$ 13,209
<b>Net cash used in operating activities from continued operations</b>	<b>\$ (148,815)</b>

#### Investing activities

Cash Consideration on Blueberries SAS acquisition	\$ (394,800)
Cash acquired from Blueberries SAS on acquisition	\$ 1,963
<b>Net cash generated in investing activities from continued operations</b>	<b>\$ (392,837)</b>

#### Financing activities

Related Party Debt	\$ 152,966
Cash received from new shares issued net of share issuance costs	\$ 789,737
<b>Net cash generated in financing activities from continued operations</b>	<b>\$ 942,703</b>

<b>Net cash from operating, investing and financing activities</b>	<b>\$ 401,051</b>
Cash, beginning of period	\$ -
<b>Cash, end of period</b>	<b>\$ 401,051</b>

*See accompanying notes to the consolidated financial statements*

## BLUEBERRIES CANNABIS CORP.

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from September 5, 2018 (Date of Incorporation) to October 31, 2018

*(Expressed in Canadian Dollars)*

	<b>Common Shares</b>	<b>Share Capital</b>	<b>Deficit</b>	<b>Other Comprehensive Income</b>	<b>Total</b>
October 3, 2018 founder shares issued	52,000,000	\$ 875,001			\$ 875,001
share issuance costs		\$ (1,988)			\$ (1,988)
October 10, 2018 Seed Financing	7,000,000	\$ 350,000			\$ 350,000
share issuance costs		\$ (3,075)			\$ (3,075)
October 11, 2018 Standalone Financing	5,000,000	\$ 444,800			\$ 444,800
share issuance costs					\$ -
Other Comprehensive Income (Loss)				\$ 519	\$ 519
Net Loss for the period			\$ (249,385)		\$ (249,385)
Balance at October 31, 2018	64,000,000	\$ 1,664,738	\$ (249,385)	\$ 519	\$1,415,872

See accompanying notes to the consolidated financial statements.

## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

### **1. NATURE OF OPERATIONS**

Blueberries Cannabis Corp (the “Company” or “Blueberries”) was incorporated September 5, 2018 under the Ontario Business Corporation Act. The address, and principal place of business of the Company is Suite 800, 365 Bay Street, Toronto, ON, Canada, M5H 2V1.

On October 3, 2018, the Company closed the acquisition of Blueberries S.A.S. The transaction was accounted for as an asset acquisition (Note 7(a)).

### **2. GOING CONCERN**

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future. Since incorporation, the Company has incurred a net loss with no revenue-generating operations, which were primarily financed from proceeds received through related party debt and issuance of share capital. As at October 31, 2018, the Company maintained a working capital deficit of \$25,956.

As the Company has no assets currently generating cash flow, it will continue to exhaust its remaining financial resources to fund existing operations for the foreseeable future. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern as it will be contingent upon the Company’s ability to successfully identify and procure necessary capital, which may be by way of strategic transactions to obtain financing and/or generate profitable operations that are beneficial to the Company and its shareholders.

Management believes that the going concern assumption is appropriate for these consolidated financial statements and that the Company will be able to meet its budgeted administrative costs during the upcoming year and beyond when considering the Company’s current financial forecast. However, there is no certainty as to the timing and likelihood of realizing a strategic transaction that would provide additional financial resources beyond those currently retained by the Company. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities.

### **3. BASIS OF PREPARATION**

#### **Statement of compliance**

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on January 31, 2019.

#### **Basis of measurement**

The Financial Statements have been prepared on the going concern basis, under the historical cost convention.

#### **Functional and presentation currency**

The Financial Statements are presented in Canadian dollars, unless otherwise denoted. Management selected the Canadian dollar as the presentation currency as it best facilitates comparability with industry peers.

The functional currency of the Company is Canadian dollars, and the functional currency of the Company’s subsidiary, Blueberries S.A.S., is the Colombian peso.

## Blueberries Cannabis Corp.

Notes to the consolidated financial statements

For the period from September 5 (Date of Incorporation) to October 31, 2018

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end exchange rates, results of their operations are translated at average exchange rates for the period, and shareholders' equity is translated at the rate effective at the time of the transaction. The resulting translation adjustments are included in profit/loss in shareholders' equity.

### Basis of consolidation

The Financial Statements include the accounts of the Company and its subsidiary. Subsidiaries are entities controlled by the Company. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. As of October 31, 2018, the only subsidiary of Blueberries is Blueberries S.A.S., which is incorporated under the jurisdiction of Colombia and is wholly owned by Blueberries.

All transactions and balances between companies are eliminated on consolidation. Each entity within the consolidated group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using the functional currency.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

### Property Plant & Equipment ("PPE")

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted if appropriate. PPE is depreciated through profit and loss over their estimated useful lives. Assets under construction are not subject to depreciation as they are not ready for use. PPE is depreciated over their estimated useful lives using the following methods and rates:

	estimated useful lives/asset depreciation method
Agricultural Facilities	Straight-line over 5-10 years
Other Equipment	Straight-line over 3-5 years

### Intangible assets – licenses and authorizations costs

Intangible assets are recognized as such if it is probable that future economic benefits attributable to the asset will flow to the Company and their cost can be reasonably measured.

Intangible assets that are acquired by the Company, which have definite useful lives, are measured at cost less accumulated amortization and impairment losses. These intangible assets are comprised of license costs and costs related to the retention of the licenses and authorizations for the recreational and cannabinoids extraction

## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

projects. These intangible assets are amortized through profit or loss on a straight-line basis over their estimated useful lives estimated to be five years for license costs and ten years for costs related to the retention of licenses, respectively, from the beginning of operations.

For licenses and permits that are classified as intangible assets with an indefinite life, no amortization is recognized but impairment tests on such licenses are carried out on an annual basis. This would apply to licenses and permits that do not expire and, as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

### **Useful lives of PPE and Intangible assets**

Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

### **Impairment of non-financial assets**

The Company reviews and evaluates impairment of its non-financial assets subject to depreciation and amortization whenever events or changes in circumstances occur that indicates that the carrying amount of the asset will not be recovered from its use or sale. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds the higher of its fair value and value in use. Fair value is the amount that can be obtained from the sale of an asset in an open market. The value in use corresponds to the present value of the estimated future cash flows expected to be obtained from the continuing use of the asset and from its sale at the end of its useful life. Impairment losses recognized in previous years are reversed if there is a change in the estimates used on the last time an impairment loss was recognized.

### **Provisions**

Provisions are recognized when (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount of the obligation can be made. The Company bases its accruals on up-to-date developments, estimates of the outcomes of the matters and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Company may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

### **Financial instruments**

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL")
- Fair value through other comprehensive income ("FVTOCI")
- Financial assets measured at cost
- loans and receivables

#### ***Financial assets measured at FVTPL***

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in the

## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

consolidated statements of income and comprehensive income. Transaction costs are expensed as incurred.

### ***Financial assets measured at FVTOCI***

AFS financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories. Gains and losses arising from changes in fair value are recognized in other comprehensive income.

### ***Financial assets measured at cost (loans and receivables)***

Loans and receivables are financial assets having fixed or determinable payments that are not quoted in an active market. They are initially recognized at the transaction value and subsequently carried at amortized cost less, when material, a discount to reduce the loans and receivables to fair value.

### ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of income and comprehensive income. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through the consolidated statements of income and comprehensive income. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

### ***Financial liabilities and other financial liabilities***

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities at FVTPL are stated at fair value, with changes being recognized through the consolidated statements of income and comprehensive income. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

### ***Classification of financial instruments***

Cash and cash equivalents – FVTPL  
Receivables from related parties – loans and receivables  
Other receivables – loans and receivables  
Accounts payable and other payables – other financial liabilities  
Due to related parties – other financial liabilities

### ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### ***Contingent liabilities and assets***

Contingent liabilities are not recognized in the consolidated financial statements; they are only disclosed in a note to the financial statements. When the possibility of an outflow of resources to cover a contingent liability is remote, such disclosure is not required.



## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

Contingent assets are not recognized in the consolidated financial statements, they are only disclosed in the notes to the financial statements when it is probable that an inflow of resources occurs.

Items previously treated as contingent liabilities will be recognized in the consolidated financial statements in the period in which a change of probabilities occurs, that is, when it is determined that it is probable that an outflow of resources will take place to cover such liabilities. The items treated as contingent assets will be recognized in the consolidated financial statements in the period in which it is determined that it is virtually certain that an inflow of resources will occur, respectively.

### **Segment reporting**

According to IFRS 8, operating segments are identified based on the 'management approach'. This approach stipulates external segment reporting based on the Company's internal organizational and management structure and on internal financial reporting to the chief operating decision maker. Management of the Company is responsible for measuring and steering the business success of the segments and is considered the chief operating decision maker within the meaning of IFRS 8. The company operates in one segment being the operations of Cannabis cultivation facilities in Colombia

### **Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

#### ***Current tax***

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

#### ***Deferred tax***

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income (loss) or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

### **New standards and interpretations issued but not yet adopted**

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective. The impact on the Company is currently being assessed.

#### ***IFRS 16 Leases ("IFRS 16")***

IFRS 16 was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12

## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements.

### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

#### **Impairment testing**

At the date of each statement of financial position, the Company reviews the carrying amounts of its finite-life intangible assets carried at cost to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Income Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### **Valuation of deferred income tax assets**

The Company assesses the probability of taxable profits being available in the future based on its budget forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When a forecast shows a net profit, the Company considers that the use of deferred income taxes is probable and recognizes the benefit. When management believes that the benefits will not be realized, the deferred income tax asset is not recognized.

### **6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

#### **Financial instruments**

The Company has classified cash and cash equivalents as fair value through the consolidated statements of loss and comprehensive income and promissory notes, and accounts payable and other payables as other financial liabilities.

The carrying values of other receivables, and accounts payable and other payables and promissory notes approximate their fair values due to their short periods to maturity.

## **Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

### **Financial risk management**

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk, credit risk, and capital risk.

#### **Liquidity risk**

As at October 31, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, related party debts and promissory notes, which have contractual maturity dates within one year, with the exception of the long term portion of accounts payable and other payables. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at October 31, 2018, management regards liquidity risk to be low.

