



Blueberries
Medical Corp.

BLUEBERRIES MEDICAL CORP.

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 and 2020**

(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 and nine months ended September 30, 2021 and 2020 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.

November 29, 2021

BLUEBERRIES MEDICAL CORP.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(unaudited)

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,821,893	\$ 306,507
Accounts receivables		134,203	-
Other receivables		45,590	203,987
Prepays		39,316	12,140
Inventories	4	79,617	-
		2,120,619	522,634
Non-Current Assets			
Advances towards property, plant and	5	1,911,150	1,994,250
Property, plant and equipment	6	2,135,515	2,736,986
Right-of-use asset	7	384,491	608,789
Intangible assets	8	662,571	841,335
Investment in joint operation	9	572,253	566,218
Total Assets		\$ 7,786,599	\$ 7,270,212
LIABILITIES AND EQUITY			
Current Liabilities			
Trade accounts payable & accrued liabilities	17	\$ 394,796	\$ 999,050
Employee benefits		36,792	43,424
Current portion of lease liability	7	171,759	208,558
Current portion of convertible debt	10	1,032,444	-
Derivative liability	10	845,866	845,866
		2,481,657	2,096,898
Non-Current Liabilities			
Convertible debt	10	-	837,293
Long-term lease liability	7	291,499	446,242
Total Liabilities		2,773,156	3,380,433
Equity			
Share capital	11	16,780,242	13,637,620
Warrants	12	21,447	4,614,288
Contributed surplus	13	6,630,524	2,486,402
Accumulated other comprehensive loss		(867,119)	(584,895)
Deficit		(17,551,651)	(16,263,636)
Total equity		5,013,443	3,889,779
Total liabilities and equity		\$ 7,786,599	\$ 7,270,212
Going concern	2		
Related party transactions	17		
Commitments	19		

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

On behalf of the Board

"Facundo Garreton"
Facundo Garreton, Director

"Catherine Lathwell"
Catherine Lathwell, Director

BLUEBERRIES MEDICAL CORP.**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)*

(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Notes	2021	2020	2021	2020
Revenues					
Product revenues		\$ 135,981	\$ 34,963	\$ 173,886	\$ 39,607
Cost of sales		(56,394)	(20,930)	(64,760)	(24,286)
Gross profit		\$ 79,587	\$ 14,033	\$ 109,126	\$ 15,321
Expenses					
Pre-operating expenses		\$ (160,935)	\$ (207,296)	\$ (398,166)	\$ (613,933)
General and administrative expenses	14	(103,678)	(569,124)	(227,939)	(2,165,509)
Depreciation and amortization	6, 7, 8	(272,943)	(173,447)	(631,160)	(515,483)
Finance expense	10	(67,682)	(44,938)	(195,151)	(44,938)
Foreign exchange loss		(77,427)	(59,026)	(104,489)	(149,114)
Total expenses		(682,665)	(1,053,831)	(1,556,905)	(3,488,977)
Other income (expense)					
Gain on debt settlement	11	66,596	-	66,596	-
Other income (expense)		107,859	(8,600)	93,230	(58,180)
Total other income (expense)		174,455	(8,600)	159,826	(58,180)
Net loss before income tax		(428,623)	(1,048,398)	(1,287,953)	(3,531,836)
Current and deferred income tax		-	-	(62)	-
Net loss		\$ (428,623)	\$ (1,048,398)	\$ (1,288,015)	\$ (3,531,836)
Other Comprehensive Loss					
Foreign currency translation adjustment		(12,501)	(86,677)	(282,224)	(258,015)
Comprehensive loss		\$ (441,124)	\$ (1,135,075)	\$ (1,570,239)	\$ (3,789,851)
Net loss per share - basic and diluted	15	\$ (0.003)	\$ (0.007)	\$ (0.009)	\$ (0.031)
Weighted average number of shares	15	147,747,426	123,701,831	143,407,759	123,701,831

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
(Expressed in Canadian Dollars)
(unaudited)

