MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended September 30, 2020

Report Date – February 19, 2021

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 or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at 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".

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**".

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.

<u>BCP Past and Current Business Objectives</u>

BCP planned 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 planned to cultivate industrial hemp for the purpose of producing pedigreed seeds, grains, fibers, flowering heads, leaves and branches. Given the status of the market with respect to this

BCP's past strategy included the following business and future business activities associated with Hemp and CBD opportunities as listed below:

- 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

REVERSE TAKEOVER – BEST CANNABIS PRODUCTS INC. (continued)

Given the current state of the market and for grow operations, the Company has decided to refocus its strategy on the supplement and neutraceutical space involving 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.
- **Supplements, health and wellness food and beverages:** The first step of the Company on this strategy included the acquisition of Fusion Nutrition Incorporated, please see below.
- **CBD products:** In accordance with Health Canada guidelines and regulations.

FUSION NUTRITION INCORPORATED

On November 14, 2019, the Company executed an LOI to acquire all of the outstanding shares of Fusion Nutrition Incorporation (Fusion). On May 3, 2020, the Company completed its acquisition of Fusion, a Canadian based supplement company with national distribution which hosts 12 brands. The transaction was effected by issuing 2,913,640 common shares (the consideration shares) of the company at a value of $0.05 per share (CSE required no value under $0.05). According to the terms of the agreement, the consideration shares are to be distributed as follows: i) upon satisfaction of certain terms in the agreement 50% on the six (6) month anniversary of the closing transaction ii) remaining consideration shares are to be released on the nine (9) and twelve (12) month anniversary in equal portions. Completion of the Transaction will accelerate SIRE's speed to market in the nutraceutical space as SIRE leverages FUSION's experience, expertise, and distribution to enhance its House of Brands product portfolio. The sports nutrition industry continues to boom as the core consumer base (bodybuilders and elite athletes) has broadened to include more casual participants (recreational athletes, fitness enthusiasts, and overall health and wellness seekers). According to research group *Statista*, the global sports nutrition market was valued at USD$50.84 billion in 2018 and is expected to reach USD$81.5 billion by 2023. With FUSION's insight into the category, SIRE believes it will be uniquely positioned to launch more relevant and highly customized products at a faster pace. FUSION's social media engagement is very strong reaching over 1 million targeted people across all affiliate accounts and along with Amazon is guiding their Direct-To-Consumer strategy. In traditional brick and mortar channels, FUSION's network consists of 800 points of distribution in Canadian speciality stores including Sport Chek, Popeye's Supplements, Supplement King, and Herc's Nutrition. Its product portfolio consists of creatine, pre-workout, intra-workout, post-workout supplements, and more.

The Company posted its first revenues due to this acquisition. Please see Fusion acquisition note for more information.

SELECTED QUARTERLY INFORMATION

Quarterly data for the consolidated group is reflected below for the previous eight quarters..

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	($)	($)	($)	($)	($)
Total assets	**7,182,560**	8,885,231	8,101,865	7,265,717	7,639,168
Total liabilities	**6,448,702**	5,993,411	5,327,848	5,136,675	5,022,999
Revenue	**285,285**	206,843	-	-	-
Net profit (loss)	**(1,220,884)**	39,475	(405,026)	(487,126)	(4,709,067)
Loss per share	**(0.03)**	0.00	(0.01)	(0.01)	(0.03)

	June 30, 2019	March 31, 2019	December 31, 2018
	($)	($)	($)
Total assets	8,824,636	7,266,640	6,586,740
Total liabilities	7,347,504	5,721,880	5,637,678
Revenue	-	-	-
Net loss	(231,618)	(1,171,222)	(242,374)
Loss per share	(0.00)	(0.01)	(0.00)

Significant variations in the most recent quarters are discussed below:

a) During the quarter ended September 30, 2020, the Company's losses increased from the prior quarter as the Company initially recorded a one time gain on the acquisition of Fusion of $457k in Q3 as at the acquisition date. The management and its auditors determined that a bargain purchase of Fusion had taken place giving rise to this gain and an intangible asset of $858k. These amounts were provisional figures based on estimate fair values. During the audit process, the transaction was re-evaluated resulting in no gain on acquisition and a reduction in intangible assets $425k. The reversal of this gain and reduction in intangibles was reflected in the Company's fourth quarter statements. The reader is directed to the Fusion acquisition note in the associated audited financial statements. The loss is also greater due to the Company's adoption of treating the share loan amounts as options which resulted in additional share compensation expense not previously reported. The loss for this quarter is substantially less than the same quarter last year as the previous year saw large expenses incurred for filing fees, consulting fees etc. recorded in the period arising from the reverse takeover transaction.

