



Blueberries
Medical Corp.

BLUEBERRIES MEDICAL CORP.

(FORMERLY CDN MSOLAR CORP.)

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED
MARCH 31, 2020 & 2019**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Blueberries Medical Corp. (the "Company" or "Blueberries") for the three months ended March 31, 2020 and 2019 have been prepared by the management of Blueberries, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

May 29, 2020

"Camilo Villalba"
Camilo Villalba
Chief Executive Officer

"Ian D. Atacan"
Ian D. Atacan
Chief Financial Officer

BLUEBERRIES MEDICAL CORP.**Interim Condensed Consolidated Statements of Financial Position**

(unaudited)

<i>(Expressed in Canadian Dollars)</i>	Note Reference	<u>As at March 31,</u> 2020	<u>As at December 31,</u> 2019
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,610,399	\$ 2,666,191
Other receivables		237,502	184,165
Prepays		57,489	20,511
		1,905,390	2,870,867
Non-Current Assets			
Advances towards property plant & equipment	5	2,242,856	2,272,690
Property plant & equipment	6	2,152,078	2,294,121
Right-of-use asset	7	690,108	823,444
Intangible assets	8	1,039,331	1,101,427
Advances on joint venture	9	389,640	389,640
Other non-current assets	10	34,258	34,258
Total Assets		\$ 8,453,661	\$ 9,786,447
LIABILITIES AND EQUITY			
Current Liabilities			
Trade accounts payable & accrued liabilities		\$ 949,303	\$ 793,399
Current portion of lease liability	7	196,712	222,271
Employee benefits		55,836	76,703
		1,201,851	1,092,373
Non-Current Liabilities			
Long-term lease liability	7	517,051	618,662
Total Liabilities		1,718,902	1,711,035
Equity			
Share capital	11	13,487,620	13,487,620
Warrants	12	4,614,288	4,614,288
Contributed surplus	13	2,183,432	1,680,488
Accumulated other comprehensive loss		(557,698)	(383,455)
Deficit		(12,992,883)	(11,323,529)
Total equity		6,734,759	8,075,412
Total liabilities and equity		\$ 8,453,661	\$ 9,786,447
Related party transactions	17		
Commitments	19		
Subsequent events	21		

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

On behalf of the Board

"Christian Toro"

"Francisco Sole"

BLUEBERRIES MEDICAL CORP.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(unaudited)

<i>(Expressed in Canadian Dollars)</i>	Note Reference	Three Months Ended March 31,	
		2020	2019
Expenses			
Pre-operating expenses		\$ (251,646)	\$ (108,522)
General and administrative expenses	14	(1,083,299)	(1,257,598)
Depreciation and amortization	6,7,8	(175,892)	(12,916)
Listing expense	4	-	(4,004,312)
Other income (expense)		(23,047)	2,269
Foreign exchange loss		(135,470)	(10,085)
Loss before income tax		(1,669,354)	(5,391,164)
Current and deferred income tax		-	-
Net loss		\$ (1,669,354)	\$ (5,391,164)
Other Comprehensive Loss			
Foreign currency translation adjustment		\$ (174,243)	\$ (236,834)
		(174,243)	(236,834)
Comprehensive loss		\$ (1,843,597)	\$ (5,627,998)
Loss per share - basic and diluted	15	(0.013)	(0.060)
Weighted average number of shares outstanding	15	123,701,831	90,098,083

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

BLUEBERRIES MEDICAL CORP.
Interim Condensed Consolidated Statements of Changes in Equity

(unaudited)

<i>(Expressed in Canadian Dollars)</i>	Note Reference	Common Shares	Share Capital	Warrants	Subscription Receipts	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance at December 31, 2019		123,701,831	\$ 13,487,620	4,614,288	-	1,680,488	(383,455)	(11,323,529)	\$ 8,075,412
Stock option expense	13					502,944			502,944
Other comprehensive loss							(174,243)		(174,243)
Net loss								(1,669,354)	(1,669,354)
Balance at March 31, 2020		123,701,831	\$ 13,487,620	4,614,288	-	2,183,432	(557,698)	(12,992,883)	\$ 6,734,759
Balance at December 31, 2018		64,000,000	\$ 1,664,738	-	-	-	(4,689)	(535,653)	\$ 1,124,396
Shares issued pursuant to the Transaction	11	7,392,772	3,548,531						3,548,531
Shares issued for subscription receipts	11	35,230,000	5,296,049						5,296,049
Share issuance costs	11		(780,805)						(780,805)
Warrants issued for subscriptions	12			3,511,451					3,511,451
Warrant issuance costs	12			(517,699)					(517,699)
Warrants issued as finder fee	12			674,479					674,479
Warrants exercised	11,12	665,000	379,019	(113,019)					266,000
Subscription receipts	12				28,000				28,000
Stock option expense	13					513,424			513,424
Other comprehensive loss							(236,834)		(236,834)
Net loss								(5,391,164)	(5,391,164)
Balance at March 31, 2019		107,287,772	\$ 10,107,532	3,555,212	28,000	513,424	(241,523)	(5,926,817)	\$ 8,035,828
Shares issued for private placement	11	14,515,059	2,412,154						2,412,154
Share issuance costs - private placement	11		(257,460)						(257,460)
Warrants issued for subscriptions	12			1,216,611					1,216,611
Warrant issuance costs	12			(126,012)					(126,012)
Warrants issued as finder fee	12			104,271					104,271
Warrants exercised	11,12	799,000	455,394	(135,794)					319,600
Subscription receipts	12				(28,000)				(28,000)
Share based compensation	11,13	1,100,000	770,000			1,167,064			1,937,064
Other comprehensive loss							(141,932)		(141,932)
Net loss								(5,396,712)	(5,396,712)
Balance at December 31, 2019		123,701,831	\$ 13,487,620	4,614,288	-	1,680,488	(383,455)	(11,323,529)	\$ 8,075,412