#### **Foreign Currency Risk**

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Colombian subsidiary, Blueberries S.A.S.

#### **Credit risk**

Credit risk arises from cash and cash equivalents, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Counterparties in cash transactions are limited to first-rate financial credit institutions.

As of October 31, 2018, the Company's management considers that the Company's other receivables do not have non-collectable accounts because they do not have credit risk.

#### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on cash and cash equivalents. The Company is also exposed to interest rate risk on promissory notes that may be issued. Those promissory notes issued were interest-free loans. As such, fluctuations of interest rates for the period ending October 31, 2018 would not have had a significant impact on the consolidated financial statements.

### **7. CORPORATE FINANCIAL TRANSACTIONS**

On October 3, 2018, the Company acquired all of the issued and outstanding shares of Blueberries S.A.S. in exchange for shares in the Company and cash of \$394,800 (\$300,000 USD). 52,000,000 shares in Blueberries were issued to founders at that time. The Blueberries SAS shareholders received 17,500,000 of these total shares issued. Given they had a fair value of \$0.05 per share at that time based on recent financing transactions the total share consideration cost was \$875,000. Total acquisition cost was \$1,269,800 including both cash and shares. Transaction costs totaled \$32,403 bringing the total cost to \$1,302,203.

The transaction was accounted for using the asset acquisition method of accounting as the assets acquired do not constitute a business combination under the guidance of IFRS 3. The fair values assigned to the net assets and liabilities and consideration paid are as follows:

## Blueberries Cannabis Corp.

Notes to the consolidated financial statements

For the period from September 5 (Date of Incorporation) to October 31, 2018

Licenses	\$ 1,299,246
Cash	\$ 1,963
Other Receivables	\$ 1,239
Property, Plant & Equipment	\$ 154,295
Accounts Payable	\$ (14,586)
Employee Benefits	\$ (23,784)
Payable to Shareholders	\$ (116,170)
<b>Total consideration</b>	<b>\$ 1,302,203</b>

The results of the Acquisition have been included in the accounts of the Company commencing October 3, 2018 and using September 30, 2018 financial statements as no significant transactions happened between those dates.

### 8. PROPERTY, PLANT & EQUIPMENT ("PPE")

Via the October 3, 2018 asset acquisition Blueberries acquired PPE from its subsidiaries Cannabis business. The continuity is presented below from October 3, 2018 to the Balance Sheet date of October 31, 2018. There are no comparatives to report as balances were nil before October 3, 2018.

	Land	Agricultural Facilities	Other equipment	Total
Net Assets acquired	\$ 2,456	\$ 119,375	\$ 32,464	\$ 154,295
Additions	\$ -	\$ -	\$ -	\$ -
Depreciation expense	\$ -	\$ (777)	\$ (1,179)	\$ (1,956)
Effect of foreign currency	\$ (140)	\$ (6,792)	\$ (1,819)	\$ (8,751)
Net assets as at October 31, 2018	<b>\$ 2,316</b>	<b>\$ 111,806</b>	<b>\$ 29,466</b>	<b>\$ 143,588</b>

### 9. RELATED PARTY DEBTS

During the period ended October 31, 2018, the Company began incurring professional expenses. One of these vendors was to the key management in the Company. As at October 31, 2018 the balance owing was \$147,860. There are no specific items of repayment and the amount is unsecured and non-interest bearing.

Via the October 3, 2018 asset acquisition Blueberries acquired promissory notes with its beneficial shareholders. The first note is due to be repaid November 30, 2018. There is no limit to how much the Subsidiary can draw under the note and does not bear interest. However, if the balance is not repaid by its November 30, 2018 due date interest will accrue at 5% monthly. As at October 31, 2018 the balance was \$109,539. The second note does not have a due date. There is no limit to how much the Subsidiary can draw under the note and bears interest 5.16%. As at October 31, 2018 the balance was \$36,537. Combined with the \$147,860 to key management the total Related Party Debt of the consolidated entity is \$293,936.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

During the period ended October 31, 2018, compensation of \$20,000 in salaries were incurred for key management. As of October 31, 2018, the full balance of \$20,000 is unpaid and included in accounts payable.

As at October 31, 2018, accrued compensation benefits of COP\$19,718,612 (CAD\$8,086) was outstanding for key

## Blueberries Cannabis Corp.

Notes to the consolidated financial statements

For the period from September 5 (Date of Incorporation) to October 31, 2018

management. This balance is represented in Employee benefits on the financial statements.

### 10. LICENSES AND AUTHORIZATIONS COSTS

By October 31 2018, Blueberries S.A.S. was granted licenses to produce, manufacture, market and export cannabis derivatives and products using extracts in Colombia by the Ministry of Health, making it one of a small number of companies to have secured such a license. The three licenses attained are as follows:

On March 15, 2018, the Ministry of Justice granted a Low THC Cultivation License (non-psychoactive, less than 1% THC content) allowing Blueberries to cultivate in the following modalities: production of grain and seeds for planting, for by-products production.

On August 17, 2018, the Ministry of Health granted the Production License authorizing the domestic and international distribution of High and Low THC Medicinal Cannabis extracts which allows Blueberries Colombia to produce cannabis for domestic use and international export. Pursuant to the Production License, the Colombian government approved land on which Blueberries Colombia is permitted to commence cultivation and production of medicinal cannabis at its Cultivation Facility.

On October 24, 2018, the Ministry of Justice granted a High THC Cultivation License (psychoactive, more than 1% THC content) allowing Blueberries to cultivate in the following modalities: production of grain and seeds for planting, for by-products production.

A continuity of the intangible assets for the period ended October 31, 2018 is as follows:

	<b>Balance at Oct 31, 2018</b>
Asset Acquisition (Note #7)	1,299,246
Foreign Exchange	(1,006)
	<b>\$ 1,298,240</b>

As of October 31, 2018, costs attributed to the aforementioned license were comprised of the fair value assessed to the license assets at the time of the Acquisition. While the underlying licenses have a fixed term they are not yet in use. Therefore, no amortization has been claimed as of this time.

### 11. SHARE CAPITAL

#### Common shares

At October 31, 2018, the Company was authorized to issue unlimited common shares with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. As of October 31, 2018, common shares issued and outstanding are as follows:

## Blueberries Cannabis Corp.

Notes to the consolidated financial statements

For the period from September 5 (Date of Incorporation) to October 31, 2018

	Common shares	Amount
<b>Balance at incorporation (September 5, 2018)</b>	<b>1</b>	<b>\$ -</b>
Shares cancelled	(1)	-
Shares issued under shareholders agreement	52,000,000	875,001
Share issuance costs		(1,988)
Shares issued - seed financing	7,000,000	350,000
Share issuance costs		(3,075)
Shares issued - standalone financing	5,000,000	444,800
Share issuance costs		
<b>Balance, September 30, 2018</b>	<b>64,000,000</b>	<b>\$ 1,664,738</b>

On October 3, 2018, the Company acquired all of the issued and outstanding shares of Blueberries S.A.S. in exchange for shares in the Company and cash of \$394,800 (\$300,000 USD). 52,000,000 shares in Blueberries were issued to founders at that time. The Blueberries SAS shareholders received 17,500,000 of these total shares issued. Given they had a fair value of \$0.05 per share at that time based on recent financing transactions the total share consideration cost was \$875,000. Total acquisition cost was \$1,269,800 including both cash and shares. Transaction costs totaled \$32,403 bringing the total cost to \$1,302,203.

The other 34,500,000 shares were issued to various promoters for the price of nil per share at that time. In the consolidated financial statements the consideration is reported as \$1 total.

On October 10, 2018 Blueberries completed a seed financing where 7,000,000 shares were issued at \$0.05 per share, all of which was paid in cash.

On October 11, 2018 Blueberries completed a standalone financing where 5,000,000 shares were issued for \$444,800, all of which was paid in cash.

## 12. INCOME TAX

### Reconciliation of effective tax rate

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

<u>Net Income (Loss) before recovery of income taxes</u>	<u>\$ (249,386)</u>
Expected income tax (recovery) expense	\$ (66,090)
Difference in foreign tax rates	(3,900)
share based compensation and non-deductible expenses	(1,420)
Change in tax benefits not recognized	71,410
<u>Total tax expense (recovery)</u>	<u>\$ -</u>

### Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

## Blueberries Cannabis Corp.

Notes to the consolidated financial statements

For the period from September 5 (Date of Incorporation) to October 31, 2018

	2018
Share Issuance Costs	4,050
Non-capital loss carryforwards	250,650
Capital losses carried forward	-
	250,650

\$60,270 of the non-capital losses carryforwards as at October 31, 2018 are from Colombia. These tax losses may be carried forward for 12 years expiring in 2030. \$190,380 of the non-capital losses carryforwards as at October 31, 2018 are from Canada. These tax losses may be carried forward for 20 years expiring in 2038. The Share Issuance Costs will be fully amortized in 2023.

The deductible temporary differences presented above do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the group can utilise the benefits therefrom.

### 13. CONTINGENCIES AND COMMITMENTS

#### Contingencies

Management of Blueberries considers there to be no contingent liabilities that have to be recognized in the consolidated financial statements as of October 31, 2018.

#### Commitments

During 2018 the subsidiary signed a binding agreement to buy 15 additional hectares of farmland in Cogua, Cundinamarca, Colombia for \$1,500,000 USD plus 4,000,000 shares in the Company. This transaction is due to close on March 15, 2019. This land will be used for future expansion of the business. This contract has an opt-out penalty of \$300,000 USD should the subsidiary choose before close. The seller of this land is a legal entity whose minority beneficial owner is also a minority shareholder of the Company.

On May 30, 2018 the subsidiary signed a binding agreement for one year with Hempson USA. This party will act as a broker and will be entitled to commissions up to 10% gross medicinal Cannabis sales for all of Europe. This agreement will expire May 30, 2019.

#### Subsequent Events

Prior to this acquisition on September 5, 2018, Blueberries Canada and Canadian MSolar Corp ("CDNM") entered into a letter agreement where CDNM acquired Blueberries Canada sometime after Blueberries Canada would acquire Blueberries Colombia.