b) The liability increase in the quarter is due mainly to the assumption of Fusion trade payables and the deferral of payments of management/consulting fees to the officers of the Company. See Related Party transaction note. The increase is also attributed to the accrual of interest amounts on the Company's Leamington property. The large decrease in assets during this period over the immediately preceding quarter is substantially due to the reclassification of notes receivables as option grants. The notes retain all the legal characteristics of loans but due to the limited collateral recourse, accounting principles require an option treatment. This resulted in a reduction of $1,050,000 in assets. For further information please see discussion on share loans in related party transactions.

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended September 30, 2020 and 2019 is presented below:

	2020	2019
	($)	($)
Total assets	**7,182,560**	7,639,168
Total liabilities	**6,448,702**	5,022,999
Shareholders' equity	**733,858**	2,616,169
Revenue	**492.128**	**-**
Net loss	**(2,073,561)**	(6,396,107)
Loss per share	**(0.05)**	(0.04)

RESULTS OF OPERATIONS

Three Month Period Ended September 30, 2020

Revenues

The Company generated revenues of $285k during the three month period ended September 30, 2020 ("Current Quarter") due to supplement sales. The pandemic crisis has resulted in lower than expected sales for the period given retail restrictions and gym closings but the Company believes this will only be temporary. Cost of goods sold associated with this revenue totaled $183k resulting in a gross profit of $102k before operating expenses. The year end cost of sales figure included an adjustment arising out of the acquisition of Fusion. The Company had commenced implementing its strategy for cultivation and propagation which includes the design of and buildout of its Leamington, Ontario property, however, due to the onset of Covid 19, current market conditions etc these plans were placed on hold. The Company believes the opportunity for growth is embedded with the sale of and expansion of its supplements business. With this in mind, the Company decided to divest itself of the property. Please see Subsequent Events note. The Company continues to be involved in identifying partnership and acquisition opportunities to meet its corporate objectives.

Expenses

Net expenses are substantially lower versus the PY Quarter. The total expenses decreased by $4,323 M. This was due primarily to filing fees, management fees and other costs associated with the reverse takeover transaction in 2019 not incurred in the current period.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit position of $5,609,877 as at September 30, 2020, compared to a surplus balance of $1,524,101 as at September 30, 2019. The deficit in the current period is mainly due to the Company's secured debt relating to its Leamington property becoming current vs long term. As at September 30, 2020, the Company was $650,000 in arrears with the Vendor of its Leamington property. The Management of the Company was actively involved in sourcing a third-party lender to refinance its Leamington property and to settle the original debt. Subsequent to the year ended September 30, 2020 however, the Company determined to refocus its strategy on the production and sale of supplements, nutraceuticals etc, which meant disposing of the Leamington property and ultimately, coming to settlement terms with the Vendor to settle its obligation. Please see the

LIQUIDITY AND CAPITAL RESOURCES (continued)

Subesequent Events note. During the prior year, the Company's surplus position resulted from having had completed a non-brokered private placement wherein it issued 4,792,333 common shares for total proceeds of $2,396,167.

To assist in the financing of its supplement business, the Company announced a non-brokered private placement subsequent to year end. Please see Subsequent Events note. 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.

OUTSTANDING SHARE DATA

Issued and Outstanding

As at the Report Date, there are 42,413,597 common shares issued and outstanding. Please see Subsequent Events note – Share Consolidation.

Stock Options

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

Number of Options	Exercise Price	Expiry Date
	($)	
75,000	0.40	May 25, 2023
55,000	0.60	October 17, 2023
2,770,000	0.20	March 30,2025
2.900,000	0.21	

During the year ended September 30, 2020, 453,000 options expired, 505,000 options were cancelled, and 2,900,000 options were granted.