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

BLUEBERRIES MEDICAL CORP.
Consolidated Statements of Cash Flows
(unaudited)

<i>(Expressed in Canadian Dollars)</i>	Note Reference	<u>Three Months Ended March 31,</u>	
		2020	2019
Cash generated from (used in)			
Operating activities			
Net loss		(1,669,354)	(5,391,164)
Adjustment for:			
Depreciation and amortization	6,7,8	175,892	12,916
Stock option expense	13	502,944	513,424
Interest on lease, related party debt, & decommissioning provision		20,398	1,829
Gain on debt forgiveness	17	-	(3,743)
Unrealized foreign exchange loss		136,029	365
Listing expense	4	-	4,004,312
Change in non-cash working capital	16	78,696	(238,523)
Net cash used in operating activities		(755,395)	(1,100,584)
Investing activities			
Short-term investments		-	(902,128)
Purchase of property, plant, and equipment	6	(188,219)	-
Purchase of licences		(17,083)	-
Advances towards property, plant, and equipment	5	(2,397)	(2,489,550)
Payment of other non-current assets	10	-	(6,682)
Cash acquired from RTO Transaction	4	-	35
Change in non-cash working capital	16	-	6,682
Net cash used in investing activities		(207,699)	(3,391,644)
Financing activities			
Proceeds from new related party note	17	-	22,549
Payments of related party notes	17	-	(255,224)
Principal portion of lease payments	7	(53,450)	-
Issuance of shares, net of costs	11	-	4,920,815
Issuance of warrants, net of costs	12	-	3,262,660
Warrants exercised	12	-	294,000
Change in non-cash working capital	16	-	(200,794)
Net cash generated in financing activities		(53,450)	8,044,006
Net cash from operating, investing and financing activities		(1,016,544)	3,551,778
Effects of exchange rate changes on cash		(39,248)	(197,225)
Cash, beginning of period		2,666,191	412,405
Cash, end of period		1,610,399	3,766,958
Interest paid in cash		-	-
Interest received in cash		5,470	-
Taxes paid in cash		-	-

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

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)



1. NATURE OF OPERATIONS

Blueberries Medical Corp. (the "Company", "Blueberries" or "BBM"), is a licensed producer of psychoactive and non-psychoactive cannabis by-products in Colombia.

Blueberries, which formerly operated under the name CDN MSolar Corp. ("CMS"), was incorporated in Canada on March 15, 2013 under the Business Corporations Act (British Columbia). On September 30, 2013, the Company completed an amalgamation with MN Ventures Ltd. ("MN"), a reporting issuer and continued under the name CDN MSolar Corp.

On February 5, 2019, Blueberries completed a transaction (the "Transaction") with Blueberries Cannabis Corp. (the "Private Company" or "BCC"), a private company registered under the Ontario Business Corporations Act. Simultaneously with the Transaction, CMS legally changed its name to Blueberries Medical Corp. Blueberries carries out its operations through the Private Company's wholly owned subsidiary, Blueberries S.A.S ("BBSAS").

References within these financial statements to the "Company" for periods, dates and/or transactions prior to the Transaction are in reference to the Private Company, as the corporate entity of interest pre-Transaction. Alternatively, references within these financial statements to the "Company" for periods, dates and/or transactions subsequent to the Transaction are in reference to Blueberries, as the corporate entity of interest post-Transaction. The comparative periods reflected in these financial statements are those of the Private Company, as the financials are a continuance of BCC.

The Company's corporate office and its principal place of business are 8500 West Georgia Street, Suite 2200, Vancouver, BC, V6C 3E8. On February 6, 2019, the common shares of the Company were listed on the Canadian Securities Exchange (the "CSE") under the symbol "CNSX: BBM". The common shares are also listed on the Frankfurt Stock Exchange ("FSE") under the symbol "10A" and on the OTCQB Market in the United States under the ticker symbol "BBRRF".