Pursuant to the proposed Transaction, the holders of the issued and outstanding Blueberries Shares shall receive one CDNM Common Share for each Blueberries Common Share held.

On or immediately prior to the completion of the proposed Transaction, it is anticipated that: (i) CDNM will effect the Name Change (as defined herein); and (ii) the board of directors of CDNM shall be reconstituted to consist of nominees of Blueberries and all existing officers of CDNM shall resign and be replaced by nominees of Blueberries Canada.

Prior to the completion of the Transaction, it is anticipated that Blueberries will complete a non-brokered private placement of approximately 35,230,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of approximately \$8,807,500. Each Subscription Receipt shall entitle the holder to receive, upon satisfaction of certain escrow release conditions, and without payment of additional consideration, one unit in the

**Blueberries Cannabis Corp.**

Notes to the consolidated financial statements

*For the period from September 5 (Date of Incorporation) to October 31, 2018*

capital of Blueberries (a "Unit"). Each Unit shall consist of one Blueberries Common Share and one-half of one Blueberries Warrant, which Units shall be exchanged, without further consideration, for one Unit in the capital of the Resulting Issuer, upon the completion of the proposed Transaction. Following the exchange for Units of the Resulting Issuer, each Resulting Issuer Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at a price of \$0.40 per Resulting Issuer Share for a period of 24 months.

Given the fact that the Shareholders of Blueberries will control the combined entities the Transaction will be treated as a Reverse Takeover for financial reporting purposes.

The promissory notes to related parties of \$109,539 as at October 31, 2018 from Note #9 have not yet been repaid. Interest has accordingly been accrued since November 30, 2018 @ 5% year per the terms of the notes.



Schedule D

**PRO FORMA FINANCIAL STATEMENT OF ISSUER**

See attached.

# **BLUEBERRIES MEDICAL CORP.**

## **UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2018

Prepared by Management

(Presented in Canadian Dollars)

BLUEBERRIES MEDICAL CORP.  
 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT OCTOBER 31, 2018  
 CAD\$

	Blueberries Cannabis Corp Consolidated	CDN MSolar Corp	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated @ RTO
	\$ CDN	\$ CDN		\$ CDN	\$ CDN
	<i>As at October 31, 2018</i>	<i>As at September 30, 2018</i>			
<b>Assets</b>					
<b>Current assets:</b>					
Cash	\$ 401,051	\$ 83			
			2(b)	\$ 8,807,500	
			2(c)	\$ (616,525)	
			2(e)	\$ (521,883)	
			2(g)	\$ (293,936)	
					\$ 7,776,290
Due from Related Parties					\$ -
Other receivables	\$ 1,092				\$ 1,092
GST receivable		\$ 6,021			\$ 6,021
<b>Total current assets</b>	<b>\$ 402,143</b>	<b>\$ 6,104</b>		<b>\$ 7,375,156</b>	<b>\$ 7,783,403</b>
<b>Non-current assets</b>					
Property and Equipment	\$ 143,588				\$ 143,588
Licenses	\$ 1,298,240				\$ 1,298,240
<b>Total non-current assets</b>	<b>\$ 1,441,828</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 1,441,828</b>
<b>Total assets</b>	<b>\$ 1,843,971</b>	<b>\$ 6,104</b>		<b>\$ 7,375,156</b>	<b>\$ 9,225,231</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 98,899	\$ 85,120			\$ 184,019
Due to related parties	\$ 293,936	\$ 15,960	2(g)	\$ (293,936)	\$ 15,960
Employee Benefits	\$ 35,264				\$ 35,264
<b>Total current liabilities</b>	<b>\$ 428,099</b>	<b>\$ 101,080</b>	<b>\$ -</b>	<b>\$ (293,936)</b>	<b>\$ 235,243</b>
<b>Shareholders' equity</b>					
Common Shares	\$ 1,664,738	\$ 1,056,092			
			2(b)	\$ 7,201,839	
			2(c)	\$ (616,525)	
			2(f)	\$ 1,848,189	
			2(f)	\$ (1,056,092)	
			2(d)	\$ (300,153)	
					\$ 9,798,088
Warrant and option reserve			2(b)	\$ 1,605,661	
			2(d)	\$ 300,153	
					\$ 1,905,814
Deficit	\$ (249,385)	\$ (1,151,068)			
			2(e)	\$ (521,883)	
			2(f)	\$ 1,151,068	
			2(f)	\$ (1,943,165)	
					\$ (2,714,433)
AOCI	\$ 519				\$ 519
				\$ -	
<b>Total shareholders' equity</b>	<b>\$ 1,415,872</b>	<b>\$ (94,976)</b>		<b>\$ 7,669,092</b>	<b>\$ 8,989,988</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,843,971</b>	<b>\$ 6,104</b>		<b>\$ 7,375,156</b>	<b>\$ 9,225,231</b>

BLUEBERRIES MEDICAL CORP.  
 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS)  
 AS AT OCTOBER 31, 2018  
 CAD\$

	Blueberries Cannabis Corp Consolidated	CDN MSolar Corp	Pro-Forma Adjustments	Note Ref.	Pro Forma Consolidated
	\$ CDN	\$ CDN	\$ CDN		\$ CDN
	<i>period from</i>				
	<i>September 5,</i>				
	<i>2018 (Date of</i>		<i>9 months</i>		
	<i>Incorporation) to</i>		<i>ended</i>		
	<i>October 31,</i>		<i>September</i>		
	<i>2018</i>		<i>30, 2018</i>		
<b>Expenses:</b>					
Pre-operating expenses - Cannabis	\$ 37,717				\$ 37,717
Depreciation	\$ 1,956				\$ 1,956
General & administrative expenses	\$ 20,076	\$ 29,993			\$ 50,069
Other income (expenses)	\$ 268	\$ 696			\$ 964
Professional Fees	\$ 189,368	\$ 20,048			\$ 209,416
Gain on debt forgiveness		\$ (58,137)			\$ (58,137)
Change in fair value of marketable securities					\$ -
Listing Expenses			\$ 521,883	2(e)	
			\$ 1,943,165	2(f)	\$ 2,465,048
	\$ 249,385	\$ (7,400)	\$ 2,465,048		\$ 2,707,033
<b>Net loss for the period:</b>	\$ (249,385)	\$ 7,400	\$ (2,465,048)		\$ (2,707,033)
<b>Other comprehensive income</b>	\$ 519				\$ 519
<b>Total comprehensive income (loss)</b>	\$ (248,866)	\$ 7,400	\$ (2,465,048)		\$ (2,706,514)
Pro-forma loss per share:					\$ (0.03)
weighted average shares outstanding:					106,622,759

BLUEBERRIES MEDICAL CORP. CONSOLIDATED  
NOTES TO THE UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS  
AS AT OCTOBER 31, 2018

1. Basis of Presentation

The accompanying unaudited consolidated pro-forma Financial Statements of CDN MSolar Corp. ("CDNM") has been prepared by management to a reverse takeover "(RTO)" of Blueberries Cannabis Corp. ("Blueberries" )Prior to the completion of the Transaction, CDNM will change its name to "Blueberries Medical Corp." and following completion of the Transaction, the resulting issuer will conduct its business under the new name. As Blueberries has a subsidiary, Blueberries SAS, a Colombian company, it too has been consolidated in the financial statements of Blueberries

The Transaction will constitute a CDNM "Qualifying Transaction" pursuant to Canadian Securities Exchange ("CSE") The resulting issuer from the Transaction (the "Resulting Issuer") will operate as a medical cannabis company with its core operations in Colombia continuing the business of Blueberries SAS. The unaudited consolidated pro-forma Financial Statements gives effect to the Transaction had it occurred on October 31, 2018. While the Financial Statements reported for CDNM are as at September 30, 2018 it is managements view there would be no other material transactions to report between September 30, 2018 and October 31, 2018 for that entity.

The Transaction has been accounted for in accordance with IFRS 2. Upon completion of the transaction, the former shareholders of Blueberries will become the controlling shareholders of CDNM. This type of share exchange, referred to as a reverse take-over ("RTO"), deems Blueberries to be the acquirer for accounting purpose. Accordingly, Blueberries balances are accounted for at cost and CDNM's balances are accounted for at fair value. Since the consideration given is the acquirer's own equity, the fair value to be used is based on the most recent financing of Blueberries (see note 2f).

The Transaction has been accounted for in the unaudited consolidated pro-forma Financial Statements as a continuation of the financial statements of Blueberries, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of CDNM and a recapitalization of the equity of Blueberries.

The unaudited consolidated pro-forma Financial Statements have been prepared from information derived from and should be read in conjunction with the following:

1. The audited consolidated financial statements of Blueberries Cannabis Corp a Canadian company for the period ended October 31, 2018. This includes Blueberries subsidiary Blueberries SAS, a Colombian company.
2. The unaudited condensed interim financial statements of CDN MSolar Corp. for the 6 months ended September 30, 2018.
3. Given the fact that CDN MSolar Corp. had a March 31, 2018 fiscal yearend balances from the prior year were used to sum the CDN MSolar Corp. statement of income (loss) for the 9 months ended September 30, 2018.

BLUEBERRIES MEDICAL CORP. CONSOLIDATED  
NOTES TO THE UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS  
AS AT OCTOBER 31, 2018

3. Unless otherwise noted, the unaudited consolidated pro-forma Financial Statements and its accompanying notes are presented in Canadian Dollars.

The unaudited consolidated pro-forma Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and, in the opinion of management, includes all adjustments necessary for fair presentation. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of CDNM and Blueberries.

The unaudited consolidated pro-forma Financial Statements have been prepared for illustration purposes only and may not be indicative of the financial position had the Transaction been in effect at the date indicated.

Pursuant to the Definitive Agreement (the "Agreement") dated February 1, 2019, between CDNM and Blueberries, CDNM will acquire 100% of the issued and outstanding share capital of Blueberries, whereby the shareholders of Blueberries will receive post consolidated shares of CDNM in exchange for their shares of Blueberries.