		Accumulated						
		Common			Contributed	Other	Comprehensive	
	Notes	Shares	Share Capital	Warrants	Surplus	Loss	Deficit	Total
Balance at December 31, 2020		126,701,831	\$ 13,637,620	\$ 4,614,288	\$ 2,486,402	\$ (584,895)	\$ (16,263,636)	\$ 3,889,779
Shares issued - private placements	11	36,198,432	3,081,382					3,081,382
Share issuance costs - private placements	11		(63,528)					(63,528)
Shares issued - exercise of options	11,13	660,000	92,268		(26,268)			66,000
Shares issued - share based compensation	11,13	250,000	32,500					32,500
Stock option expense	11				(422,451)			(422,451)
Warrants expired	12			(4,592,841)	4,592,841			-
Other comprehensive loss						(282,224)		(282,224)
Net loss							(1,288,015)	(1,288,015)
Balance at September 30, 2021		163,810,263	\$ 16,780,242	\$ 21,447	\$ 6,630,524	\$ (867,119)	\$ (17,551,651)	\$ 5,013,443

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				837,419			837,419
Other comprehensive loss						(258,015)		(258,015)
Net loss							(3,531,836)	(3,531,836)
Balance at September 30, 2020		123,701,831	\$ 13,487,620	\$ 4,614,288	\$ 2,517,907	\$ (641,470)	\$ (14,855,365)	\$ 5,122,980
Shares issued - purchase of BBV Labs	9,11	3,000,000	150,000					150,000
Stock option expense	13				(31,505)			(31,505)
Other comprehensive loss						56,575		56,575
Net loss							(1,408,271)	(1,408,271)
Balance at December 31, 2020		126,701,831	\$ 13,637,620	\$ 4,614,288	\$ 2,486,402	\$ (584,895)	\$ (16,263,636)	\$ 3,889,779

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

BLUEBERRIES MEDICAL CORP.**Interim Condensed Consolidated Statements of Cash Flows***(Expressed in Canadian Dollars)*

(unaudited)

Nine Months Ended September

	Notes	2021	2020
Cash generated from (used in)			
Operating activities			
Net loss		\$ (1,288,015)	\$ (3,531,836)
Adjustment for:			
Depreciation and amortization	5,6,7	631,160	515,483
Share based compensation	12	(389,952)	837,419
Interest on leases		40,628	101,277
Finance expense	9	195,151	-
Gain on debt settlement	10	(66,596)	-
Unrealized foreign exchange loss		29,412	147,907
Change in non-cash working capital	15	(322,919)	(168,704)
Net cash used in operating activities		(1,171,131)	(2,098,454)
Investing activities			
Purchase of property, plant, and equipment	5	(10,025)	(639,776)
Purchase of licences	7	(36,336)	(38,577)
Advances towards property, plant, and equipment	4	-	96,745
Net cash used in investing activities		(46,361)	(581,608)
Financing activities			
Principal portion of lease payments	6	(111,181)	(154,111)
Issuance of shares, net of costs	10	2,837,854	-
Convertible debt		-	988,000
Options exercised		66,000	-
Net cash generated from financing activities		2,792,673	833,889
Increase (decrease) in cash and cash equivalents		1,575,181	(1,846,173)
Effects of exchange rate changes on cash		(59,795)	(82,428)
Cash, beginning of period		306,507	2,666,191
Cash, end of period		\$ 1,821,893	\$ 737,591
Interest paid in cash		\$ 1,593	\$ -
Interest received in cash		\$ 589	\$ 6,496

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

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, 2020, which were prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements as at and for the period ended September 30, 2021 and 2020 were authorized for issuance on November 29, 2021 by the Blueberries Board of Directors.

b) Basis of measurement and going concern

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.

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, 2020.

4. INVENTORIES

Inventories are measured at the lower of cost and net realizable value ("NRV"). The cost of inventories is based on the weighted-average cost method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to complete and the estimated costs necessary to make the sale.

As of September 30, 2021, the Company had a total of \$79,617 (2020 - \$Nil) in inventories, which consisted of finished goods.

5. ADVANCES TOWARDS PROPERTY, PLANT, AND EQUIPMENT

Advances towards property, plant and equipment include \$1,911,150 (US\$1,500,000) that was paid in February 2019 for 15 hectares of farmland in Cogua (Zipaquira), 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.