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS, including IAS 34, Interim Financial Reporting and include the operating results of Blueberries and its subsidiaries. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2019, which were prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements as at and for the period ended March 31, 2020 and 2019 were authorized for issuance on May 29, 2020 by the Blueberries Board of Directors.

b) Basis of measurement

These unaudited condensed interim 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 issuance of share capital. Until the Company's assets start generating cash flow, it will continue to exhaust its remaining financial resources to fund existing operations. These conditions indicate the existence of a material uncertainty that may cast 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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)



3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING STANDARDS AND AMENDMENTS

The accounting policies adopted are consistent with those of the Company's consolidated financial statements for the year ended December 31, 2019.

4. REVERSE TAKEOVER TRANSACTION (RTO or the "Transaction")

On February 5, 2019, the Company completed the Transaction to acquire all of the issued and outstanding shares of BCC (64,000,000 shares) through a three-cornered amalgamation of BCC and a wholly-owned subsidiary of the Company, with the former shareholders of BCC receiving one BBM share for each share of Private Company held. BCC also had 35,230,000 subscription receipts which enabled the holder thereof to receive one unit in the capital of the Company upon completion of the Transaction.

The Company (then being CMS) did not meet the definition of a "business" under IFRS guidelines, thus causing the Transaction to be treated as a share based payment under IFRS 2 rather than a business combination, with CMS' main attribute being its public listing. Under this premise, as consideration for 100% of the outstanding shares of CMS, by way of reverse acquisition, the Private Company issued 7,392,772 shares on a one for one basis to the shareholders of CMS. These shares were assigned a fair value of \$0.48 per share for total consideration of \$3,548,531. The consideration was allocated first to the fair value of the net assets acquired with any excess to non-cash cost of the Transaction as follows:

Consideration (7,392,772 shares at a value of \$0.48 per share)	3,548,531
Net liabilities of CMS	
Cash	35
Accounts receivable	31,812
Accounts payable and accrued liabilities	(450,269)
Amounts due to related parties	(25,760)
Total net liabilities acquired at fair value	(444,182)
Excess attributed to the cost of listing	3,992,713
Transaction costs related to the acquisition	
Legal and other professional fees	11,599
Listing expense	4,004,312

5. ADVANCES TOWARDS PROPERTY, PLANT, AND EQUIPMENT

Advances towards property, plant and equipment include \$1,994,250 (US\$1,500,000) that was paid in February 2019 for 15 hectares of farmland in Cogua (Zipaquirá), Colombia. The title on the land has not yet been transferred to the Company. The Company is currently working on the permitting and zoning of the property. The seller of this land is a legal entity whose minority beneficial owner is also a minority shareholder of the Company.

The remaining advances of \$249,606 includes advances towards construction of buildings and various equipment for the Company's Guatavita, Colombia property.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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6. PROPERTY, PLANT, AND EQUIPMENT

Cost						Total
	Land	Agricultural Facilities	Buildings & Construction	Equipment & Vehicles	Furniture & Fixtures	
Balance, December 31, 2018	2,373	76,824	64,413	16,372	-	159,982
Additions	-	629,123	252,123	1,305,429	16,631	2,203,306
Foreign currency translation	(139)	(17,241)	(9,994)	18,830	94	(8,450)
Balance, December 31, 2019	2,234	688,706	306,542	1,340,631	16,725	2,354,838
Additions	-	96,306	50,016	36,580	5,317	188,219
Foreign currency translation	(257)	(89,564)	(40,313)	(157,000)	(2,350)	(289,484)
Balance, March 31, 2020	1,977	695,448	316,245	1,220,211	19,692	2,253,573

Accumulated Depreciation						Total
	Land	Agricultural Facilities	Buildings and Construction	Equipment & Vehicles	Furniture & Fixtures	
Balance, December 31, 2018	-	(2,567)	(1,332)	(866)	-	(4,765)
Depreciation	-	(23,096)	(16,758)	(17,589)	(1,952)	(59,395)
Foreign currency translation	-	1,974	965	462	42	3,443
Balance, December 31, 2019	-	(23,689)	(17,125)	(17,993)	(1,910)	(60,717)
Depreciation	-	(7,662)	(7,080)	(28,553)	(1,107)	(44,402)
Foreign currency translation	-	(4,652)	3,577	4,391	308	3,624
Balance, March 31, 2020	-	(36,003)	(20,628)	(42,155)	(2,709)	(101,495)

Net Book Value, December 31, 2018	2,373	74,257	63,081	15,506	-	155,217
Net Book Value, December 31, 2019	2,234	665,017	289,417	1,322,638	14,815	2,294,121
Net Book Value, March 31, 2020	1,977	659,445	295,617	1,178,056	16,983	2,152,078

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at March 31, 2020, the Company recognized a lease liability and a corresponding right-of-use asset relating to a leased vehicle and leased extraction facilities in Tocancipa and the rural property in the municipality of Guatavita, Colombia. See Note 19.

