

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Three and Six Month Period Ended March 31, 2020**

**Report Date – July 15, 2020**

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") of Sire Bioscience Inc., formerly Blox Labs Inc. ("Sire" or the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three and six months ended March 31, 2020 and 2019.

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are expressed in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information relating to the Company, including the financial statements are available on the Sire website at [www.sirebioscience.com](http://www.sirebioscience.com) or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

The following Management's Discussion and Analysis ("MD&A") contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **FORWARD-LOOKING STATEMENTS** (continued)

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully, and readers should not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

### **COMPANY OVERVIEW**

Blox was incorporated on April 4, 2014 under the Business Corporations Act of British Columbia as Big Rock Labs Inc. and changed its name to Blox Labs Inc. on November 16, 2017. The Company owns 100% of Big Rock Technologies Inc. which was incorporated on February 13, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is located at Suite 206 - 213 Sterling Road; Toronto, Ontario M6R 2B2.

Blox was a technology development company focused on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications. However, on February 28, 2019, the Company entered into a definitive share exchange agreement pursuant to which Blox could acquire all of the issued and outstanding securities of Best Cannabis Products Inc. ("BCP"), a private Canadian company engaged in the hemp sector, in exchange for the issuance of 234,800,000 common shares of the Company. The transaction functioned as a reverse takeover and resulted in a change of business for the Company. The Company closed this transaction on August 28, 2019 and obtained Canadian Securities Exchange (the "CSE") approval on September 9, 2019 and recommenced trading as of that date. Concurrent with the lift on trading, the Company received approval to change its name to Sire Bioscience Inc as of the same date. The Company is listed for trading on the CSE under the symbol "**SIRE.CN**" and on the Frankfurt stock exchange in Germany under the symbol "**BR1B**".

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **REVERSE TAKEOVER – BEST CANNABIS PRODUCTS INC.**

On February 28, 2019, the Company entered into a definitive share exchange agreement (the "Agreement") with BCP pursuant to which Blox can acquire all of the issued and outstanding securities of BCP in exchange for the issuance of 234,800,000 common shares of the Company.

BCP is a Canadian company headquartered in Mississauga, Ontario that is backed by a group of successful entrepreneurs who have extensive experience in the areas of manufacturing, logistics and renewable energy. BCP possesses a state-of-the-art agricultural facility (the "Existing Facility") in Leamington, Ontario – a preeminent locale for cannabis/hemp cultivation in Canada. The current facility consists of 151,488 square feet of indoor and greenhouse cultivation space and is situated on 50 acres of land, of which 40 acres is available for outdoor hemp cultivation. BCP has engaged industry experts David Hyde and Associates along with Eurofins to assist with the development of its business. As part of BCP's first phase of development it has been granted an industrial hemp license ("IHL") which will ultimately allow it to enter the rapidly developing cannabidiol ("CBD") market.

The Agreement outlined the terms and conditions pursuant to which BLOX will acquire all of the outstanding securities of BCP (the "Transaction"). The Transaction functioned as a reverse takeover and resulted in a change of business for the Company. The Transaction is subject to a number of conditions precedent including, but not limited to, completion of a minimum concurrent financing of up to \$2,000,000 ("Transaction Financing") and CSE approval. As previously indicated, the Company closed this transaction on August 28, 2019 and CSE approval was granted on September 9, 2019 and the Company successfully completed a financing totaling \$2,396,167.

#### BCP Business Objectives

BCP plans to concentrate on strategic partnerships to help establish a recognizable and reputable brand name so as to expose the company's products prior to production. BCP plans to cultivate industrial hemp for the purpose of producing pedigreed seeds, grains, fibers, flowering heads, leaves and branches.

BCP's current hemp business and future business activities are focussed on but not limited to:

- Hemp-based vertical integrated business model
- Cultivation and propagation\*
- Edibles \*
- CPG trademarks for hemp-based CBD wellness products with 15 trademarks already in for filing with CIPO
- Tissue culture \*
- Oils and extractions
- Creams and topicals \*
- Animal and pet-related CBD products
- Distribution throughout Canada
- Expansion of CBD hemp products for export into international markets

\* denotes additional comments below.