The unaudited consolidated pro-forma Financial Statements gives effect to the following assumptions and adjustments as set forth in the Agreement.

- a) Pursuant to the Agreement, CDNM will consolidate its issued and outstanding common shares on a 1:1 basis and will have 7,392,759 common shares issued and outstanding post consolidation, such that each CDNM shareholder will receive one (1) post consolidated common share for each (1) pre consolidation common shares of CDNM. Post consolidation, CDNM will issue Blueberries shareholders one (1) CDNM post consolidated common share for every one (1) common share of Blueberries for a total issuance of 7,392,759 post consolidated common shares of CDNM to the shareholders of Blueberries. The fair value of consideration to CDNM shareholders is set forth in Note 2(f).
- b) Blueberries will issue 35,230,000 units at \$0.25. Each unit is to consist of one common share and one-half common issuer warrants of Blueberries exercisable at \$0.40 for two years. Each full issuer warrant from the non-brokered financing is valued at a price of 0.25 using the Black-Sholes option model and assumptions below.

Stock price \$0.25

Exercise price \$0.40

Time to maturity 2.00

Risk-free rate 2.18%

Volatility 90.0%

BLUEBERRIES MEDICAL CORP. CONSOLIDATED  
NOTES TO THE UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS  
AS AT OCTOBER 31, 2018

Cash has been increased by \$8,807,500 and share capital increased by \$7,201,839 and warrant and option reserve increased by \$1,605,661 for pro forma purposes.

- c) Commission based Cash finders' fees of \$616,525 will be payable upon closing of the Transaction to investment bankers.
- d) Simultaneous with the financing on January X, 2019, Blueberries issued finders warrants equal to 7% of issuer units raised. At 35,230,000 units @ 7% it results in an additional 2,466,100 warrants being issued. These finders warrants of Blueberries are exercisable at \$0.25 for two years. Each full finders warrant is valued at a price of 0.25 using the Black-Sholes option model and assumptions below.

Stock price \$0.25  
Exercise price \$0.25  
Time to maturity 2.00  
Risk-free rate 2.18%  
Volatility 90.0%

Warrant and option reserve increased by \$300,153 and share capital decreased by \$300,153.

- e) Other listing costs are estimated to be \$521,883 for the Transaction, resulting in a pro-forma reduction of cash by \$521,883 and deficit by an equal amount.
- f) Share capital and deficit of CDN M are eliminated Since CDN M is a predecessor corporation without active business operations, the consideration transferred by Blueberries will be allocated to the net assets acquired and transaction costs will be expensed. Fair value of the RTO was determined using the current share price of Blueberries on the most recent financing on October 11, 2018. The preliminary purchase price of \$1,848,189 has been allocated as following:

Deemed issuance price of common shares issued to former shareholders of CDN M	\$0.25
Deemed issuance of common shares of former shareholders of CDN M	<u>7,392,759</u>
Fair value of consideration	\$1,848,189
Cash	\$83
Accounts receivable	6,021
Accounts payable and due to related parties	(101,080)
Listing costs expensed	<u>1,943,165</u>
Value attributed to Shares	\$1,848,189

BLUEBERRIES MEDICAL CORP. CONSOLIDATED  
NOTES TO THE UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS  
AS AT OCTOBER 31, 2018

- g) Promissory notes are owed to related parties and are due November 30, 2018 of \$109,539 for Blueberries SAS. This plus other related party amounts are due for a total \$293,936. This will be paid and booked to against cash.
- h) The pro-forma effective income tax rate applicable to the operations will be approximately 26.50%.

3. Pro-Forma Share Capital

	Number	Amount \$	Notes
Blueberries existing shares	64,000,000	1,664,738	
Blueberries non-brokered unit private placement of subscription receipts	35,230,000	7,201,839	2b)
Finders Commissions		(616,525)	2c)
Finder warrants		(300,153)	2d)
Cash consideration for Deemed issuance of shares to former CDNM shareholders	<u>7,392,759</u>	<u>1,848,189</u>	2f)
Total	<u>106,622,759</u>	<u>\$9,798,088</u>	



Schedule E

**MANAGEMENT DISCUSSION AND ANALYSIS OF CDN**

**See attached.**

# CDN MSolar Corp.

## MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

As at November 9, 2018

The following Management's Discussion and Analysis (the "MD&A") of CDN Msolar Corp. (the "Company" or "CMS") as of November 9, 2018 should be read in conjunction with the unaudited condensed interim financial statements and related notes thereto for the six months ended September 30, 2018 and the annual financial statements of the Company for the year ended March 31, 2018, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). IFRS has been applied since the incorporation.

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

## **FORWARD-LOOKING STATEMENT**

This MD&A includes certain forward-looking information and forward-looking statements (collectively "Forward-Looking Statements") concerning the future performance of the Company's business, operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-Looking Statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-Looking Statements are based on the current opinions and expectations of management based on currently available information. All Forward-Looking Statements are inherently uncertain and subject to a variety of risks and uncertainties, as described in Risks and Uncertainties below. Such Forward-Looking Statements are based on a number of assumptions, including but not limited to, information or statements concerning the Company's expectations for its ability to raise capital and meet the Company's obligations. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual events or results may differ materially from those expressed or implied in the Forward Looking-Statements. Investors are cautioned against placing undue reliance thereon. The Company undertakes no obligation to revise or update the Forward-Looking Statements, except as required by applicable law.

## **OVERALL PERFORMANCE**

### **Corporate Structure and History**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 15, 2013. On September 30, 2013, the Company completed an amalgamation with MN Ventures Ltd., a reporting issuer in each of the provinces of British Columbia and Alberta. The Company continued under the name CDN MSolar Corp. following the amalgamation. On April 8, 2014, the common shares of the Company were listed on the Canadian Securities Exchange (the "CSE") under the symbol "CNSX:CMS".

The Company was established to be the exclusive worldwide marketing and business development of Dongying Minghui New Energy Science & Technology Co., Ltd. ("Minghui"). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China. Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and

products (the “Minghui Technology”). Minghui has developed over thirty patents in conjunction with several Chinese universities in China. At its core, Minghui designs, manufactures and sells integrated energy saving technology (“IEST”) systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump in response to a growing demand for energy-saving solutions designed for residential and commercial buildings. The Company had planned to expand Minghui business from its base in China to the international market.

The success of the Company is dependent upon certain factors that may be beyond management’s control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected.

### **Description of Business**

On April 15, 2013, the Company signed a Technology Transfer Agreement (the “Agreement”) to purchase the Minghui Technology for \$195,000 in exchange for 9,750,000 common shares valued at \$0.02 per share. Pursuant to the Agreement, Minghui granted the Company an irrevocable license to produce, develop market, sell and/or otherwise distribute the Minghui Technology. The license is unlimited for use and exploitation worldwide, with the exception of China.

The Company’s former business strategy was to focus on the marketing of geothermal energy technology and PV power generation technology on behalf of Minghui, in North America. The Company was to assist Minghui to export these technologies from China to North America.

On August 8, 2017, The Company was found to be in default of CSE requirements and as such was suspended pursuant of CSE Policy 3. The suspension is considered a Regulatory Halt as defined in National Instrument 23-101 Trading Rules. A cease trade order had been issued by the Ontario and British Columbia Securities Commission. This cease trade order was revoked November 1, 2017 in BC and Ontario however; the Company has not yet completed the process for reinstatement with the CSE. The Company does not have sufficient funds to operate the business normally and is now seeking assets or business with growth potential to merge with or acquire.

## SELECTED ANNUAL INFORMATION

The financial results of the Company for the financial years ended March 31, 2018, 2017 and 2016 are summarized as follows:

	For the Financial Year ended March 31, 2018 (\$)	For the Financial Year ended March 31, 2017 (\$)	For the Financial Year ended March 31, 2016 (\$)
<b>Total Revenue</b>	-	-	-
<b>Profit or (Loss) from Continuing Operations</b>			
<b>(i) Total for the Year</b>	(55,157)	(113,720)	(132,602)
<b>(ii) per share – basic</b>	(0.02)	(0.05)	(0.01)
<b>(iii) per share – fully diluted</b>	(0.02)	(0.05)	(0.01)
<b>Net Profit or (Loss)</b>			
<b>(i) Total for the Year</b>	(15,471)	(415,933)	(132,602)
<b>(ii) per share – basic</b>	(0.01)	(0.02)	(0.06)
<b>(iii) per share - fully diluted</b>	(0.01)	(0.02)	(0.06)
<b>Total Assets</b>	3,519	7,791	430,533
<b>Total Non-Current Financial Liabilities</b>	-	-	-
<b>Distributions or Cash Dividends declared per- share</b>	-	-	-

## DISCUSSION OF OPERATIONS

During the three months ended September 30, 2018, the Company had no material operations.

For the three months ended September 30, 2018, the Company had a loss of \$24,065 (2017: \$6,631).

For the six months ended September 30, 2018, the Company had a loss of \$24,594 (2017: \$20,752).

At September 30, 2018, the Company had an accumulated deficit of \$1,151,068 (2017: \$1,131,755).

## SUMMARY OF QUARTERLY RESULTS

Net loss for the three months ended September 30, 2018 was \$24,065 (2017: \$6,631). The loss is the result of ongoing maintenance and administrative costs.