Right-of-use asset

Balance at January 1, 2019	-
Additions ⁽¹⁾	834,951
Depreciation ⁽²⁾	(28,381)
Foreign exchange adjustment	16,874
Balance, December 31, 2019	823,444
Depreciation	(41,940)
Foreign exchange adjustment	(91,396)
Balance, March 31, 2020	690,108

⁽¹⁾ The right-of-use asset additions consist of the initial recognition of the lease liability at \$925,990 and estimated dismantlement costs of \$9,294, prior to any interest expense recognized.

⁽²⁾ The right-of-use assets have been depreciated on a straight-line basis over the lease terms.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Long-term lease liability

Balance at January 1, 2019	-
Additions	834,951
Payments	(24,321)
Interest expense	14,398
Foreign exchange adjustment	15,905
Balance, December 31, 2019	840,933
Payments	(53,450)
Interest expense	20,398
Foreign exchange adjustment	(94,118)
Less - current portion	(196,712)
Balance, December 31, 2019	517,051

8. INTANGIBLE ASSETS

By March 31, 2020, 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. The licenses obtained for cannabis operations are as follows:

- a license to use seed for planting as well as their export and use for medical and scientific purposes
- a low THC cultivation license (non-psychoactive, less than 1% THC content)
- a production license authorizing the domestic and international distribution of high and low THC Medicinal Cannabis extracts
- a high THC cultivation license (psychoactive, more than 1% THC content)

The fair value attributed to the licenses are straight-line amortized over their estimated useful life of 5 years.

Other finite life intangibles consist of assets such as software related licenses, which are amortized over their estimated useful lives.

A continuity schedule for the balance of the intangible assets is as follows:

Intangible Assets	Total
December 31, 2018	1,298,240
Additions	10,427
Amortization	(206,353)
Foreign currency translation	(887)
December 31, 2019	1,101,427
Additions	17,083
Amortization	(78,028)
Foreign currency translation	(1,151)
March 31, 2020	1,039,331

9. ADVANCE ON JOINT VENTURE

In 2019, Blueberries entered into a Letter of Intent ("LOI") agreement with BBV Labs Inc. ("BBV Labs"), to purchase 75% of BBV Labs' shares for a total consideration of 16,000,000 Blueberries common shares. During the year, BBV Labs entered into a joint venture agreement ("JV Agreement") with Cannabis Avatara, S.E. ("Cannava"), an Argentinean state-owned company, for the purpose of acquiring cannabis cultivation, processing, manufacturing, and other rights in Argentina. In accordance with the terms of the LOI, Blueberries agreed to make an advance of \$389,640 (US\$300,000) to Cannava on behalf of BBV Labs as contribution to the joint venture. The payment was made by Blueberries on June 24, 2019 and is recorded as an advance on the balance sheet of the financial statements.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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9. ADVANCE ON JOINT VENTURE (continued)

On July 2, 2019, Blueberries entered into a definitive share purchase agreement with BBV Labs, subject to certain closing conditions. The agreement allows Blueberries to acquire cannabis cultivation, processing, manufacturing, and other rights in Argentina through a joint venture agreement between BBV Labs and Cannava.

On November 29, 2019 Blueberries and BBV Labs entered into an amending agreement, whereby the closing of the definitive share purchase agreement has been postponed to November 30, 2020. In case either party decides not to proceed with the closing by November 30, 2020, the parties agreed that the only indemnification payable shall be liquidated damages in an amount equivalent to: (i) the average trading value of the shares of BBM during the three (3) calendar months preceding such date, (b) multiplied by 16,000,000, (c) plus twenty five percent. Any delay in closing or payment of the liquidated damages after November 30, 2020 will generate interest at a rate of 5% per year.

10. OTHER NON-CURRENT ASSETS

In accordance with the LOI, in 2019, Blueberries paid an exclusivity fee to BBV Labs of US\$25,000 (C\$34,258) as reimbursement of expenses incurred in negotiation of the JV Agreement with Cannava. As the definitive share purchase agreement has not yet closed, the payment has been recorded as other non-current asset on the balance sheet of these consolidated financial statements.

11. SHARE CAPITAL

As at March 31, 2020, 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.