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **REVERSE TAKEOVER – BEST CANNABIS PRODUCTS INC. (continued)**

Further, the New Issuer will look to focus on the following:

- **CPG-Branding:** SIRE's "House of Brands" currently has submitted 15 trademarks with CIPO for industry related CPG brands leading to high revenue products and 3rd party royalty arrangements.
- **CBD edibles:** In accordance with Health Canada guidelines and regulations which, at this time suggests October 2019 for legalization, CBD edibles are a rapidly growing sector of the industry, including baked goods, candies and foods.
- **Propagation and Tissue Culture:** Propagation originated by seeding or via cuttings, which is time-consuming, with a high degree of variability in output. Cultivators have nominal control over the genetics of their crop. The propagation period was lessened by using cuttings from mother plants and allowed farmers to clone strains and plants with preferred traits. However, cloning still requires substantial investment to bring a plant to maturity, as farmers deal with disease, pests and infections. Tissue culture, on the other hand, has made improvements in propagation techniques in that it is faster than seedlings and more disease resistant than clones. Plant production becomes more efficient and cost-effective. All tissue cultures start with a small cutting from a sample, which is trimmed, sterilized and fed, and can potentially reproduce hundreds of clones without contamination from the mother.
- **Sublingual tinctures:** A sublingual tincture is CBD oil that generally comes in a small bottle with a dropper. Sublingual products are ingested by placing them under your tongue and allowing the oil to absorb.
- **Vape concentrates:** Vaporizer concentrates, such as CBD oils and waxes, are another common product. These can be used with an electronic device to vaporize and inhale the CBD product.
- **CBD topicals:** CBD topicals include gels, creams and sprays for aches and pains. These products are placed directly on the skin to target a localized region of the body.

### **AGRAFLORA PARTNERSHIP**

On June 14, 2019 the Company executed a letter of intent ("LOI") with AgraFlora Organics International Inc. ("AgraFlora") to negotiate in good faith a definitive agreement whereby AgraFlora and Blox intend to enter into a commercial services arrangement (the "CSA") upon completion of the Transaction. The Company has decided not to pursue this transaction at this time and will continue to develop its Leamington property with its own resources.

### **FUSION NUTRITION INCORPORATED**

On November 14, 2019, the Company executed an LOI to acquire all of the outstanding shares of Fusion Nutrition Incorporation (Fusion). Please see Subsequent Events note for further details.

**SIRE BIOSCIENCE INC.**

## Management's Discussion &amp; Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

**SELECTED QUARTERLY INFORMATION**

Quarterly data for BCP was not available prior to September 30, 2018, as such the year end balances have been presented in its stead. June 30, March 31 2019 as well as December 31 and September 30, 2018 figures have been restated to reflect the effect of accreted interest. Please see Restatement note.

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>
	(\$)	(\$)	(\$)	(\$)
<b>Total assets</b>	8,101,865	7,265,717	7,639,168	8,824,636
<b>Total liabilities</b>	5,327,848	5,136,675	5,022,999	7,347,504
<b>Revenue</b>	-	-	-	-
<b>Net loss</b>	(405,026)	(487,126)	(4,709,067)	(231,618)
<b>Loss per share</b>	(0.00)	(0.04)	(0.03)	(0.00)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
	(\$)	(\$)	(\$)
<b>Total assets</b>	7,266,640	6,586,740	5,781,200
<b>Total liabilities</b>	5,721,880	5,637,678	4,875,401
<b>Revenue</b>	-	-	-
<b>Net loss</b>	(1,171,222)	(242,374)	(146,319)
<b>Loss per share</b>	(0.01)	(0.00)	(0.00)

Significant variations in the most recent quarters are discussed below:

- During the quarter ended March 31, 2020, the Net loss of the Company decreased from the same period of 2019 due to the recognition of \$1.109 million of consulting fees incurred by the Company in the prior period and settled via the issue of the Company's shares..
- The liability decrease is due mainly to the payment of amounts under the Vendor Takeback debt on the Company's Leamington, Ontario property. Liabilities increased by 191,173 over the previous quarter mainly due to interest accrued on the Vendor Takeback debt as well. The large increase in assets during this period over the immediately preceding quarter is due to the issue of notes receivable issued to management and an advisor for the acquisition of company shares. Please refer to the Related Party notes.
- During the quarter ended June 30, 2019, the total assets and liabilities of the Company increased due to the cash subscriptions received in connection with a proposed equity private placement. These funds were recorded as liabilities until the private placement closed in August 2019.
- From February 6, 2018, the Company's date of incorporation, to September 30, 2019, the Company issued Simple Agreements for Future Equity ("SAFE's") which resulted in total proceeds of \$1,437,000 upon the issuance of 61,350,000 common shares of the Company. Also, during this period, the Company's assets and liabilities increased substantially due to the acquisition of its property in Leamington, Ontario, Canada and the associated secured loan for the property.

## SIRE BIOSCIENCE INC.

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### SELECTED ANNUAL INFORMATION

Selected annual information for the years ended September 30, 2019 and 2018 is presented below (please refer to Restatement note for 2018 year end):

	2019	2018
	(\$)	(\$)
<b>Total assets</b>	7,639,168	<b>5,781,200</b>
<b>Total liabilities</b>	5,022,999	<b>4,875,401</b>
<b>Shareholders' equity</b>	2,616,169	<b>905,799</b>
<b>Revenue</b>	-	-
<b>Net loss</b>	(6,396,107)	<b>(146,319)</b>
<b>Loss per share</b>	(0.04)	(0.00)

### RESULTS OF OPERATIONS

#### Three Month Period Ended December 31, 2019

##### Revenues

The Company did not generate any revenues during the three month period ended March 31, 2020 ("Current Quarter") or in the three month period ended March 31, 2019 ("PY Quarter"). The Company has commenced implementing its strategy for cultivation and propagation which includes the design of and buildout of its Leamington, Ontario property. The Company continues to be involved in identifying partnership and acquisition opportunities to meet its corporate objectives. The Company successfully closed the acquisition of Fusion which will result in immediate revenues.

##### Expenses

The Company's expenses for the Current Quarter decreased by \$766,196 versus the PY Quarter. This was due primarily to record the provision of shares for services totaling \$1,109 million in the PY Quarter.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital surplus position of \$279,849 as at March 31, 2020, compared to a deficit balance of \$458,192 as at March 31, 2019. During the three month period ended March 31, 2020, the Company reported a net loss of \$405,026 which resulted from accrued interest expense on the Leamington, Ontario property and management fees. Actual net change in cash for the period decreased by \$676,246. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity and debt financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

**SIRE BIOSCIENCE INC.**

Management's Discussion &amp; Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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**OUTSTANDING SHARE DATA****Issued and Outstanding**

As at the Report Date, there are 421,222,327 common shares issued and outstanding.

**Stock Options**

As at the Report Date, the total number of stock options outstanding are summarized below:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	<b>(\$)</b>	
750,000	0.04	May 25, 2023
550,000	0.06	October 17, 2023
27,700,000	.02	March 30,2025
8,880,000	0.05	

During the quarter ended March 31, 2020, 3,050,000 options were cancelled, 4,530,000 options expired and 27,700,000 options were granted.

**Share Purchase Warrants**

As at the Report Date, the total number of share purchase warrants outstanding are summarized below:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	<b>(\$)</b>	
2,250,000	0.17	October 9, 2020
2,250,000	0.17	

20,322,000 warrants expired on November 27, 2019.