Options granted March 2020 with a strike price of $0.20, vest monthly over a 36 month period. Options vested as at September 30, 2020 total 461,667. Share based compensation expense of $91,254 related to these vested options has been recorded. The share based compensation expense is based on the use of the Black Scholes pricing model. For further details, the reader is directed to note 12 in the accompanying yearend financial statements.

Share loans totaling $1,050,000 were granted on March 23, 2020. Recourse on the loan is restricted to the shares as pledged collateral. As such, the Company records the transaction as a grant of options. The fair value of options assumed in the transaction was determined to be $293,175. $56,291 of this amount was recorded as share based compensation. Please see note 12 © of the accompanying yearend financial statements for further information.

Share Purchase Warrants

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

Number of Warrants	Exercise Price	Expiry Date
	($)	
225,000	0.60	October 9, 2020
225,000	0.60	

2,032,200 warrants expired on November 27, 2019.

RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions during the year ended September 30, 2020 and 2019:

	2020	2019
	($)	($)
Key management compensation:		
Consulting fees paid or accrued to Brian Polla, Chief Executive Officer of the Company [1]	235,000	15,000
Consulting fees paid or accrued to Domenic Crudo, CFO of the Company [2]	240,000	-
Consulting fees paid or accrued to Adrian Burke, Director of the Company [3]	165,000	-
Consulting fees paid or accrued to Natural Lines, Director of the Company [4]	39,000	-
Consulting fees paid or accrued to Jeff Zanini, Former Chief Executive Officer	22,351	76,000
Consulting fees paid to Sean McGrath, Former CFO of the Company	6,517	31,000
	707,868	122,000

1) During the year ended September 30, 2020, the CEO was reimbursed $69,991 in expenses. Accounts payable at September 30, 2020 include $78,774 owing to the CEO for services rendered and Fusion owed the CEO $20,000 for a non interest-bearing demand note.
2) During the year ended September 30, 2020 the CFO was reimbursed $3,827 in expenses. Company accounts payable at September 30, 2020 include $79,382 owing to the CFO for services.
3) During the year ended September 30, 2020 the Director of Marketing was reimbursed $62,441.15 for expenses. As at September 30, 2020 a total of $54,203 was included in accounts payable and accrued liabilities as owing to him.
4) As at September 30, 2020 a total of $8,002 was included in accounts payable and accrued liabilities as owing to Natural Lines, a company controlled by Michael Lines a Director of the Company.

RELATED PARTY TRANSACTIONS (continued)

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 an advisor board member 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 700,000 common shares of the Company at a deemed price of $0.50 per share to each debtor. The loans are repayable over four (4) years and bear interest at 2%. For accounting treatment, please refer to 12 © of the accompanying audited financial statements.

The Director of Marketing for the Company, Adrian Burke, was a principal and co-founder of Fusion Nutrition Inc. before joining the Company. In the acquisition of Fusion, he received 913,645 shares of the Company for his interest in Fusion Nutrition Inc.

ACQUISITION OF FUSION NUTRITION INC.

On May 3, 2020, the Company completed its acquisition of Fusion Nutrition Inc. (Fusion), a Canadian based supplement company with national distribution which hosts 12 brands. The transaction was effected by issuing 2,913,640 common shares (the consideration shares) of the company at a value of $0.05 per share (CSE required no value under $0.05). According to the terms of the agreement, the consideration shares are to be distributed as follows: i) upon satisfaction of certain terms in the agreement 50% on the six (6) month anniversary of the closing transaction ii) remaining consideration shares are to be released on the nine (9) and twelve (12) month anniversary in equal portions.

The Company has determined that the operations of Fusion represent a business and as such, the acquisition has been accounted for as a business combination. Under IFRS 3 – Business Combinations, the Company has one year to finalize the purchase price allocation of an acquired Company's intangible assets, assumed liabilities, intangible assets and goodwill. The Company will analyze the acquired rights, liabilities, intangibles and goodwill and will make the final allocation within the 12 month period. The Company has finalized the purchase price allocation, which was previously reported as provisional, and it has been allocated to the following identified assets and liabilities based on their estimated fair values.

Fair Value of Net Assets acquired on May 3, 2020

	$
Accounts receivable	42,013
Inventories	123,648
Prepaid assets	200
Equipment	9,176
Intangible assets	341,000
Goodwill	91,545
Bank indebtedness	(55,070)
Accounts payable and accruals	(149,922)
Royalty agreement liability	(238,520)
Due to shareholder	(30,000)
Deferred tax liability	(90,365)
	43,705
Fair Value of consideration	
Common shares of Sire Bioscience	43,705

ACQUISITION OF FUSION NUTRITION INC. (continued)

The necessary adjustments reflecting this correction were made in the fourth quarter by the Company.