6. PROPERTY, PLANT, AND EQUIPMENT

	Land	Agricultural Facilities	Buildings & Construction	Equipment & Vehicles	Furniture & Fixtures	Total
COST						
Balance, December 31, 2019	\$ 2,234	\$ 688,706	\$ 306,542	\$ 1,340,631	\$ 16,725	\$ 2,354,838
Additions	-	278,962	302,335	234,404	14,421	830,122
Disposals	-	(11,522)	-	-	-	(11,522)
Foreign currency translation	(138)	(5,116)	(2,375)	(75,420)	(900)	(83,949)
Balance, December 31, 2020	2,096	951,030	606,502	1,499,615	30,246	3,089,489
Additions	-	-	7,903	2,122	-	10,025
Foreign currency translation	(230)	(104,521)	(66,844)	(166,916)	(3,324)	(341,836)
Balance, September 30, 2021	\$ 1,866	\$ 846,509	\$ 547,561	\$ 1,334,821	\$ 26,922	\$ 2,757,678
ACCUMULATED DEPRECIATION						
Balance, December 31, 2019	\$ -	\$ (23,689)	\$ (17,125)	\$ (17,993)	\$ (1,910)	\$ (60,717)
Depreciation	-	(61,355)	(45,315)	(145,306)	(7,598)	(259,574)
Disposals	-	(11,522)	-	-	-	(11,522)
Foreign currency translation	-	(9,625)	(8,382)	(2,637)	(46)	(20,690)
Balance, December 31, 2020	-	(106,191)	(70,822)	(165,936)	(9,554)	(352,503)
Depreciation	-	(129,950)	(45,952)	(133,964)	(6,935)	(316,801)
Foreign currency translation	-	14,755	8,875	22,296	1,215	47,141
Balance, September 30, 2021	\$ -	\$ (221,386)	\$ (107,899)	\$ (277,604)	\$ (15,274)	\$ (622,163)
NET BOOK VALUE						
Net Book Value, December 31, 2019	\$ 2,234	\$ 665,017	\$ 289,417	\$ 1,322,638	\$ 14,815	\$ 2,294,121
Net Book Value, December 31, 2020	\$ 2,096	\$ 844,839	\$ 535,680	\$ 1,333,679	\$ 20,692	\$ 2,736,986
Net Book Value, September 30, 2021	\$ 1,866	\$ 625,123	\$ 439,662	\$ 1,057,217	\$ 11,648	\$ 2,135,515

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at September 30, 2021, 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 also Note 19.

Right-of-use asset

Balance, December 31, 2019	\$	823,444
Depreciation		(160,130)
Foreign exchange adjustment		(54,525)
Balance, December 31, 2020		608,789
Contract Adjustment Tocancipa		(55,868)
Depreciation		(103,894)
Foreign exchange adjustment		(64,536)
Balance, September 30, 2021	\$	384,491

⁽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.

Long-term lease liability

Balance, December 31, 2019	\$	618,662
Payments		(204,076)
Interest expense		80,069
Foreign exchange adjustment		(62,126)
Less - current portion		(208,558)
Balance, December 31, 2020		446,242
Contract Adjustment Tocancipa		(55,868)
Payments		(111,181)
Interest expense		40,602
Foreign exchange adjustment		(65,095)
Less - current portion		(171,759)
Balance, September 30, 2021	\$	291,499

8. INTANGIBLE ASSETS

By September 30, 2021, 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 of three years.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)



8. INTANGIBLE ASSETS (continued)

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

	Total
Balance, December 31, 2019	\$ 1,101,427
Additions	34,511
Amortization	(294,035)
Foreign currency translation	(568)
Balance, December 31, 2020	841,335
Additions	36,336
Amortization	(214,592)
Foreign currency translation	(509)
Balance, September 30, 2021	\$ 662,571

9. INVESTMENT IN JOINT OPERATION

Blueberries' investment in Argentina (the "Argentina Project") is structured via its 100% ownership of BBV Labs, a Panamanian company that owns 75% of the rights to a joint venture (the "Joint Venture") with an Argentinian state-owned company, Cannabis Avatara, S.E. ("Cannava"). At the date hereof, regulations from Argentina Senate Chambers are still on hold. Argentina government has approved the use of Cannabis for medical and industrial purposes, but rules and operational decrees are not established yet.