Outstanding common shares as of March 31, 2020 are as follows:

	Number of Shares	Amount (\$)
Balance, December 31, 2018	64,000,000	1,664,738
Shares issued pursuant to the Transaction	7,392,772	3,548,531
Fair value of units attributed to common shares ⁽¹⁾	35,230,000	5,296,049
Shares issued from exercise of warrants	1,464,000	834,413
Share based compensation	1,100,000	770,000
Private placement of common shares ⁽²⁾	14,515,059	2,412,154
Share issue costs	-	(1,038,265)
Balance, December 31, 2019	123,701,831	13,487,620
Balance, March 31, 2020	123,701,831	13,487,620

⁽¹⁾ Upon completion of the Transaction and approval of the CSE listing, the 35,230,000 subscription units issued at \$0.25 per unit by the Company were allocated to common shares and warrants based on the assessed fair value using the Black-Scholes valuation model. As a result, 35,230,000 shares were issued to unit holders for a total gross value of \$5,296,049. Commissions and finders' fees of \$780,805 were allocated to the shares as issuance costs for a total net value of \$4,515,244.

⁽²⁾ On August 30, 2019, and October 31, 2019, in two tranches, the Company closed a private placement of 14,515,059 units at a price of C\$0.25 per unit for total gross proceeds of C\$3,628,765. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one share at a price of C\$0.35 until August 29, 2021 and October 30, 2021. In connection with the private placement, commissions and finder's fees of C\$257,460 was paid together with the issuance of 988,003 finder warrants. The units issued by the Company were allocated to common shares and warrants based on the assessed fair value using the Black-Scholes valuation model.

Blueberries Medical Corp.

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12. WARRANTS

The following table reflects the continuity of warrants for the three months ended March 31, 2020:

	Number of purchase warrants	Number of finder warrants	Total number of warrants
Balance, December 31, 2018	-	-	-
Warrants issued - RTO	17,615,000	2,466,100	20,081,100
Warrants issued - Private Placement August 2019	13,830,000	954,100	14,784,100
Warrants issued - Private Placement October 2019	685,059	33,903	718,962
Warrants exercised	(1,464,000)	-	(1,464,000)
Balance, December 31, 2019	30,666,059	3,454,103	34,120,162
Balance, March 31, 2020	30,666,059	3,454,103	34,120,162

Purchase Warrants

Prior to the February 5, 2019, the date of the Transaction, the Company issued 35,230,000 subscription receipts at a price of \$0.25 for total proceeds of \$8,807,500. Each subscription receipt entitled the holder thereof to receive one unit upon completion of the Transaction and approval of the CSE for the listing of BBM shares. Each unit consisted of one common share and one-half of one purchase warrant, for a total of 17,615,000 full purchase warrants. Each full purchase warrant entitled the holder thereof to acquire one common share of BBM at a price of \$0.40 per share for a period of 24 months following the completion of the Transaction. A fair value of \$3,511,451 before issuance costs (\$2,993,752 net of issuances costs) was recognized initially for the purchase warrants on the financial statements of the Company.

On August 30, 2019, the Company closed a private placement of 13,830,000 units at a price of C\$0.25 per unit for total gross proceeds of C\$3,457,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one share at a price of C\$0.35 until August 29, 2021. A fair value of \$1,194,728 before issuance costs (\$1,070,235 net of issuances costs) was recognized initially for the purchase warrants on the financial statements of the Company.

On October 31, 2019, the Company closed the second tranche of above private placement. 685,059 units were subscribed to for total gross proceeds of C\$171,265. A fair value of \$21,883 before issuance costs (\$20,364 net of issuances costs) was recognized initially for the purchase warrants on the financial statements of the Company.

Finder Warrants

Pursuant to the brokered private placement of subscription receipts, the Company issued 2,466,100 finder warrants of the Company and paid an aggregate finder's fee of \$616,525 in cash. Each finder warrant enables the holder thereof to purchase one unit of Blueberries at a price of \$0.25 for each finder warrant exercised. Each unit issued upon exercise of the finder warrant consists of one common share of BBM and one-half of one-unit warrant. Each full unit warrant will entitle the holder therefor to purchase one share at a price of \$0.40 per share at any time for a period of 24 months following the completion of the Transaction. A fair value of \$674,479 was initially recognized for the issuance of the finder warrants, which was also included as issuance costs on the associated private placement of subscription receipts and allocated proportionately to the resulting shares and purchase warrants upon completion of the Transaction.

In connection with the August 2019 private placement, finder's fees of C\$238,525 was paid together with the issuance of 954,100 finder warrants. Each finder warrant entitles the holder to acquire one unit for \$0.25 until August 29, 2021. Each unit issued upon exercise of the finder warrant consists of one common share of BBM and one warrant. Each full unit warrant will entitle the holder therefor to purchase one share at a price of \$0.35 per share until August 29, 2021. A fair value of \$103,189 was initially recognized for the issuance of the finder warrants, which was also included as issuance costs on the associated private placement of subscription receipts and allocated proportionately to the resulting shares and purchase warrants.

For the second tranche that was closed on October 31, 2019, finder's fees of C\$8,475 was paid together with the issuance of 33,903 finder warrants. Each finder warrant entitles the holder to acquire one common share of BBM for \$0.35 until October 30, 2021. A fair value of \$1,082 was initially recognized for the issuance of the finder warrants, which was also included as issuance costs on the associated private placement of subscription receipts and allocated proportionately to the resulting shares and purchase warrants.