The financial results for each of the eight most recently completed quarters are summarized as follows:

	Quarter Ended September 30, 2018 (\$)	Quarter Ended June 30, 2018 (\$)	Quarter Ended March 31, 2018 (\$)	Quarter Ended December 31, 2017 (\$)
<b>Total Assets</b>	6,104	3,987	3,519	1,817
<b>Working Capital (Deficiency)</b>	(94,976)	(46,074)	(70,382)	(102,375)
<b>Shareholders' Equity</b>	(94,976)	(46,074)	(70,382)	(362,375)
<b>Profit or (Loss)</b>	(24,065)	24,308	31,993	(26,712)
<b>Profit or (Loss) per share</b>	0.00	0.00	(0.01)	(0.00)

	Quarter Ended September 30, 2017 (\$)	Quarter Ended June 30, 2017 (\$)	Quarter Ended March 31, 2017 (\$)	Quarter Ended December 31, 2016 (\$)
<b>Total Assets</b>	1,266	8,135	7,791	308,708
<b>Working Capital (Deficiency)</b>	(75,662)	(69,032)	54,911	5,701
<b>Shareholders' Equity</b>	(335,663)	(329,032)	(314,911)	5,701
<b>Profit or (Loss)</b>	(6,631)	(12,121)	(320,612)	(42,754)
<b>Profit or (Loss) per share</b>	(0.01)	(0.01)	(0.01)	(0.00)

*As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options is anti-dilutive.*

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had \$83 of cash and cash equivalents (September 30, 2017: \$62) and net working deficiency of \$94,976 (September 30, 2017: \$335,663). The Company has an ongoing monthly working capital requirement of \$3,000 per month. The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to implement its business plan. These factors indicate uncertainty about the Company's ability to continue as a going concern.

The financial results for the six months ended September 30, 2018, 2017 and 2016 are summarized as follows:

	Six Months Ended September 30, 2018 (\$)	Six Months Ended September 30, 2017 (\$)	Six Months Ended September 30, 2016 (\$)
<b>Cash Flows from Operating Activities</b>	2,158	(7,411)	(53,468)
<b>Cash Flows from Investing Activities</b>	-	-	-
<b>Cash Flows from Financing Activities</b>	(3,040)	7,473	-
<b>Increase (decrease) in Cash and Cash Equivalents</b>	(882)	62	(53,468)
<b>Cash and Cash Equivalents – Beginning of Period</b>	965	-	120,305
<b>Cash and Cash Equivalents – End of Period</b>	83	62	66,837
<b>Cash and Cash Equivalent</b>	83	62	66,837
<b>Total Assets</b>	6,104	1,226	377,715
<b>Total Liabilities</b>	101,080	336,889	329,260
<b>Share Capital</b>	1,056,092	796,092	796,092
<b>Total Shareholders' Equity</b>	(94,976)	(335,663)	48,455
<b>Total Liabilities and Shareholders' Equity</b>	6,104	1,226	377,715

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at September 30, 2018, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2015, the Company made an advance to its former President, who was also a director, of the Company, in the amount of \$300,000. The amount is unsecured, non-interest bearing and with no fixed terms of repayment. This person was removed as the President of the Company in January of 2017 and ceased to be a director of the Company in March of 2017. The Company has filed a civil claim lawsuit against the former President. As the outcome of the legal proceeding is uncertain and management believes that the Company's recovery of this amount is doubtful, the Company has provided a provision against this advance receivable of \$300,000 as a bad debt expense for the year ended March 31, 2017.

In addition, the Company has also filed a second claim against the former President alleging that the former President wrongfully took possession of an advance intended to be made to the Company by a controlling shareholder. The outcome of this claim is uncertain.

As at September 30, 2018, an amount of \$15,960 (September 30, 2017: \$37,451) was due to a director of the Company. The amount is unsecured, non-interest bearing and with no fixed terms of repayment.

As at September 30, 2018, an amount of \$24,837 (September 30, 2017: \$291,551) included in accounts payable and accrued liabilities was due to the former President of the Company. This amount is unsecured, noninterest bearing with no fixed terms of repayment.

There was no key management remuneration or payroll paid during the period.



## PROPOSED TRANSACTION

On September 6, 2018 the Company announced that it had entered into a binding letter agreement (the “Letter Agreement”) with Blueberries Cannabis Corp., a privately held issuer existing under the laws of the Province of Ontario (“Blueberries”), which outlines the general terms and conditions pursuant to which CDN and Blueberries have agreed to complete a transaction (the “Transaction”) that will result in a reverse take-over of the Company by the current shareholders of Blueberries. The Letter Agreement was negotiated at arm’s length and is effective as of September 5, 2018.

Blueberries SAS, a wholly-owned subsidiary of Blueberries, is seeking to become a large-scale producer of naturally grown premium quality cannabis with its primary operations well situated in the Bogotá savanna in central Colombia.

It is currently anticipated that the proposed transaction will be affected by way of a three-cornered amalgamation or other similar form of transaction as is acceptable to the parties. There are currently outstanding an aggregate of 7,392,759 common shares in the capital of the Company and it will issue

It is currently expected that the Company will issue approximately 99,230,000 Shares to securityholders of Blueberries in connection with the completion of the transaction. For additional information see the Company’s press release dated September 6, 2018.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### **IFRS 9 – Financial Instruments**

Effective April 1, 2018, the Company adopted IFRS 9, Financial Instruments (“IFRS 9”). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (“IAS 39”). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no material impact to the Company’s financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new IFRS 9 guidance has had no material impact on the Company’s financial statements.

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company’s September 30, 2018 financial statements has been updated as follows:

## **Financial assets**

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income.

The Company determines the classification of its financial assets at initial recognition.

### **Financial assets recorded at fair value through profit or loss (“FVTPL”)**

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. The Company’s cash is classified as financial assets measured at FVTPL.

#### **ii. Amortized cost**

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable is classified as financial assets measured at amortized cost.

## **Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

### **Amortized cost**

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company’s amounts payable and other liabilities, do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

### **Financial liabilities recorded fair value through profit or loss (“FVTPL”)**

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above and include warrant liability and special warrants.

### **Transaction costs**

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

### **Subsequent measurement**

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

### **Derecognition**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### **Expected Credit Loss Impairment**

Model IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

### **IFRS 15 – Revenue from Contracts with Customers**

Effective April 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers (“IFRS 15”). Given that the Company does not have revenue from contracts with customers, there is currently no material impact from adoption of the standard.

New accounting standards effective for annual periods on or after April 1, 2019:

### **IFRS 16 - Leases**

In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this standard.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)**

No changes have occurred in the current period in the Company’s ICFR that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

### **DISCLOSURE CONTROLS AND PROCEDURES**

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company’s interim financial statements for the period ended September 30, 2018 (together the “Interim Filings”).

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and ICFR, as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

### **RISK AND UNCERTAINTIES**

The operations of the Company are speculative due to the high-risk nature of its business. These risk factors could materially affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

**Strategic and operational risks** are risks that arise if the Company fails to develop the solar business in Canada under the Minghui Technology Agreement and/or to debt financing in financing the business

development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. These risks are not expected to be substantial as they relate to the former business strategy of the company.

**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's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar.

**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.

**Credit risk** is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The credit risk on cash is limited because the Company has no trade receivables as at September 30, 2018 and 2017. Therefore, the Company is not exposed to significant credit risk.

**Liquidity risk** is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at September 30, 2018, the Company had \$83 cash (2017: \$62) to settle accounts payable of \$85,120 (2017: \$20,501) and due to related parties of \$15,960 (2017: \$316,388) which significantly fail due for payment within twelve months of the financial position date.

**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 faced 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 processes and technology, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it will be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. If the Company is unable to fund any such investment required to advance the business under the Minghui Technology agreement or otherwise fails to invest in new technology or obtain adequate sales, then financial condition or results of operations could be materially and adversely affected.

**Conflicts of Interest:** Certain of the directors of the Company also serve as directors and/or officers of other companies involved in operations that may be related to the business the Company enters into. 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.

## **FUTURE CASH REQUIREMENTS**

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. If the Company pursues 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.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVEUNE**

A summary of general and administrative expenses of the Company is contained in the financial statements and related notes thereto for the six months ended September 30, 2018, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

On July 4, 2018, the Company consolidated its common shares on the basis of one new common share for every ten existing common shares. As of the date hereof there are an aggregate of 7,392,759 common shares outstanding following the consolidation.

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

## **LEGAL MATTERS**

On July 4, 2017, The Company filed a Notice of Civil Claim against Mr. Samuel Lin Hoi Yu, a former President and director, in the Supreme Court of British Columbia, B.C. regarding the repayment of an advance in the sum of \$300,000 (Note 4). In addition, the Company has also filed a second claim against the former president alleging that the former president wrongfully took possession of an advance intended to be made to the Company by a controlling shareholder. On July 18, 2017, Mr. Yu filed a response denying this claim. These matters are going to be heard by the Supreme Court of British Columbia on January 7, 2019. The outcome of both of claims is uncertain.

## **ADDITIONAL INFORMATION**

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

Schedule F

**MANAGEMENT DISCUSSION AND ANALYSIS OF BLUEBERRIES**

See attached.

BLUEBERRIES CANNABIS CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED OCTOBER 31, 2018  
DISCUSSION DATE: JANUARY 31, 2019

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Blueberries Cannabis Corp (the "Company" or "Blueberries") constitutes management's review of the factors that affected the Company's financial and operating performance for the period from Incorporation (September 5, 2018) to October 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the period from Incorporation (September 5, 2018) to October 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of October 31, 2018, unless otherwise indicate.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.



BLUEBERRIES CANNABIS CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED OCTOBER 31, 2018  
DISCUSSION DATE: JANUARY 31, 2019

Forward Looking Statements	Assumptions	Risk Factors
The Company will be able to continue its business activities	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the twelve-month period ending October 31, 2019, will be consistent with the Company's current expectations; debt and equity markets, interest rates and other applicable economic conditions are favourable to the Company	Sufficient funds not being available; increases in costs, the Company may be unable to retain key personnel to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures.
Management's outlook regarding future trends	Financing will be available for the Company's future business, continuing development, maintenance and operation of its information technology systems.	General economic conditions could adversely impact technology spending by the Company's clients, put downward pressure on prices which could adversely impact the business, financial condition or results of operations and the Company may be unable to retain key personnel

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

**Overview**

Blueberries was incorporated September 5, 2018 under the Ontario Business Corporation Act.

BLUEBERRIES CANNABIS CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED OCTOBER 31, 2018  
DISCUSSION DATE: JANUARY 31, 2019

On October 3, 2018, the Company acquired all of the issued and outstanding shares of Blueberries S.A.S. in exchange for shares in the Company and cash of \$394,800 (\$300,000 USD). 52,000,000 shares in Blueberries were issued to founders at that time. The Blueberries SAS shareholders received 17,500,000 of these total shares issued. Given they had a fair value of \$0.05 per share at that time based on recent financing transactions the total share consideration cost was \$875,000. Total acquisition cost was \$1,269,800 including both cash and shares. Transaction costs totaled \$32,403 bringing the total cost to \$1,302,203.

