

# PLANTFUEL®

**PLANTFUEL LIFE INC.**  
(Formerly Sire Bioscience Inc.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020  
(Expressed in Canadian Dollars)

## Management's Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of PlantFuel Life Inc. (the "Company" or "FUEL") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**DATED this 28th day of February 2022**

#### PLANTFUEL LIFE INC.

Per: (signed) "Brad Pyatt"

Name: Brad Pyatt

Title: Chief Executive Officer

Per: (signed) "Volodymyr Ivanov"

Name: Volodymyr Ivanov

Title: Chief Financial Officer

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian dollars)

	December 31, 2021 (\$)	September 30, 2021 (\$)
<b>ASSETS</b>		
<b>Current</b>		
Cash	806,742	296,557
Sales tax receivables	217,660	174,248
Trade receivables (Note 15)	1,412	48,752
Prepaid expenses (Note 4)	871,036	1,851,356
Inventories (Note 3)	3,472,765	1,563,989
<b>Total current assets</b>	<b>5,369,615</b>	<b>3,934,902</b>
<b>Long-term</b>		
Property, plant and equipment (Note 6)	11,377	19,986
Right of Use - asset (Note 5)	25,082	30,870
Intangible assets (Note 7 and 11)	25,591,913	27,246,952
<b>Total long term assets</b>	<b>25,628,371</b>	<b>27,297,808</b>
<b>TOTAL ASSETS</b>	<b>30,997,986</b>	<b>31,232,710</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	1,395,707	1,288,085
Lease liability (Note 5)	25,552	25,552
Current portion of secured and revolving loans (Note 8 and 9)	637,500	-
Deferred Income	1,828,844	-
<b>Total current liabilities</b>	<b>3,887,603</b>	<b>1,313,637</b>
<b>Long-term</b>		
Lease liability (Note 5)	3,381	3,381
Royalty agreement liability (Note 11)	238,520	238,520
<b>Total long-term liabilities</b>	<b>241,901</b>	<b>241,901</b>
<b>TOTAL LIABILITIES</b>	<b>4,129,505</b>	<b>1,555,539</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	45,878,116	45,310,850
Contributed surplus (Note 12)	5,173,584	4,450,704
Warrants (Note 12)	1,393,858	830,025
Accumulated other comprehensive income	360,327	397,302
Deficit	(25,937,402)	(21,311,709)
	26,868,482	29,677,171
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30,997,986</b>	<b>31,232,710</b>

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

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 17)

Approved on behalf of the board:

*(signed) "Brad Pyatt"*  
Director

*(signed) "Wally Rudensky"*  
Director

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)UNAUDITED CONSENSUED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND  
COMPREHENSIVE LOSS

Three months ended December 31

(Expressed in Canadian dollars)

	2021	2020
	(\$)	(\$)
Sales	178,313	294,442
Cost of goods sold (Note 3)	143,374	185,083
<b>Gross Profit</b>	<b>34,939</b>	<b>109,359</b>
Expenses		
Administration	389,828	40,971
Amortization	1,525,716	15,148
Wages and Management fees	180,454	282,855
Marketing and promotion	1,009,226	69,542
Travel	10,673	12,209
Consulting and professional fees	490,146	4,979
Share based compensation (Note 12)	722,880	71,965
Rent	9,144	2,856
Research and development	168,181	-
Total operating expenses	4,506,248	500,525
<b>Operating Loss</b>	<b>(4,471,309)</b>	<b>(391,166)</b>
Interest income	-	5,293
Interest expense	(30,365)	(150,000)
Foreign exchange gain	(124,020)	(887)
<b>Loss for the year before income tax</b>	<b>(4,625,694)</b>	<b>(536,760)</b>
Income tax recovery		
Deferred tax income recovery	-	-
<b>Net Loss for the year</b>	<b>(4,625,694)</b>	<b>(537,647)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss in subsequent</b>		
Foreign currency translation adjustment	36,975	-
<b>Comprehensive loss for the year</b>	<b>(4,588,719)</b>	<b>(537,647)</b>
<b>Basic and diluted loss per share:</b>	<b>(0.16)</b>	<b>(0.08)</b>
<b>Weighted average number of common shares outstanding</b>	<b>28,936,401</b>	<b>7,068,933</b>

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

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended December 31

(Expressed in Canadian dollars)