10. CONVERTIBLE DEBT

On July 16, 2020, Blueberries closed a non-brokered private placement offering (the "Offering") of \$1,000,000 in principal amount of unsecured convertible debentures (the "Debentures"). The Debentures will mature 24 months from the date of closing (the "Maturity Date") and bear interest at a rate of 13% per annum, with an effective interest rate of 32.36%. The Debentures will be convertible at the option of the investors, in whole or in part, into common shares of the Company (the "Shares") at a conversion price of the lower of: (i) C\$0.065 per Share or; (ii) the volume-weighted average price of the Shares on the Canadian Securities Exchange ("CSE") for the 15 consecutive trading day period ending on the conversion date subject to a minimum conversion price of C\$0.05. As the conversion option does not meet the fixed for fixed criteria it has been recorded as a derivative liability.

Prior to the Maturity Date, the Company may prepay all or part of the outstanding principal amount of the Debenture and any accrued and unpaid interest thereon at any time and from time to time, provided that prior to such prepayment, the Company must provide the investors with at least five business days prior notice of such intention to make such prepayment at which time the investors may, but shall not be obligated to, convert any or all of the Debentures in accordance with the terms of the Debentures.

The fair value of the derivative liability was determined using a Monte-Carlo simulation with the following key assumptions at inception and December 31, 2020:

	At inception	At year end
Measurement date	13-Jul-2020	31-Dec-2020
Principal	\$1,000,000	\$1,000,000
Issuance date	13-Jul-2020	13-Jul-2020
Maturity date	13-Jul-2022	13-Jul-2022
Remaining life (years)	2.00	1.53
Interest rate (per year)	13%	13%
Risk free rate (per year)	0.28%	0.22%
Stock price (\$/share)	\$0.05	\$0.10
Conversion price	Lesser of \$0.065 & 15-day VWAP, minimum of \$0.05	

The Company initially recognized \$717,605 as convertible debt liability, and \$270,395 as derivative liability of the conversion feature. Below table shows the continuity of the convertible debt liability and derivative liability.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)



10. CONVERTIBLE DEBT

Fair Value of Derivative Liability

Balance at December 31, 2019	\$	-
Fair value at inception - July 13, 2020		270,395
Unrealized gain on changes in fair value		575,471
Balance, December 31, 2020 and September 30, 2021	\$	845,866

Convertible Debt Liability

Balance at December 31, 2019	\$	-
Amounts issued		1,000,000
Less: Convertible debt issuance cost		(12,000)
Total cash proceeds		988,000
Less: Fair value of derivative liability		(270,395)
Accrued interest		60,667
Accretion		59,021
Balance, December 31, 2020		837,293
Accrued interest		97,500
Accretion		97,651
Balance, September 30, 2021	\$	1,032,444

11. SHARE CAPITAL

As of September 30, 2021, 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.

	Number of Shares	Amount
Balance, December 31, 2019	123,701,831	\$ 13,487,620
Shares issued to purchase BBV Labs. ⁽¹⁾	3,000,000	150,000
Balance, December 31, 2020	126,701,831	13,637,620
Shares issued from exercise of options ⁽²⁾	660,000	92,268
Share based compensation ⁽³⁾	250,000	32,500
Shares issued from private placements ⁽⁴⁾	36,198,432	3,081,382
Share issue costs	-	(63,528)
Balance, September 30, 2021	163,810,263	\$ 16,780,242

⁽¹⁾ On November 30, 2020, the Company purchased BBV Labs. in a non-cash transaction, whereby Blueberries issued 3,000,000 common shares at the fair value of \$0.05 per share. No issuance costs were incurred relating to the transaction. See Note 13.

⁽²⁾ During the first quarter of 2021, 660,000 options were exercised at a price of \$0.10 per share. The shares issued by the Company were allocated to common shares and contributed surplus based on the assessed fair value using the Black-Scholes valuation model.

⁽³⁾ On January 19, 2021, Blueberries issued 250,000 shares to an officer and director of the Company valued at \$32,500.

⁽⁴⁾ On January 19, 2021, Blueberries completed a non-brokered private placement for aggregate gross proceeds of \$1,000,000 from the sale of common shares at a price of \$0.065 per share. As part of the private placement the Company issued 15,384,615 shares. In connection with the private placement, the Company incurred a total of \$51,856 of share issued costs.