The other 34,500,000 shares were issued to various promoters for the price of nil per share at that time. In the consolidated financial statements the consideration is reported as \$1 total.

On October 10, 2018 Blueberries completed a seed financing where 7,000,000 shares were issued at \$0.05 per share, all of which was paid in cash.

On October 11, 2018 Blueberries completed a standalone financing where 5,000,000 shares were issued for \$444,800, all of which was paid in cash.

The corporation was incorporated with the intent of raising seed capital to buy Blueberries S.A.S (“Blueberries Colombia” or “the subsidiary”) a Colombian company. Blueberries Colombia is a licensed extractor and producer of medical cannabis oil in Colombia and has the legal right to export cannabis oil and products made from cannabis derivatives domestically and abroad. Furthermore, management has agreed that the Company to be acquired by another non-related company, CDN MSolar Corp. (“CDNM”) subsequent to acquiring Blueberries Colombia. CDNM is listed on the Canadian Securities Exchange (“CSE”) with little operations. As at October 31, 2018 this purchase has not closed. In effect, the sum of the transactions results in a reverse takeover where Blueberries Colombia is wholly-owned by a publicly listed company (“Resulting Issuer”) with access to financial capital.

Pursuant to the proposed Transaction, the holders of the issued and outstanding Blueberries Shares shall receive one CDNM Common Share for each Blueberries Common Share held.

On or immediately prior to the completion of the proposed Transaction, it is anticipated that: (i) CDNM will effect the Name Change (as defined herein); and (ii) the board of directors of CDNM shall be reconstituted to consist of nominees of Blueberries and all existing officers of CDNM shall resign and be replaced by nominees of Blueberries Canada.

Prior to the completion of the Transaction, it is anticipated that Blueberries will complete a non-brokered private placement of approximately 35,230,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of approximately \$8,807,500. Each Subscription Receipt shall entitle the holder to receive. Upon satisfaction of certain escrow release conditions, and without payment of additional consideration, one unit in the capital of Blueberries (a “Unit”). Each Unit shall consist of one Blueberries Common Share and one-half of one Blueberries Warrant, which Units shall be exchanged, without further consideration, for one Unit in the capital of the Resulting Issuer, upon the

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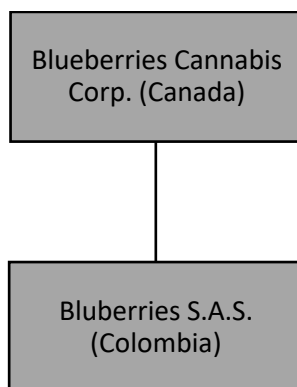
completion of the proposed Transaction. Following the exchange for Units of the Resulting Issuer, each Resulting Issuer Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at a price of \$0.40 per Resulting Issuer Share for a period of 24 months.

Given the fact that the Shareholders of Blueberries will control the combined entities the Transaction is treated as a Reverse Takeover for financial reporting purposes.

The proposed Transaction is subject to requisite regulatory approvals and standard closing conditions, including the listing of the CDNM Shares on the facilities of the Canadian Securities Exchange (“CSE”), as well as other closing conditions described below. Upon completion of the Transaction, it is the intention of the parties that the Resulting Issuer will continue to focus on the current business and affairs of Blueberries Colombia.

### Description of Business

Blueberries was incorporated on September 5, 2018 under the Ontario Business Corporation Act (“OBCA”). Blueberries is not a “reporting issuer” under applicable securities legislation and its securities are not listed for trading on any stock exchange. The Company’s principal and registered office is Suite 800 – 365 Bay Street, Toronto ON, M5H 2V1.



Blueberries has one wholly-owned subsidiary, Blueberries SAS (Blueberries Colombia), which was incorporated on July 30, 2016 under the laws of Colombia as “Inversiones DLV S.A.S.” Blueberries Colombia has its registered office address at Bogota, Colombia. Blueberries Colombia is the operating entity holding all assets including the Licenses, in Colombia.

Pursuant to a share purchase agreement dated on October 3, 2018, the Company acquired all of the issued and outstanding shares of Blueberries S.A.S. in exchange for shares in the Company and cash of \$394,800 (\$300,000 USD). 52,000,000 shares in Blueberries were issued to founders at that time. The Blueberries SAS shareholders received 17,500,000 of these total shares issued. Given they had a fair value of \$0.05 per share at that time based on recent financing transactions the total share consideration cost was \$875,000. Total acquisition cost was \$1,269,800 including both cash and shares. Transaction costs totaled \$32,403 bringing the total cost to \$1,302,203.

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October 10, 2018 Blueberries completed a seed financing where 7,000,000 shares were issued at \$0.05 per share, all of which was paid in cash.

On October 11, 2018 Blueberries completed a standalone financing where 5,000,000 shares were issued for \$444,800, all of which was paid in cash.

As of the date of the MD&A, information related to Blueberries and Blueberries Colombia issued share capital is as follows.

Entities	Outstanding Number of Shares
Blueberries	64,000,000
Blueberries Colombia	33,500

Blueberries Colombia received the following licenses in 2018:

On March 15, 2018, the Ministry of Justice granted a Low THC Cultivation License (non-psychoactive, less than 1% THC content) allowing Blueberries to cultivate in the following modalities: production of grain and seeds for planting, for by-products production.

On August 17, 2018, the Ministry of Health granted the Production License authorizing the domestic and international distribution of High and Low THC Medicinal Cannabis extracts which allows Blueberries Colombia to produce cannabis for domestic use and international export. Pursuant to the Production License, the Colombian government approved land on which Blueberries Colombia is permitted to commence cultivation and production of medicinal cannabis at its Cultivation Facility.

On October 24, 2018, the Ministry of Justice granted a High THC Cultivation License (psychoactive, more than 1% THC content) allowing Blueberries to cultivate in the following modalities: production of grain and seeds for planting, for by-products production.

### **General Description of the Business**

The main business was initially incorporated for the development, exploitation and cultivation of blueberries. The main business was initially incorporated for the development, exploitation and cultivation of blueberries. That changed in 2017 when management started the process to get licensed for the cultivation of Cannabis as medicinal Cannabis was recently legalized. This strategic decision was based on Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017 and regulatory resolutions (577, 578 and 579 of August 8th of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health) formed a legal framework that regulates the actions of any company in Colombia working with cannabis for medical and scientific purposes, including the cultivation, production, and domestic and international distribution of cannabis, cannabis seeds, High THC Medicinal Cannabis, and Low THC Medicinal Cannabis extracts.

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As at October 31, 2018 Blueberries is strictly in the medicinal Cannabis business as a cultivator and distributor. All necessary licenses to operate have been attained. The blueberries segment was discontinued as it was spun out on June 30, 2018 to the shareholders directly for \$nil consideration.

### **Employees**

As of the date hereof, Blueberries and its subsidiaries has 8 employees. Over the next 12 months, Blueberries anticipates it will need to hire approximately 61 more individuals in the following departments: administration, finance, operations, legal and human resources. This number includes both formal employees and alternative service providers or independent contractors.

### **Industry Information**

Medicinal cannabis refers to the use of cannabis and its constituent cannabinoids to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications. Cannabinoids is a blanket term covering a family of complex chemicals, both natural and man-made, that bind with cannabinoid receptors (protein molecules on the surface of cells) and effect a wide number of responses. Cannabinoid receptors in the human body are part of a system called the endocannabinoid system. This system produces chemicals called endocannabinoids, which also bind with cannabinoid receptors. Cannabinoid receptors are found in the brain and throughout the body. Scientists have found that cannabinoid receptors in the endocannabinoid system are involved in a vast array of functions in our bodies, including helping to modulate brain and nerve activity (including memory and pain), energy metabolism, heart function, the immune system and even reproduction.

While there are a large number of active cannabinoids found in cannabis, the two most common currently used for medical purposes are tetrahydrocannabinol and cannabidiol. Although no clinical trials have been completed in Canada to validate the effectiveness of tetrahydrocannabinol or cannabidiol in managing disease and improving symptoms, scientific studies have identified that they, alone and/or in combination, have potential to provide treatment benefits for a large number of medical conditions. For example, tetrahydrocannabinol, a psychotropic cannabinoid, has been shown to activate pathways in the central nervous system which work to block pain signals and has shown potential to assist patients with PostTraumatic Stress Disorder (PTSD) and stimulate appetite in patients following chemotherapy. cannabidiol, on the other hand, is non-psychotropic and has shown potential to relieve convulsion and inflammation.

Various third-party studies suggest that medicinal cannabis (with varying dosages of tetrahydrocannabinol and cannabidiol) has shown, or has the potential to show, efficacy for the treatment of Alzheimer's disease, anxiety, arthritis, brain injuries, cancer (chemotherapy), chronic nausea, chronic pain, eating disorders, epilepsy, fibromyalgia, glaucoma, Hepatitis C, HIV/AIDS, migraines, Multiple Sclerosis, muscle spasms, Parkinson's disease and PTSD.

### **Product Information and Distribution**

Cannabidiol is one of the non-psychoactive components in cannabis that is believed to reduce and regulate the effects of tetrahydrocannabinol. Cannabigerol is an active compound in cannabis that is known for its antibacterial effects and cannabichromene is thought to have anti-inflammatory and analgesic effects.

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Some of the potential uses for medicinal cannabis are disease treatment, pain relief and disease prevention, including: treatment of epilepsy; slow cell damage in diabetes glaucoma, lower intraocular pressure; treatment of Tourette syndrome; inhibit cancer and tumor cell growth; treatment of Parkinson and Huntington diseases; treatment of amyotrophic and multiple sclerosis; treatment of bipolar disorder; treatment of primary anorexia nervosa; treatment of digestive diseases; treatment of brain diseases; treatment of HIV/AIDS; relieve pain, convulsion, inflammation, nausea and congestion; treatment of anxiety, depression and psychosis; treatment of dementia.