**SIRE BIOSCIENCE INC.**

Management's Discussion &amp; Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

**RELATED PARTY TRANSACTIONS**

The following summarizes the Company's related party transactions during the three month periods ended March 31, 2020 and 2019:

	2019	2018
	(\$)	(\$)
<b><i>Key management compensation:</i></b>		
Consulting fees paid or accrued to Brian Polla, Chief Executive Officer of the Company	60,000	N/A
Consulting fees paid or accrued to Domenic Crudo, CFO of the Company	60,000	N/A
Consulting fees paid or accrued to Adrian Burke, Director of the Company	45,000	N/A
	165,000	

As at March 31, 2020, the CEO was reimbursed \$25,172 in expenses, the CFO was reimbursed \$1,816 in expenses and the Director of Marketing was reimbursed \$18,364 for expenses. As at March 31, 2020 a total of \$Nil was included in accounts payable and accrued liabilities as owing to the CEO of BCP and other board members for reimbursable expenses.

**ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

Significant accounting policies used by Sire are disclosed in note 3 to the March 31, 2020 unaudited interim consolidated financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. There were no changes to Sire's critical accounting estimates during the three month period ended March 31, 2020.

**NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become mandatorily effective.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

*IFRS 16, Leases*

This new standard replaces the existing leasing guidance in IAS 17, Leases.

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the consolidated statement of financial position.

The adoption of this standard has not had a material impact on the Company's financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2021 but is not yet effective:

### *IFRS 17, Insurance Contracts*

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of this standard.

## **RISKS AND UNCERTAINTIES**

### **Conflicts of Interest Risk**

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures in the Hemp/Cannabis industry through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the products the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the Business Corporations Act of British Columbia, directors who have a material interest in any person who is a party to a material contract or where a proposed material contract is required, subject to certain exceptions, have to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to us.

### **Key Personnel Risk**

The Company's success will depend on its directors and officers to develop the Company's business and manage its operations, and on the Company's ability to attract and retain key technical, sales and marketing staff or consultants. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations. There are no compensatory plans or arrangements with respect to the executive officers resulting from the resignation, retirement or any other termination

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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of employment of the officer's employment or from a change of named executive officers' responsibilities following a Change of Control. The Issuer has not granted any termination or change of control benefits. In case of termination of executive officers, common law and statutory law applies.

### **Uninsured or Uninsurable Risk**

The Company may become subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

### **Speculative Nature of Investment Risk**

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development phase of its business. The Company's operations are not yet sufficiently established such it can mitigate the risks associated with its planned activities.

### **Dividend Risk**

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company plans to retain potential earnings to finance further growth and, when appropriate, retire debt.

### **Liquidity and Future Financing Risk**

The Company may require additional financing to fund future operations and expansion plans. The Company plans to raise further funds to carry out its business plan, but it does not yet have a

### **RISKS AND UNCERTAINTIES** (continued)

commitment from anyone to invest the funds. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in the Company's efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing common shares in the Company's authorized capital, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

### **Going Concern Risk**

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

### **Global Economy Risk**

A potential economic slowdown and downturn of global capital markets can make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while the Company establishes a user and customer base for its

## **SIRE BIOSCIENCE INC.**

### Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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products. Access to financing can be negatively impacted by a global economic downturn. As such, the Company is subject to liquidity risks in meeting the Company's development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's common shares on the CSE.

#### **Share Price Volatility Risk**

The Company's common shares are listed for trading on the CSE. External factors outside of the Company's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the Company's common shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

#### **Increased Costs of Being a Publicly Traded Company**

As a Company with publicly traded securities, the Company will incur significant legal, audit and filing fees. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which will significantly increase the Company's legal and financial compliance costs.

## **CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to explore all strategic options and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. 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, acquire or dispose of assets or adjust the amount of cash. The Company expects its capital resources will be sufficient to carry its operations through the current operating period. The Company is not subject to externally imposed capital requirements.