On September 9, 2021, Blueberries completed a non-brokered private placement for aggregate gross proceeds of \$1,901,382 from the sale of 20,813,817 common shares at a price of \$0.10, of which 19,013,817 common shares were paid in cash by a non-arm's length party (Note 17) and 1,800,000 common shares were issued to an arm's length third party service provider ("service provider") pursuant to a settlement agreement entered in September 2021. As part of the settlement agreement with the service provider, a fixed instalment payment plan was established to settle payable related to past services provided by the service provider, which resulted a gain on debt settlement of \$66,596. In connection with the private placement, the Company incurred a total of \$11,672 of share issued costs.

Blueberries Medical Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)



12. WARRANTS

The following table reflects the continuity of warrants:

	Number of purchase warrants	Number of finder warrants	Total number of warrants
Balance, December 31, 2019 and 2020	30,666,059	3,454,103	34,120,162
Warrants expired	(29,981,000)	(3,420,200)	(33,401,200)
Balance, September 30, 2021	685,059	33,903	718,962

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 years	2 years	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 of September 30, 2021, the Company had 7,127,691 options reserved on common shares.

The following table reflects the continuity of stock options:

	Stock options	Weighted average exercise price (\$)
Balance, December 31, 2019	9,565,000	0.48
Options forfeited ⁽¹⁾	(1,320,000)	0.38
Options issued ⁽²⁾	3,660,000	0.15
Balance, December 31, 2020	11,905,000	0.39
Options forfeited ⁽³⁾	(5,241,665)	0.41
Options exercised ⁽⁴⁾	(660,000)	0.10
Options issued ⁽⁵⁾	3,250,000	0.13
Balance, September 30, 2021	9,253,335	0.30

⁽¹⁾ When an optionee resigns or a contractual relationship with an optionee ends, the stock option plan of Blueberries allows 90 days for vested options to be exercised. During 2020, 1,320,000 unvested options were forfeited resulting in a reversal of stock-based compensation of \$186,446.

⁽²⁾ During the year ended December 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 options 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.

⁽³⁾ During the nine months ended September 30, 2021, 5,241,665 unvested options were forfeited resulting in a reversal of stock-based compensation of \$744,590.

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13. CONTRIBUTED SURPLUS (continued)

(4) During the nine months ended September 30, 2021, 660,000 options were exercised at the exercise price of \$0.10 per option.

(5) On January 19, 2021, February 3, 2021, and June 2, 2021, Blueberries granted 2,250,000, 500,000, and 500,000 options, respectively, to certain directors and managers of the Company to purchase Blueberries' common shares. The options are exercisable at price ranges from \$0.125 to \$0.135 per option for a 5-year term and vesting one-third each on every one-year anniversary from the grant date. The fair values of the options range from \$0.0818 to \$0.1134, estimated using the Black-Scholes option pricing model.

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

Risk-free interest rate	0.33% - 1.82%
Estimated stock price	\$0.06 - \$0.71
Forfeiture rate	0 - 10%
Expected dividend yield	0%
Expected stock price volatility	85.93% - 125.95%
Expected option life	3 - 5 years

The following summarizes stock options issued, exercisable and outstanding as at September 30, 2021:

Exercise prices (\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.100	1,245,000	3.49	1,245,000
0.125	500,000	4.67	-
0.130	2,250,000	4.31	-
0.135	500,000	4.35	-
0.250	83,333	3.47	16,667
0.400	2,241,668	2.35	2,016,667
0.550	2,433,334	2.47	400,000
0.303	9,253,335	3.25	3,678,334

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Audit and accounting	\$ (4,403)	\$ 17,500	\$ 4,280	\$ 59,138
Consulting	25,662	45,392	48,709	189,007
Director and management fees	4,738	129,352	105,438	377,695
Filing and transfer agent fees	35,229	8,553	68,071	48,519
General office	4,955	23,183	29,934	89,880
Insurance	20,625	13,825	58,808	39,820
Legal	(1,988)	10,558	2,841	57,142
Marketing and investor relations	-	16,322	-	67,494
Other	12,389	34,338	35,283	39,550
Salary, wages, and benefits	104,979	115,064	264,490	349,474
Share based compensation	(98,527)	154,941	(389,952)	837,419
Travel	19	96	37	10,371
Total general and administrative expenses	\$ 103,678	\$ 569,124	\$ 227,939	\$ 2,165,509

15. BASIC AND DILUTED LOSS PER SHARE

For the nine months ended September 30, 2021, and 2020, 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.