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12. WARRANTS (continued)

Black-Scholes option pricing model assumptions for warrants

The warrants were allocated a fair value using the Black-Scholes option pricing model with the following assumptions:

	Expiring February 4, 2021		Expiring August 29, 2021		Expiring October 30, 2021	
	Purchase	Finder	Purchase	Finder	Purchase	Finder
Risk-free interest rate	1.82%	1.82%	1.40%	1.40%	1.55%	1.55%
Exercise price	\$0.40	\$0.25	\$0.35	\$0.25	\$0.35	\$0.35
Estimated stock price	\$0.48	\$0.48	\$0.24	\$0.24	\$0.14	\$0.14
Expected dividend yield	0%	0%	0%	0%	0%	0%
Expected stock price volatility	90.5%	90.5%	85.4%	85.4%	85.3%	85.3%
Expected warrant life	1 year	1 year	2 years	2 years	2 years	2 years
Fair value of warrant granted	\$0.20	\$0.27	\$0.09	\$0.11	\$0.03	\$0.03

13. CONTRIBUTED SURPLUS

In connection with the Transaction, Blueberries adopted the Stock and Incentive Plan (the "Plan") which was approved by the shareholders of CMS on December 6, 2018. The Board establishes vesting and other terms and conditions for options at the time that they are granted. The Plan provides that stock options may be granted up to a number equal to 10% of the Company's outstanding shares. The plan also indicates that the maximum number of shares which may be issued to any one insider and his or her associates under the plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant.

As at March 31, 2020 a total of 12,035,000 options were issued and outstanding under this plan, 6,168,333 of which have fully vested.

The following table reflects the continuity of stock options since December 31, 2018:

	Stock options	Weighted average exercise price (C\$)
Balance, December 31, 2018	-	-
Options issued on Transaction date ⁽¹⁾	4,865,000	0.40
Balance, February 5, 2019	4,865,000	0.40
Options issued ^(2 to 5)	4,700,000	0.56
Balance, December 31, 2019	9,565,000	0.48
Options forfeited ⁽⁶⁾	(1,190,000)	0.40
Options issued ⁽⁷⁾	3,660,000	0.15
Balance, March 31, 2020	12,035,000	0.39

⁽¹⁾ At the date of the Transaction, 4,865,000 options were granted with an exercise price of \$0.40 per option. These options are for a 5-year term, expiring in February 2024, with one-third vesting in February 2020, one-third vesting February 2021, and one-third vesting February 2022. The fair value of the options has been estimated at \$0.30 at the grant date using the Black-Scholes option pricing model.

⁽²⁾ 500,000 options were granted in March 2019 with an exercise price of \$0.55 per option. These options are for a 5-year term, expiring in March 2024, with one-third vesting in March 2020, one-third vesting March 2021, and one-third vesting March 2022. The fair value of the options has been estimated at \$0.34 at the grant date using the Black-Scholes option pricing model.

⁽³⁾ Another 3,100,000 options were granted in March 2019 with an exercise price of \$0.55 per option. 3,000,000 of these options are for a 5-year term, expiring in March 2024, with one-third vesting immediately on the grant date, one-third vesting March 2020, and one-third vesting March 2021. The other 100,000 options are for a 5-year term, expiring in March 2024, with one-third vesting in March 2020, one-third vesting March 2021, and one-third vesting March 2022. The fair value of the options has been estimated at \$0.38 at the grant date using the Black-Scholes option pricing model.

⁽⁴⁾ 200,000 options were granted in April 2019 with an exercise price of \$0.75 per option. These options are for a 5-year term, expiring in April 2024, with one-third vesting in April 2020, one-third vesting April 2021, and one-third vesting April 2022. The fair value of the options has been estimated at \$0.49 at the grant date using the Black-Scholes option pricing model.

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13. CONTRIBUTED SURPLUS (continued)

⁽⁵⁾ An additional 900,000 options were granted in June 2019 with an exercise price of \$0.55 per option. These options are for a 5-year term, expiring in June 2024, with one-third vesting in June 2020, one-third vesting June 2021, and one-third vesting June 2022. The fair value of the options has been estimated at \$0.23 at the grant date using the Black-Scholes option pricing model.

⁽⁶⁾ When an optionee resigns or a contractual relationship with an optionee ends, the Plan allows 90 days for vested options to be exercised. During the three months ended March 31, 2020, 1,190,000 options were forfeited.