## **FINANCIAL INSTRUMENTS**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### **Credit risk**

The Company's cash is held in large Canadian financial institutions. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **Foreign currency risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to foreign exchange risk.

### **Interest rate risk**

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

### **Liquidity risk**

The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### **Fair value**

The carrying value of the cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments. The fair value of short-term investment is measured using level 1 of the fair value hierarchy.

### **Price risk**

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes to market prices (other than those arising from interest rate or currency risk) whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment.

## **RESTATEMENT AND COMPARATIVE AMOUNTS**

The Company restated its consolidated financial statements as at September 30, 2018. In the course of preparing the Company's consolidated financial statements for the year ended September 30, 2019, an error was identified with respect to the secured loan used to acquired property, plant and equipment. The Company noted the secured loan included a one year interest free period that has not been considered when determining the effective market interest rate on the loan. This error resulted in overstatement of property, plant and equipment, secured loan and an understatement of net income. The error has been corrected by restating each of the affected consolidated financial statement line items in the prior year. For further information on the impact of this restatement, please refer to Note 4 of the September 30, 2019 Audited Consolidated Financial Statements.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at the Report Date, the Company did not have any off-balance sheet debt nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **COMMITMENTS**

As at the Report Date, the Company has a three year lease commitment for its head offices located in Mississauga, Ontario.

### **ADDITIONAL DISCLOSURE**

#### **Subsequent Events**

On May 4, 2020, the Company completed its acquisition of Fusion. The Company acquired 100% of Fusion in consideration for the issuance of common shares of the Company at price per share of \$0.05. The total transaction value equals \$145,682 for total shares of 2,913,640. The common shares will be distributed 50% on the six (6) month anniversary of the closing of the transaction and the remaining consideration shares are to be released in equal portions on the ninth (9) on the twelve (12) month anniversary of the closing of the transaction upon satisfaction of certain terms included in the agreement.

Fusion was founded in 1998 and is a leading supplement company hosting twelve brands with national distribution. Fusion's goal is to provide maximum efficacy by supporting the human body in its own natural processes.

#### **Related Party Transactions**

As at March 23, 2020, the Company entered into loan agreements with each of 1610896 Ontario Inc., a company controlled by Domenic Crudo the CFO, Natural Lines Inc., a company controlled by Michael Lines and advisor to Sire and Layton Hipfner, the Master Grower of Sire Bioscience. The principal sum for each loan is \$350,000 and the Company has agreed to issue up to 7,000,000 common shares of the Company at a deemed price of \$0.05 per share to each debtor. The loans are repayable over four (4) years and bear interest at 2%.

### **OUTLOOK**

Sire is focused on creating maximum value for its shareholders. As a result, the Company has completed its RTO with BCP to form a new company in the Cannabis/Hemp sector.

### **ADDITIONAL DISCLOSURE**

Additional information regarding the Company can be accessed via the Company website at [www.sirebioscience.com](http://www.sirebioscience.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **SIRE BIOSCIENCE INC.**

Management's Discussion & Analysis

Three and Six Month Period Ended March 31, 2020 and 2019

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### **CORPORATE INFORMATION**

#### Legal Counsel

Owens Wright LLP  
Suite 300 – 20 Holly Street  
Toronto, ONT M4S 3B1

#### Auditor

RSM Canada LLP  
Suite 700 - 11 King Street West  
PO Box 27  
Toronto, ON M5H 4C7

#### Officers

Brian Polla – *Chief Executive Officer*  
Domenic Crudo – *Chief Financial Officer*

#### Listings

Canadian Securities Exchange: **SIRE.CN**  
Frankfurt Stock Exchange: **BR1B**  
OTC: **BLLXF**

#### Board of Directors

Brian Polla – *Chief Executive Officer*  
Brian Nugent – *Independent*  
Adrian Burke – *Director of Marketing*  
Michael Lines – *Independent*

#### Transfer Agent

Computershare Canada  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, ON M5J 2Y1

#### Head Office

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