Significant assumptions used by the Company in determining the value of Fusion’s brand list (intangible asset) included forecasted revenue and operating income and a weighted average cost of capital of 27% which was used as the discount rate given the current financial position of Fusion.

The fair value of receivables acquired of $42,013 and the full amount of the receivable is expected to be collected. All other items on the balance sheet were deemed to be at fair market value at the date of acquisition.

Though the transaction was agreed to at $0.05 per share, the actual trading value of Sire shares as of the date of acquisition were $0.015 per share which resulted in the fair value of $43,705.

At acquisition, the Company recognized a gain on bargain purchase of $456,820 for the difference between the value of identified assets acquired and the fair value of consideration transferred.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by Sire are disclosed in note 3 to the September 30, 2020 audited annual 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 year ended September 30, 2020.

Revenue

Revenues are recognized when control of the products has transferred to the customer, being when the products are shipped by the Company’s shipping service provider. The customer takes control of the goods, has full discretion over the use of the products and there are no unfulfilled obligations by the Company that could affect the customer’s acceptance of the products. The Company’s sales and performance obligations occur at the point of shipping so revenues are recorded at that point in time. The Company derives all of its revenue in Canada via sales of supplements products under its Fusion brand name. The majority of its sales are to wholesale customers but the Company does maintain a direct-to-consumer sales website. The Company assesses the recoverability of the each of its accounts on a regular basis. Sales for the period ended September 30 from the date of acquisition of Fusion (May 3, 2020) are as follows:

Product Sales - $492,128.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable costs.

Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.
A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.
The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. For 2020, no expected credit losses have been recorded by the Company as all trade receivables are expected to be collected and are not significant.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities, due to shareholder, lease liability and royalty agreement liability are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at September 30, 2020 and 2019, the Company does not have any derivative financial liabilities.

The following table summarizes the classification categories for the Company's financial assets and liabilities.

Financial Assets	**IFRS 9**
Cash	Amortized cost.
Trade receivable	Amortized cost.
Financial Liabilities	**IFRS 9**
Accounts payable and accrued liabilities	Amortized cost.
Loan Payable	Amortized cost
Due to shareholder	Amortized cost.
Lease liability	Amortized cost.
Royalty liability	Amortized cost.
Secured Loan	Amortized cost

IFRS 16 Leases

The following is the Company's new accounting policy for leases under IFRS 16:

The Company has adopted IFRS 16 from October 1, 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. According to IFRS 16, a contract is a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. With exceptions for certain short-term leases and leases of low-value assets, IFRS 16 requires a lessee to recognize lease contracts as a right-of-use asset representing its right to use an identified asset for a period of time and a lease liability representing its obligation to make lease payments.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. Right-of-use assets are subsequently depreciated from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset. The right -of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability.

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information which continues to be reported under IAS 17, Leases. On transition to IFRS 16, the Company has elected to apply the recognition exemption for short-term leases that have a term less than 12 months. As a result of using the practical expedients as allowed within the standard, there was no impact to the opening retained earnings upon adoption.

On February 1, 2020, the Company entered into a three year lease agreement for its head offices. The Company has the right to renew the lease for an additional three year term prior to the lease termination subject to certain provisions incorporated in the lease.

RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right of Use Asset	**2020**
	$
Beginning Balance	**-**
Addition	**69,457**
Less: accumulated amortization	**(15,435)**
Total carrying value-September 30, 2020	**54,022**

RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Lease liability	**2020**
	$
Beginning Balance	**-**
Addition	**69,457**
Less: lease payments	**(16,046)**
Finance expenses	**(290)**
Total lease liability	**53,121**
Less: current portion	**(22,588)**
	30,533

Lease commitments-undiscounted cash flow:	**2020**
	$
Future lease payments	**93,224**
Additional rent payments not recognized under IFRS 16	**(31,742)**
Finance charges	**(8,361)**
Total liability	**53,121**

Property, Plant and Equipment

Property, plant and equipment comprise of a greenhouse which is being built for its intended use as of September 30, 2020, office equipment, furniture and fixtures, and tools required for creating a greenhouse capable of producing cannabis.