⁽⁷⁾ During the three months ended March 31, 2020, 3,660,000 options were granted. 1,000,000 options were granted on January 15, 2020, and 250,000 options were granted on March 19, 2020 all with an exercise price of \$0.25 per option. 2,410,000 options were granted on March 27, 2020 with an exercise price of \$0.10 per option. These options are for a 5-year term, 1,000,000 expiring in January 2025 and 2,660,000 expiring in March 2025. Of the options 2,743,333 vested immediately, 416,667 will vest in March 2021 and March 2022 and 83,333 will vest in March 2023. Using the Black-Scholes option pricing model, the fair value of the 1,000,000 options granted in January has been estimated at \$0.09, 250,000 options granted on March 19, 2020 has been estimated at \$0.03 and 2,410,000 options granted on March 27, 2020 has been estimated at \$0.04.

Black-Scholes option pricing model assumptions for stock options

The stock options were allocated a fair value using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.59% - 1.82%
Estimated stock price	\$0.06 - \$0.71
Forfeiture rate	10%
Expected dividend yield	0%
Expected stock price volatility	85.93% - 92.00%
Expected option life	3 years

The following summarizes stock options issued and outstanding as at March 31, 2020:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	2,410,000	4.99	2,410,000
0.25	1,250,000	4.83	333,333
0.40	3,675,000	3.85	1,225,000
0.55	4,500,000	4.02	2,200,000
0.75	200,000	4.05	-
0.39	12,035,000	4.25	6,168,333

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14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2020	2019
Share based compensation	502,944	513,424
Marketing and investor relations	35,498	300,265
Director and management fees	140,155	95,418
Legal	43,585	68,635
Consulting	107,063	76,786
Salary, wages, and benefits	150,783	37,960
Audit and accounting	22,388	28,000
General office	47,097	32,370
Travel	10,088	54,368
Filing and transfer agent fees	13,802	28,431
Insurance	4,054	-
Other	5,842	21,941
Total general and administrative expenses	1,083,299	1,257,598

15. BASIC AND DILUTED LOSS PER SHARE

For the three months ended March 31, 2020, and 2019 there is no difference between the calculated basic and diluted loss per share. All purchase warrants, finder's warrants, and stock options have been excluded from the calculation as they have an anti-dilutive effect on loss per share.

16. SUPPLEMENTAL CASHFLOW INFORMATION

	Three months ended	Three months ended
	March 31, 2020	March 31, 2019
Prepays	(39,935)	(62,061)
Other receivables	(64,913)	(52,561)
Inventory	1,715	-
Trade accounts payable and other accounts payable	194,917	(69,267)
Employee benefits	(13,088)	(22,194)
Related party debt	-	(226,553)
Change in non-cash working capital	78,696	(432,636)
Relating to:		
Operating activities	78,696	(238,523)
Investing activities	-	6,682
Financing activities	-	(200,794)
Change in non-cash working capital	78,696	(432,636)

17. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2020, there were separate related party transactions as follows:

- As part of the Transaction, the Company assumed the liabilities of CMS. \$25,760 of these liabilities was an amount payable to a director and officer of CMS. The amount was unsecured, non-interest bearing and with no fixed terms of repayment. This Director resigned from his position on the date of the Transaction and \$22,017 of this balance outstanding was paid in March 2019, with the remaining \$3,743 being forgiven and recorded as a gain from debt forgiveness within other income on these financial statements.

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17. RELATED PARTY TRANSACTIONS (continued)

- b) As at December 31, 2018, the Company had two promissory notes outstanding with beneficial shareholders. The first note was originally due to be repaid November 30, 2018. However, for any balances not repaid by this date, interest would accrue at 0.43% monthly (5.16% per annum). As the balance was not paid off by November 30, 2018, interest was accrued up until March 7, 2019, at which time the entire principal note balance of \$150,159 and accrued interest of \$2,952 was paid. The second note bore an annual interest rate of 5.16%. On March 7, 2019, the Company paid off the entire outstanding principal balance of \$76,827 and interest of \$1,072. In January 2019, the Company obtained a third promissory note from a beneficial shareholder. The note was non-interest bearing and was paid off in its entirety on March 7, 2019 for a total amount of \$22,549. As at March 31, 2019, no promissory note balances remained outstanding.
- c) During the three months ended March 2019, the Company incurred professional legal expenses of \$10,737 from a vendor who was also a key management personnel of the Company. \$8,639 of this was included as transaction costs as part of the listing expense. The remaining \$2,098 was included in general and administrative expenses. The amount was paid within the quarter.
- d) Until June 2019, when a key management personnel resigned from his position, Blueberries paid a monthly advisory fee to a firm affiliated with that personnel. As per the advisory agreement, the Company paid a monthly fee of \$10,000, recorded within general and administrative expenses. During the period ended March 31, 2019, Blueberries incurred total fees under this agreement of \$30,000 in addition to amounts previously accrued of \$40,000 for work performed as at December 31, 2018. The total aggregate amount of \$70,000 was paid in full, with no remaining balance outstanding as at March 31, 2019.
- e) On February 13, 2019, Blueberries signed a letter of intent for a potential joint venture with Harmony and Life SAS ("Harmony") to operate El Manantial Medical Centers. More than 80% of Harmony is owned by a Director of the Company and was therefore considered a related party. Blueberries accrued an amount of \$9,412 due to Harmony for consulting services in relation to the letter of intent.
- f) During the three months ended March 31, 2020 and 2019 the Company paid key management personnel, including officers, directors, or their related entities, for management services. For the three months ended March 31, 2020, compensation of key management personnel and directors for services provided was \$497,452 (2019 - \$582,894), including \$321,735 of share-based compensation (2019 - \$ 487,476). As at March 31, 2020, of the total compensation amounts, \$51,599 is unpaid in accounts payable (2019 - \$42,861) and \$4,090 is in employee benefits liabilities (2019 - \$Nil).