The variety, extraction method and final product of medicinal cannabis to be produced by Blueberries shall be determined by the ailments or diseases Blueberries intends to focus on.

### **Discussion of Operations**

#### Period from Incorporation (September 5 10, 2018) to October 31, 2018

The Company's net loss totaled \$249,385 for the period from incorporation (September 5, 2018) to October 31, 2018, with basic and diluted loss per share of \$0.008. The net loss was all from operating expenses.

#### **Operating expenses**

Operating expenses were \$249,385 for the period from incorporation (September 5, 2018) to October 31, 2018, and was mainly:

- Professional Fees of \$189,368. \$110,368 from legal fees, \$59,000 from audit fees and \$20,000 related to remuneration for the interim CFO.
- \$37,717 pre-operating costs from the Cannabis business.
- \$20,076 from General & Administrative expenses.

#### **Liquidity and Capital Resources**

The principal activities of the Company are the cultivation, production and distribution of medical cannabis. These activities are financed through the completion of equity transactions such as equity offerings. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital to maintain its capacity to meet ongoing operating activities. As of October 31, 2018, the Company's working capital is a deficit of \$25,956.

Current liabilities is \$428,099 at October 31, 2018 and consist of amounts that are to be extinguished in due course. The Company's pending cashflow from the pending Subscription receipts simultaneous with the CDN M RTO is more than sufficient to pay these liabilities.

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At October 31, 2018, the Company had a working a capital deficit of \$25,956 as the Company had cash of \$401,151. The increase in working capital and cash can be attributed to the seed financings on October 10<sup>th</sup> and 11<sup>th</sup> of 2018.

Net cash used in operating activities was \$148,815 for the period ended October 31, 2018. Operating activities were affected by a net change in non-cash working capital balances of \$98,614 and depreciation of \$1,956 offset by a total loss of \$249,385.

Net cash used in investing activities was \$392,837 during the period ended October 31, 2018. This is all from cash consideration to purchase Blueberries SAS of \$394,800 offset by cash acquired in the Blueberries SAS acquisition of \$1963.

Net cash generated in financing activities was \$952,703 during the period ended October 31, 2018. This is from cash received from new shares issued net of share issuance costs of \$789,737 and Related Party Debt \$152,966.

The Company's liquidity risk from financial instruments is minimal as excess cash is held in current bank accounts.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead costs. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company.

### **Commitments**

During 2018 the subsidiary signed a binding agreement to buy 15 additional hectares of farmland in Cogua, Cundinamarca, Colombia for \$1,500,000 USD plus 4,000,000 shares in the Company. This transaction is due to close on March 15, 2019. This land will be used for future expansion of the business. This contract has an opt-out penalty of \$300,000 USD should the subsidiary choose before close. The seller of this land is a legal entity whose minority beneficial owner is also a minority shareholder of the Company.

On May 30, 2018 the subsidiary signed a binding agreement for one year with Hempson USA. This party will act as a broker and will be entitled to commissions up to 10% gross medicinal Cannabis sales for all of Europe. This agreement will expire May 30, 2019.

### **Transactions with Related Parties**

During the period ended October 31, 2018, the Company began incurring professional expenses. One of these vendors was to the key management in the Company. As at October 31, 2018 the balance owing was \$147,860. There are no specific items of repayment and the amount is unsecured and non-interest bearing.

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Via the October 3, 2018 asset acquisition Blueberries acquired promissory notes with its beneficial shareholders. The first note is due to be repaid November 30, 2018. There is no limit to how much the Subsidiary can draw under the note and does not bear interest. However, if the balance is not repaid by its November 30, 2018 due date interest will accrue at 5% monthly. As at October 31, 2018 the balance was \$109,539. The second note does not have a due date. There is no limit to how much the Subsidiary can draw under the note and bears interest 5.16%. As at October 31, 2018 the balance was \$36,537. Combined with the \$147,860 to key management the total Related Party Debt of the consolidated entity is \$293,936.

### **Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

During the period ended October 31, 2018, compensation of \$20,000 in salaries were incurred for key management. As of October 31, 2018, the full balance of \$20,000 is unpaid and included in accounts payable.

As at October 31, 2018, accrued compensation benefits of COP\$19,718,612 (CAD\$8,086) was outstanding for key management. This balance is represented in Employee benefits on the consolidated financial statements.

### **Change in Accounting Policy**

None.

### **Recent Accounting Pronouncements**

The significant accounting policies used in the preparation of these audited consolidated financial statements have been applied consistently for all periods presented and are unchanged from the policies disclosed in the notes to the consolidated financial statements for the period ended October 31, 2018. On January 1, 2018, the Corporation adopted Financial Instruments ("IFRS 9") and Revenue from Contracts with Customers ("IFRS 15"). The adoption of these new standards and amendments had no impact to the amounts recorded in the Company's consolidated financial statements as of January 1, 2018 or comparative periods. The use of judgments and estimates in the preparation of these audited consolidated financial statements has been applied consistently for all periods.

IFRS 16 - In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has not yet assessed the impact of this standard on its consolidated financial statements and will not early adopt.



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## **Management of Capital**

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at October 31, 2018, the Company has not entered into any debt financing. The Company is not subject to externally imposed capital requirements.

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 have been no changes to the Company's capital management approach in the year. The Company considers its shareholders equity as capital which as at October 31, 2018 is \$1,021,072.

## **Financial Instruments**

### **Fair values**

At October 31, 2018, the Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

### **Fair value hierarchy**

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value:

- Level 1 - cash and cash equivalents
- Level 2 - warrants using Black-Scholes option pricing model

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- Level 3 – none

### **Financial risks**

The Company has exposure to the following risks from its use of financial instruments:

#### **Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at financial institutions which are Colombian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at October 31, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the year.

#### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on cash and cash equivalents. The Company is also exposed to interest rate risk on promissory notes that may be issued. Those promissory notes issued were interest-free loans. As such, fluctuations of interest rates for the period ending October 31, 2018 would not have had a significant impact on the consolidated financial statements.

#### **Foreign currency risk**

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Colombian subsidiary, Blueberries Colombia. Besides the Canadian Dollar (CAD\$) risk a portion of the expenditures in both companies are dominated in United States Dollars (USD\$). Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates in both companies. The company does not have any foreign currency derivatives to manage its exposure to the currency fluctuations.

#### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial

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condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Share Capital**

As at the date of this MD&A, the Company had 64,000,000 issued and outstanding common shares.

### **Significant accounting estimates**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

### **Share-based compensation**

The fair value of warrants is based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the share price, volatility of the share price, expected dividend yield and expected risk-free interest rate.

### **Useful lives of property and equipment and intangible assets**

Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

### **Income taxes**

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at

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the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

### **Purchase price allocation**

On the acquisition of subsidiaries, the Company is required to allocate the purchase price based on the fair value of identifiable assets and liabilities acquired. There is significant estimation required in this allocation, and there could be a difference between the estimated and actual fair values.

### **Business Risks**

#### *Limited Operating History*

Blueberries is an early stage company having been founded in 2018 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. Blueberries will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Blueberries to meet future operating and debt service requirements, Blueberries will need to be successful in its growing, marketing and sales efforts. Additionally, where Blueberries experiences increased sales, Blueberries current operational infrastructure may require changes to scale Blueberries business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If Blueberries products and services are not accepted by new customers, Blueberries operating results may be materially and adversely affected.

#### *Managing Growth*

In order to manage growth and change in strategy effectively, the Resulting Issuer must (i) maintain adequate systems to meet customer demand; (ii) expand sales and marketing, distribution capabilities and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Blueberries expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

#### *Retention and Acquisition of Skilled Personnel*

The loss of any member of the Resulting Issuer's management team, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Resulting Issuer's business and operating results. At present and for the near future, Blueberries will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require Blueberries to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and Blueberries may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take

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significant time before they achieve full productivity. As a result, the Resulting Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Resulting Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

#### *Legal Proceedings*

From time to time, Blueberries may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Blueberries will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Blueberries financial results.

#### *Regulatory Compliance Risks*

Achievement of Blueberries business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Blueberries may not be able to obtain or maintain the necessary licences, permits, quotas, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. Blueberries cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. To date, Blueberries has received the Blueberries Licences to cultivate Low THC medicinal cannabis and to cultivate and produce High THC medicinal cannabis from the Colombian government. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of Blueberries.

The officers and directors of Blueberries must rely, to a great extent, on Blueberries Colombian legal counsel and local consultants retained by Blueberries in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect Blueberries business operations, and to assist Blueberries with its governmental relations. Blueberries must rely, to some extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia.

Blueberries also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of Blueberries and may adversely affect its business.

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Blueberries will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Blueberries may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Blueberries operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Blueberries.

*Canadian Regulatory and Civil Proceedings*

The sale and distribution of cannabis products for medicinal use by licensed producers is legal in certain Canadian provinces. The Canadian federal government legalized marijuana effective October 17, 2018.

Blueberries operates in Colombia pursuant to the Blueberries Licences and authorizations granted by the *Ministry of Justice and the Ministry of Health*. Consequently, certain activities conducted by Blueberries are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of Blueberries and view Blueberries as having violated their local laws, despite Blueberries having obtained all applicable Colombian licences or authorizations and despite that Blueberries does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against Blueberries. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon Blueberries or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Blueberries business, revenues, operating results and financial condition as well as impact upon Blueberries reputation.

*Change of Cannabis Laws, Regulations and Guidelines*

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Blueberries to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Blueberries businesses. Blueberries cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on Blueberries business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the

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foreseeable future. Compliance with any such legislation may have a material adverse effect on Blueberries business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

*Reliance on Blueberries Licences and Authorizations*

Blueberries ability to grow, store and sell cannabis in Colombia is dependent on Blueberries ability to sustain and/or obtain the necessary licences and authorizations by certain authorities in Colombia.

The licences and authorizations are subject to ongoing compliance and reporting requirements and the ability of Blueberries to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of Blueberries.

Although Blueberries believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, Blueberries may be curtailed or prohibited from the production and/or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Blueberries may be materially adversely affected.