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16. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30,	
	2021	2020
Prepays	\$ (28,010)	\$ (24,910)
Accounts receivables	(106,419)	-
Other receivables	142,181	(134,184)
Inventory	(81,553)	(47,595)
Trade accounts payable and other accounts payable	(247,214)	30,404
Employee benefits	(1,903)	7,581
Change in non-cash working capital	\$ (322,919)	\$ (168,704)

17. RELATED PARTY TRANSACTIONS

- During the nine months ended September 30, 2021, and 2020 the Company paid key management personnel, including officers, directors, or their related entities, for management services a total of \$377,227 (2020 - \$889,074), including \$233,628 (2020 - \$555,990) of share-based compensation and 250,000 shares (2020 - Nil) issued valued at \$32,500. As at September 30, 2021, the Company had \$Nil (December 31, 2020 - \$70,614) of unpaid compensation to key personnel included in accounts payable and accrued liabilities.
- On September 9, 2021, the Company's Chairman, CEO and Director (the "Chairman"), through Terraflos Inc. ("Terraflos"), a company that is controlled by the Chairman, indirectly acquired an aggregate of 1,901,382 common shares at a price of \$0.10 per common share in a non-brokered private placement (Note 11).
- Of the \$1,000,000 convertible debt (Note 10) that were issued on July 16, 2020, \$814,647 was issued Glassfaord S.A. ("Glassfaord"), a company controlled by the Chairman. Concurrent to the closing of non-brokered private placement on September 9, 2021, Terraflos acquired the debenture from Glassfaord.

18. FINANCIAL INSTRUMENTS

As of September 30, 2021, Blueberries financial instruments consist of cash and cash equivalents, other receivables, trade accounts payable and accrued liabilities, convertible debt, derivative liability, and employee benefits. The fair values of these financial instruments approximate their carrying values due to the short-term maturity of these 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

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 and derivative liability at fair value. Cash is classified as Level 1 input in the fair value hierarchy, while the derivative liability is considered as a Level 3 input.

The Company has exposure to the following risks from its use of financial instruments:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2021, the Company's financial liabilities consist of trade accounts payable and accrued liabilities, employee benefits, convertible debt, and lease liability, which have contractual payment obligations within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

18. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its contractual obligations. Financial instruments subject to credit risk include cash and cash equivalents, and other receivables. All of the Company's cash and cash equivalents are held at reputable financial institutions. Other receivables consist mainly of harmonized sales tax and general sales tax receivables that the Company expects to receive from the Government of Canada. As such credit risk is deemed to be low.

Market risk

Market risk is the risk or uncertainty that changes in price, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. Blueberries is exposed to two types of market risk, being foreign currency risk and interest rate risk as outlined below.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company's functional and reporting currency, except for the Colombian and Panama subsidiaries, is the Canadian dollar. The Colombian subsidiaries incur expenditures in Colombian pesos, which is their functional currency. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between Colombian pesos and Canadian dollars. Blueberries does not anticipate a significant impact on its condensed interim consolidated financial statements as a result of a 5% change in the exchange rate between the two currencies.

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's convertible debt has fixed interest rate. As at September 30, 2021, the fluctuations of interest rates would not have had a significant impact on the condensed interim consolidated financial statements.

Capital risk management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations, growth, and ongoing developmental activities. The Company is dependent upon funding these activities through a combination of available cash, debt, and equity, which it considers to be the components of its capital structure as outlined below. There were no changes to the Company's capital management during the year, except the issuance of the convertible debt. The Company is not exposed to any external capital requirements.