	2021	2020
	(\$)	(\$)
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(4,625,693)	(536,759)
Items not affecting cash:		
Accrued Interest	3,351	150,000
Foreign exchange gain (loss)	124,020	(449)
Amortization	1,525,716	15,148
Share based compensation	722,880	71,965
Changes in non-cash working capital items:		
Sales taxes	43,412	(9,659)
Trade and other receivables	(47,340)	(5,168)
Inventory	1,908,775	(67,382)
Prepaid expenses (Note 4)	(980,320)	8,416
Accounts payable and accrued liabilities	107,622	299,759
Cash flows used in operating activities	(1,217,577)	(74,129)
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	-	-
Cash paid on acquisition of subsidiary	-	-
Cash flows used in investing activities	-	-
<b>FINANCING ACTIVITIES</b>		
Share issue	1,199,602	-
Share issuance costs	(68,503)	-
Repayment of lease	(6,279)	(6,017)
Proceeds from revolving loan facility (Note 8)	637,500	-
Proceeds from shareholder loan	(34,559)	21,500
Cash flows (used in) provided by financing activities	1,727,761	15,483
<b>CHANGE IN CASH</b>	510,184	(58,646)
<b>CASH, BEGINNING OF THE YEAR</b>	296,557	77,280
<b>CASH, END OF THE YEAR</b>	806,741	18,634

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

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIT

For the three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

	Number of Shares <sup>(1)</sup>	Share Capital (\$)	Contributed Surplus (\$)	Warrants (\$)	Accumulated Other Comprehensive Income (\$)	Deficit (\$)	Total (\$)
<b>Balance at September 30, 2020</b>	7,068,933	7,939,303	711,259	75,097	-	(7,981,800)	743,859
Share based compensation	-	-	71,965	-	-	-	71,965
Expiry of warrants	-	-	-	(75,097)	-	75,097	-
Loss and comprehensive loss for the year	-	-	-	-	-	(536,760)	(536,760)
<b>Balance at December 30, 2020</b>	7,068,933	7,939,303	783,224	-	-	(8,443,463)	279,064
<b>Balance at September 30, 2021</b>	28,651,468	45,310,850	4,450,704	830,025	397,302	(21,311,709)	29,677,172
Share based compensation	-	-	722,880	-	-	-	722,880
Shares issued in equity raise, net of issue costs (Note 1 and 12)	787,026	1,131,099	-	-	-	-	1,131,099
Value of warrants issued in unit issuance (Note 12)	-	(563,833)	-	563,833	-	-	-
Loss and comprehensive loss for the year	-	-	-	-	(36,975)	(4,625,693)	(4,662,669)
<b>Balance at December 31, 2021</b>	29,438,494	45,878,116	5,173,584	1,393,858	360,327	(25,937,402)	26,868,482

(1) The number of the Company's shares have been retrospectively restated for all periods to reflect the share consolidation which took place subsequent to the Company's year end. See Note 12.

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

## **PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

### NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

PlantFuel Life Inc.(the “Company”) formerly Sire Bioscience Inc. (“Sire”) is a company incorporated under the Business Corporations Act of British Columbia. The head office of the Company is located at 2500 Meadowpine Blvd. Ste 202, Mississauga, Ontario L5N 6C4.

On March 12, 2021, the Company completed the acquisition of PlantFuel, Inc. See Note 11. The Company focuses on health supplements, nutraceuticals, and plant protein-based products.

In April 2021, the Company received approval and changed its operating name to PlantFuel Life Inc. The Company is listed for trading on the CSE under the symbol “FUEL.CN”, OTC “PLFLF”, and the Frankfurt stock exchange in Germany under the symbol “BR1B”.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended December 31, 2021, the Company incurred a net loss of \$4,625,693 (2021 – \$537,647) and had a working capital surplus of \$1,482,012 (September 30, 2021 \$2,621,295). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. Subsequent to the period end, the Company has announced a private placement for gross proceeds of \$3,500,000. See Note 17. Management is of the opinion that based on current forecasts for the nutraceutical business, the Company will require additional funds to meet the Company’s liabilities and commitments as they become due. There is a risk that financing may not be available on a timely basis or on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

The Company has been closely monitoring developments related to COVID-19, including the existing and potential impact on global and local economies. The Company has implemented its business continuity plan ensuring minimal interruption to the business. Governments worldwide have since put in place various measures to contain the spread of the virus, which have directly and indirectly impacted many businesses. The COVID-19 pandemic did not have any significant impact on the Company’s financial statements during the reporting period. The longer-term impacts of the COVID-19 situation will depend on future developments which are highly uncertain, rapidly evolving, and difficult to predict. These impacts may differ in magnitude depending on several scenarios, which the Company continues to monitor and take into consideration.

## **PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

### NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

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## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2020, which have been prepared in accordance with IFRS and IFRIC as issued by the IASB in effect as of September 30, 2021.

The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended September 30, 2021.

There are no new IFRS and/or IFRIC pronouncements issued that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

The consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2022.