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress. Cost include expenditures that are directly attributable to the creation or acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are or are to be located. Borrowing costs for qualifying assets that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Computer equipment	20%, declining balance
Furniture and fixtures	20% declining balance

Property, Plant and Equipment (continued)

The residual value, depreciation method and the useful life of each asset are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated property and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The reader is directed to Note 7 of the Company's associated audited financial statements for a complete breakdown of the its property, plant and equipment.

Intangible Asset

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and impairment. The gains or losses recognized in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in useful life are accounted for prospectively by changing the amortization method or period.

The Company amortizes brands over a straight line period of ten years.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination the non-controlling interest in the acquiree is measured at the fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be measured by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in the profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

BUSINESS COMBINATIONS (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (1) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2020	2019
	($)	($)
Loss for the year	**(2,073,561)**	(6,396,107)
Expected income tax expense (recovery) at 26.5%	**(549,494)**	(1,694,968)
Non-deductible expenditures	**84,305**	(1,213,733)
Loss carry-forwards acquired in RTO	**(88,162)**	(625,764)
Adjustments to prior year non-capital losses and UCC balances	**355,918**	
Change in unrecognized deductible temporary differences	**197,434**	1,106,999
Income tax expense	-	-

INCOME TAXES (continued)

b) Deferred Income Taxes

The Company's deferred income tax assets are valued using the future income tax rate of 26.5% (2019– 26.5%), which is the effective rate when they are expected to be realized and are as follows:

	2020	2019
	($)	($)
Loss carry-forwards	**1,686,923**	1,115,009
Property, plant, equipment, and intangible assets	**(149,563)**	224,919
Intangible asset	**(90,365)**	-
	1,446,996	1,339,928
Deferred tax assets not recognized	**(1,537,361)**	(1,339,928)
Net deferred tax assets	**(90,365)**	-

c) Loss Carry Forwards

As at September 30, 2020, the Company's unused tax losses for which no deferred tax asset is recognized totals $6,365,749. These losses expire as follows:

2031	15,394
2033	208,790
2034	202,003
2035	139,960
2036	692,794
2037	1,233,868
2038	296,414
2039	1,814,126
2040	1,762,400
	6,365,749

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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.

At this time the Company is not aware of any standards applicable to its accounting policies which will need to be effective in the future.

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 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 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 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 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.

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) w
ether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment.

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.

COMMITMENTS

As at the Report Date, the Company has a three year lease commitment for its head offices located in Mississauga, Ontario.
The future minimum lease payments at September 30, 2020 are as follows:

Year	Amount ($)
2021	39,221
2022	40,404
2023	13,599

SUBSEQUENT EVENTS

(a) Share consolidation

On October 13, 2020, the Company announced a consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation shares for every ten (10) pre-consolidation common shares.

(b) Private placement

The Company closed a non-brokered private placement offering on January 27, 2021 issuing an aggregate of 29,000,000 common shares at a price of $0.05 per share raising gross proceeds of $1,450,000. The majority of the proceeds will be used for working capital purposes in the Company.

(c) Debt settlement and transfer of ownership of Leamington property

On January 18, 2021, the Company announced that it reached a settlement agreement with the the holder of the vendor takeback mortgage of its Leamington property. Under the terms of the settlement, the ownership of the property will be transferred back to the vendors with the Company paying $300,000 in monies and $50,000 in shares of the Company. All debts and liabilities of the Company associated with the property will be settled in full.

(d) Letter of intent

Subsequent to the year end, the Company entered into a non-binding letter of intent to acquire 100% of Denver based PlantFuel, Inc. for 65,000,000 of the Company's common shares. The agreement is subject to due diligence, a definitive agreement and other customary closing conditions, including the approval of the Canadian Securities Exchange.

OUTLOOK

Sire is focused on creating maximum value for its shareholders. As a result, the Company has refocused its strategy on building its supplements business in Canada, the United States and internationally.

ADDITIONAL DISCLOSURE

Additional information regarding the Company can be accessed via the Company website at www.sirebioscience.com or on SEDAR at www.sedar.com.

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Domenic Crudo – *Chief Financial Officer*

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