19. COMMITMENTS

A summary of the Company's commitments as of September 30, 2021 are as follows:

Services	2021	2022 and thereafter	Total
Security service agreement	\$ 10,138	\$ -	\$ 10,138
Consulting and administrative agreements	11,434	7,470	11,434
Total	\$ 21,572	\$ 7,470	\$ 21,572

Leases	Lease Term	2021	2022	2023 and after	Total
Cultivation area (Guatavita - El Recuerdo)	May 21, 2025	\$ -	\$ 4,757	\$ -	\$ 4,757
Cultivation area (Guatavita)	November 4, 2025	427	1,773	5,570	7,771
Vehicle	November 25, 2022	2,968	11,873	-	14,842
Extraction facility (Tocancipa)	October 6, 2024	39,532	158,128	289,901	487,561
Total		\$ 42,927	\$ 176,532	\$ 295,471	\$ 514,931

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 geographic segment. The Canada segment reflects balances and expenses related to all Company operations in Canada, which collectively represent the corporate operations of the Company.

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20. GEOGRAPHICAL SEGMENT INFORMATION (continued)

The following tables show information regarding the Company's segments for the nine months ended September 30, 2021 and 2020.

For the nine months ended September 30, 2021	Colombia	Canada	Panamá	Total
Revenues	\$ 173,886	\$ -	\$ -	\$ 173,886
Cost of Sales	(64,760)	-	-	(64,760)
Expenses:				
Pre-operating expenses	(398,166)	-	-	(398,166)
General and administrative expenses	(350,765)	124,102	(1,276)	(227,939)
Depreciation and amortization	(437,917)	(193,243)	-	(631,160)
Finance expense	-	(195,151)	-	(195,151)
Gain on debt settlement	-	66,596	-	66,596
Other expense	97,107	(3,877)	-	93,230
Foreign exchange loss	(30,970)	(73,519)	-	(104,489)
Current and deferred income tax	(62)	-	-	(62)
Net Loss	\$(1,011,647)	\$ (275,092)	\$ (1,276)	\$(1,288,015)
Assets - September 30, 2021	\$ 5,133,998	\$ 2,646,566	\$ 6,035	\$ 7,786,599
Liabilities - September 30, 2021	\$ 669,446	\$ 2,103,710	\$ -	\$ 2,773,156
For the three months ended September 30, 2021	Colombia	Canada	Panamá	Total
Revenues	\$ 135,981	\$ -	\$ -	\$ 135,981
Cost of Sales	(56,394)	-	-	(56,394)
Expenses:				
Pre-operating expenses	(160,935)	-	-	(160,935)
General and administrative expenses	(142,400)	39,362	(640)	(103,678)
Depreciation and amortization	(144,994)	(127,949)	-	(272,943)
Finance expense	-	(67,682)	-	(67,682)
Gain on debt settlement	-	66,596	-	66,596
Other expense	108,405	(546)	-	107,859
Foreign exchange loss	2,929	(80,356)	-	(77,427)
Current and deferred income tax	-	-	-	-
Net Loss	\$ (257,408)	\$ (170,575)	\$ (640)	\$ (428,623)

For the nine months ended September 30, 2020	Colombia	Canada	Total
Sales	\$ 39,607	\$ -	\$ 39,607
Cost of Sales	(24,286)	-	(24,286)
Expenses:			
Pre-operating expenses	(613,933)	-	(613,933)
General and administrative expenses	(729,207)	(1,436,302)	(2,165,509)
Depreciation and amortization	(323,078)	(192,405)	(515,483)
Other expense	(58,509)	(44,609)	(103,118)
Foreign exchange loss	(148,364)	(750)	(149,114)
Net Loss	\$(1,857,770)	\$(1,674,066)	\$(3,531,836)
Assets - September 30, 2020	\$ 4,017,284	\$ 3,637,636	\$ 7,654,920
Liabilities - September 30, 2020	\$ 996,595	\$ 1,353,745	\$ 2,350,340

For the three months ended September 30, 2020	Colombia	Canada	Total
Sales	\$ 34,963	\$ -	\$ 34,963
Cost of Sales	(20,930)	-	(20,930)
Expenses:			
Pre-operating expenses	(207,296)	-	(207,296)
General and administrative expenses	(228,308)	(340,816)	(569,124)
Depreciation and amortization	(109,230)	(64,217)	(173,447)
Other expense	(9,454)	(44,084)	(53,538)
Foreign exchange loss	(59,026)	-	(59,026)
Net Loss	\$ (599,281)	\$ (449,117)	\$(1,048,398)