18. FINANCIAL INSTRUMENTS

The Company characterizes its fair value measurements of financial instruments into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

As of March 31, 2020, Blueberries financial instruments consist of cash and cash equivalents, other receivables, trade accounts payable and accrued liabilities, current portion of lease liability, and employee benefits. The fair values of these financial instruments approximate their carrying values due to the short-term maturity of these instruments.

A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value.

The company measures cash and cash equivalents at fair value. Both financial instruments are classified as Level 1 inputs in the fair value hierarchy. As at March 31, 2020 and December 31, 2019, the Company did not have any assets or liabilities that were measured at fair value at Level 2 or Level 3.

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19. COMMITMENTS AND TRANSACTION AGREEMENTS

A summary of the Company's commitments as of March 31, 2020 are as follows:

Commitment	2020	2021 and thereafter	Total
Security service agreement	32,235	10,745	42,980
Consulting and administrative agreements	3,933	-	3,933
Electrical and infrastructure construction	143,661	-	143,661
Greenhouse construction	24,985	-	24,985
Irrigation system	38,586	-	38,586
Total	243,400	10,745	254,145

In addition to short-term commitments tabled above, the Company has lease liabilities. Details of the leases are as follows. See Note 7.

Leases	Lease Term	Lease Payments				Total
		2020	2021	2022	2023 and after	
Cultivation area (Guatavita - El Recuerdo)	May 21, 2025	-	-	5,042	-	5,042
Cultivation area (Guatavita)	November 4, 2025	1,308	1,811	1,880	5,904	10,903
Vehicle	November 25, 2022	9,439	9,439	9,439	-	28,316
Extraction facility (Tocancipa)	October 6, 2024	136,774	182,365	182,365	334,337	835,841
Total		147,521	193,615	198,726	340,240	880,103

20. GEOGRAPHICAL SEGMENT INFORMATION

The Company is engaged in the growth, cultivation, and development of medicinal cannabis and related products with operations in Colombia. Management has defined the operating segments of the Company based on geographical areas, identifying operations held in Colombia as a separate reporting segment. The Canada segment reflects balances and expenses related to all Company operations in Canada, which collectively represent the corporate operations of the Company.

The following tables show information regarding the Company's segments for the three months ended March 31, 2020, and 2019.

For the three months ended March 31, 2020	Colombia	Canada	Total
Expenses:			
Pre-operating expenses	\$ 251,646	\$ -	\$ 251,646
General and administrative expenses	330,405	752,894	1,083,299
Depreciation and amortization	111,675	64,217	175,892
Other expense (income)	23,218	(171)	23,047
Foreign exchange loss	135,334	136	135,470
Net Loss	852,278	817,076	1,669,354
Assets March 31, 2020	3,777,103	4,676,558	8,453,661
Liabilities March 31, 2020	1,097,151	621,751	1,718,902

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20. GEOGRAPHICAL SEGMENT INFORMATION (continued)

For the three months ended March 31, 2019	Colombia	Canada	Total
Expenses:			
Pre-operating expenses	\$ 108,522	\$ -	\$ 108,522
General and administrative expenses	183,445	1,074,153	1,257,598
Depreciation and amortization	12,916	-	12,916
Listing expense	-	4,004,312	4,004,312
Other expense (income)	1,474	(3,743)	(2,269)
Foreign exchange loss	-	10,085	10,085
Net Loss	306,357	5,084,807	5,391,164
Assets December 31, 2019	4,700,352	5,086,095	9,786,447
Liabilities December 31, 2019	1,193,878	517,157	1,711,035

21. SUBSEQUENT EVENTS

1. On April 23, 2020 Blueberries announced that the Ministry of Justice and Law of the Republic of Colombia granted a non-psychoactive cultivation license for the Company's Zipaquira property, making it the Company's second fully licensed cultivation facility in Colombia.
2. On May 5, 2020 Blueberries announced that it entered into a Joint Venture (the "JV") with QualCann SAS ("QualCann"), an arm's length third party, to produce extract oil to be commercialized in the United States of America ("US") market.