*Reliance on One Facility*

The Cultivation Facility is currently Blueberries only licensed facility under the Licences. The Licenses held by Blueberries are specific to the Cultivation Facility. Adverse changes or developments affecting the Cultivation Facility, including but not limited to a breach of security, could have a material and adverse effect on Blueberries business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Colombian regulatory authorities, could have an impact on Blueberries ability to continue operating under the Licenses or the prospect of renewing the Licenses.

Certain contemplated capital expenditures of Blueberries may require approval of Colombian regulatory authorities. There is no guarantee that Colombian Regulatory Authorities will approve any contemplated expansion and/or renovation, which could adversely affect the business, financial condition and results of Blueberries operations.

*Unexpected disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise*

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Blueberries operations may be disrupted by a variety of risks and hazards that are beyond its control, including, but not limited to, fires, power outages, labour disruptions, supply disruptions, flooding, and the inability to obtain suitable or adequate machinery, equipment or labour as well as other risks involved in the cultivation and production of medicinal cannabis.

*Demand for Cannabis and Derivative Products*

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of Blueberries. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization. Blueberries ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on Blueberries.

*Liability, Enforcement, Complaints, etc.*

Blueberries participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against Blueberries. Litigation, complaints, and enforcement actions involving Blueberries could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on Blueberries future cash flows, earnings, results of operations and financial condition.

*Product Liability*

As a distributor of products designed to be ingested by humans, Blueberries faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Blueberries products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of Blueberries products alone or in combination with other medications or substances could occur. Blueberries may be subject to various product liability claims, including, among others, that Blueberries products caused injury or illness, include inadequate



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instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against Blueberries could result in increased costs, could adversely affect Blueberries reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Blueberries. There can be no assurances that Blueberries will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Blueberries potential products.

*Insurance Coverage*

Blueberries production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to Blueberries and environmental contingencies.

Blueberries is in the process of obtaining insurance coverage over Blueberries production and facilities. Blueberries is seeking insurance against a variety of risks, including losses and damages relating to its plants, equipment and buildings. Any insurance that Blueberries is successful in obtaining may only cover part of the losses it may incur and may not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the future policies. There is a risk that any claims to be paid by an insurer due to the occurrence of a casualty covered may not be sufficient to compensate Blueberries for all of the damages suffered. Blueberries may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If Blueberries were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on Blueberries business, financial condition and results of operations.

*Ability to Establish and Maintain Bank Accounts*

While Blueberries does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where Blueberries operates will not accept payments related to the cannabis industry. Such risks could increase costs for Blueberries. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that Blueberries may be required to seek alternative payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency Blueberries would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. Blueberries inability to manage such risks may adversely affect Blueberries operations and financial performance.

*Product Recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful

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side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Blueberries products are recalled due to an alleged product defect or for any other reason, Blueberries could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Blueberries may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Blueberries has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if Blueberries is subject to recall, the image of Blueberries could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Blueberries products and could have a material adverse effect on the results of operations and financial condition of Blueberries. Additionally, product recalls may lead to increased scrutiny of Blueberries operations by regulatory agencies, requiring further management attention, potential loss of applicable licences and potential legal fees and other expenses.

*Risks Inherent in an Agricultural Business*

Blueberries business involves the growing of cannabis, which is an agricultural product. Medicinal cannabis will be grown outdoors. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce Blueberries yields or require Blueberries to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of Blueberries cannabis production, which could materially and adversely affect Blueberries business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, Blueberries results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect Blueberries operating results and financial condition. Furthermore, if Blueberries fails to control a given plant disease and the production is threatened, Blueberries may be unable to supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

*Risks Inherent in Rural Real Estate*

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws. Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

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In August 2011, Colombia and Canada entered into a Free Trade Agreement (CCOFTA), which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favourable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a nondiscriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional “direct” takings and so-called “indirect” or “creeping” expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-state dispute resolution process is provided for in the event that the investment is not provided the protections set out in the CCOFTA. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian local courts.

#### *Energy Prices and Supply*

Blueberries requires substantial amounts of electric energy and other resources for its harvest activities and transport of cannabis. Blueberries relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and Blueberries is unable to find replacement sources at comparable prices, or at all, Blueberries business, financial condition and results of operations would be materially and adversely affected.

#### *Supply of Cannabis Seeds*

If for any reason the supply of cannabis seeds is ceased or delayed, Blueberries would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, Blueberries business, financial condition and results of operations would be materially and adversely affected.

#### *Changes in Corporate Structure*

Colombian cannabis licences are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the license by the governmental authority.

Notwithstanding the above, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares, or any changes in holders or final beneficiaries of cannabis licences.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal

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representatives. Furthermore, Decree 613 of 2017 provides a set of resolutive conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a license if the licensee fails to request the amendment of the licence within 30 calendar days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective license.

### *Emerging Market Risks*

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of Blueberries operations are in Colombia. Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect Blueberries business, financial condition and results of operations.

In particular, fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had and may continue to have a significant impact on companies operating in Colombia, including Blueberries. Specifically, Blueberries may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect Blueberries business, financial condition and results of operations.

### *Global Economy*

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on Blueberries business, financial condition and results of operations. The economy of the Colombia, where Blueberries operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to reductions in demand for Blueberries products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on Blueberries products. In addition, as a result of volatile or uncertain economic conditions, Blueberries may experience the negative effects of increased financial pressures on its clients. For instance, Blueberries business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in Blueberries

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incurring increased bad debt expense. If Blueberries is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Colombia's economy in the future. If such fluctuations were to occur, Blueberries business, financial condition and results of operations could be materially and adversely affected.

### **CSE Restrictions on Business**

As a condition to initially listing on the CSE, the CSE required that the Company deliver an undertaking (the "Undertaking") confirming that, while listed on CSE, Blueberries will only conduct the business of the production, sale and distribution of medicinal marijuana in Colombia pursuant to the Licences and in accordance with applicable law, unless prior approval is obtained from CSE. The Undertaking could have an adverse effect on Blueberries ability to do business or operate outside of Colombia and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if Blueberries is still listed on the CSE and remains subject to the Undertaking at such time. The Undertaking may prevent Blueberries from expanding into new areas of business when Blueberries competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of Blueberries operations.

### **Risks Related to Investment in a Colombian Company**

#### *Operational Risks*

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require Blueberries to suspend operations on its properties. Although Blueberries is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in Blueberries operations, or other matters. Blueberries also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that Blueberries is relying upon.

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations

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require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

*Inflation in Colombia*

Colombia has in the past experienced double digit rates of inflation. If Colombia experiences substantial inflation in the future, Blueberries costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail Blueberries ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect Blueberries business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase Blueberries costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

*Operations in Spanish*

As a result of Blueberries conducting its operations in Colombia, the books and records of Blueberries, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

*Enforcement of Judgments*

Blueberries is incorporated under the laws of Canada, however all of its assets are located outside Canada. Furthermore, many of Blueberries directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon Blueberries directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada.

As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

**Financial and Accounting Risks**

*Access to Capital*

In executing its business plan, Blueberries makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Blueberries has financed these expenditures through offerings of its equity securities. Blueberries will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Blueberries may incur major unanticipated liabilities or expenses. Blueberries

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can provide no assurance that it will be able to obtain financing to meet the growth needs of Blueberries.

*Foreign Sales*

Blueberries functional currency is denominated in Canadian dollars. Blueberries currently expects that sales will be denominated in Colombian pesos and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, Blueberries incurs the majority of its operating expenses in Colombia Pesos. In the future, the proportion of Blueberries sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Resulting Issuer's business, financial condition and results of operations. Blueberries has not previously engaged in foreign currency hedging. If the Resulting Issuer decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Resulting Issuer from foreign currency fluctuations and can themselves result in losses.

*Estimates or Judgments Relating to Critical Accounting Policies*

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Blueberries bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Blueberries Consolidated Financial Statements set forth in Schedule "C", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Blueberries operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Blueberries operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

*Tax Risks*

The Resulting Issuer will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Resulting Issuer's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Resulting Issuer may have exposure to greater than anticipated tax liabilities or expenses. The Resulting Issuer will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Resulting Issuer's provision for income taxes and other tax liabilities will require significant judgment.

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The Resulting Issuer will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on our financial results. All current tax legislation is a matter of public record and the Resulting Issuer will be unable to predict which additional legislation or amendments may be enacted.

### **Risks Related to the Resulting Issuer Shares and Completion of the Share Exchange Transaction**

#### *Market for the Resulting Issuer Shares*

There can be no assurance that an active trading market for the Resulting Issuer Shares will develop or, if developed, that any market will be sustained. Blueberries cannot predict the prices at which the Resulting Issuer Shares will trade. The price of the Subscription Receipts was determined by negotiations with the Lead Agent in connection with the financing and might not bear any relationship to the market price at which the Resulting Issuer Shares will trade or to any other established criteria of the value of Blueberries business. Fluctuations in the market price of the Resulting Issuer Shares could cause an investor to lose all or part of its investment in Resulting Issuer Shares. Factors that could cause fluctuations in the trading price of the Resulting Issuer Shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of the Resulting Issuer Shares or the size of the Resulting Issuer's public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuer's results of operations; (vi) whether Blueberries results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in the Canada, Colombia and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Resulting Issuer Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Blueberries from any of the other risks cited herein.

#### *No History of Payment of Cash Dividends*

Blueberries has never declared or paid cash dividends on the Blueberries Shares. Upon Completion of the Qualifying Transaction, Blueberries intends to retain future earnings to finance the operation, development and expansion of the business. Blueberries does not anticipate paying cash dividends on the Resulting Issuer Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on the Resulting Issuer's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

#### *Reporting Issuer Status*

From the date of incorporation to the date of this Circular, Blueberries has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. As a reporting issuer, the Resulting Issuer would be subject to reporting requirements under applicable securities law and stock exchange policies. Blueberries is working with its



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legal, accounting and financial advisors to identify those areas in which changes should be made to Blueberries financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of Blueberries expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

*Tax Issues*

There may be income tax consequences in relation to the Resulting Issuer Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.