### **Basis of Measurement**

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash flow information and certain financial assets that are measured at fair value as explained in the significant accounting policies set out in Note 3 of the audited annual consolidated financial statements for the year ended September 30, 2021.

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of PlantFuel, Inc., which was acquired in March 2021, is US dollars. All other entities continued to have a functional currency of Canadian dollars throughout 2021.

### **Basis of Consolidation**

The condensed interim consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

These consolidated financial statements include the accounts of the Company and the following wholly owned subsidiaries: Best Cannabis Products Inc., BCP Holdings and Investments Inc., Big Rock Technologies Inc., Fusion Nutrition Inc., and PlantFuel, Inc.

All intercompany balances, transactions, unrealized gains, and losses resulting from intercompany transaction have been eliminated on consolidation.



## **2. BASIS OF PREPARATION (Continued)**

### **Significant Accounting Estimates and Judgments**

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant estimates and judgments include:

(i) Share-based payments and warrants

Management utilizes option pricing models to determine the fair value of share-based payments and warrants which requires inputs of assumptions including the volatility of the Company's stock price.

(ii) Business combination

The Company applies judgment in determining a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

In a business combination, a significant area of judgment and estimation relates to the determination of the fair value of assets and liabilities acquired including any intangible assets and goodwill identified.

(iii) Acquisition of a group of assets

At the date of acquisition of a subsidiary or associate, intangible assets that are deemed separable and that arise from contractual or other legal rights are capitalized and included within the net identifiable assets acquired. The net identifiable assets acquired, and liabilities assumed are measured at their estimated fair value of the consideration paid, based on their relative fair values at the acquisition date except where the fair value cannot be estimated reliably, in which case all financial instruments are measured at fair value and the residual balance is allocated to the value of intangible assets.

(iv) Revenue recognition

The assessment of terms and conditions in contracts which may impact revenue recognition can require significant judgment. Management exercises judgment in estimating the revenue from contracts with customers subject to variable consideration.

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

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**2. BASIS OF PREPARATION (Continued)**

**Significant Accounting Estimates and Judgments (Continued)**

(v) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgment. Management closely monitors the operations and cash flows in the Company. Further information regarding the going concern is outlined in Note 1.

(vi) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable and can therefore be recognized in the statements of financial position and statements of loss and comprehensive loss.

(vii) Property, plant, equipment, and intangible assets

Management exercises judgment in determining when property, plant and equipment, and intangible assets are available for use as well as their useful lives.

(viii) Non-financial asset impairment

Management exercises judgment to evaluate the carrying value of property, plant, and equipment, and intangible assets at the end of each reporting period to determine whether there is an indication of asset impairment. If any such indication exists, the Company estimates the recoverable amount of the asset to determine if an asset is impaired.

## PLANTFUEL LIFE INC. (formerly Sire Bioscience Inc.)

### NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

#### 3. INVENTORIES

During the period ended December 31, 2021, inventory valued at \$223,277 (2020 – \$185,083) was expensed as product cost of sales.

Inventory at December 31, 2021 consisted of finished goods valued at \$3,472,765 (September 30, 2021 - \$1,563,989).

#### 4. PREPAID EXPENSES

During the period ended December 31, 2021, the company made prepayments for services to be incurred in the future. The balance is comprised of product manufacturer prepayments \$871,036 (September 30, 2021 - \$1,851,356).

#### 5. LEASES

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 before the lease termination subject to certain provisions incorporated in the lease.

<b>Right of Use Asset</b>	<b>31-Dec-21</b>	<b>30-Sep-21</b>
	<b>(\$)</b>	<b>(\$)</b>
Beginning balance	30,870	54,022
Additions	-	-
Less: amortization	(5,788)	(23,152)
<b>Total carrying value</b>	<b>25,082</b>	<b>30,870</b>

<b>Lease liability</b>	<b>31-Dec-21</b>	<b>30-Sep-21</b>
	<b>(\$)</b>	<b>(\$)</b>
Beginning balance	28,933	53,121
Addition	-	-
Less: lease payments	-	(23,898)
Finance expenses	-	(290)
Total lease liability	28,933	28,933
Less: current portion	(25,552)	(25,552)
<b>Balance</b>	<b>3,381</b>	<b>3,381</b>

<b>Lease commitments - undiscounted cash flow:</b>	<b>31-Dec-21</b>	<b>30-Sep-21</b>
	<b>(\$)</b>	<b>(\$)</b>
Future lease payments	65,499	71,285
Short-term lease payments not recognized under IFRS 16	(35,063)	(34,570)
Finance charges	(8,361)	(7,782)
<b>Total liability</b>	<b>22,075</b>	<b>28,933</b>

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

**6. PROPERTY, PLANT, AND EQUIPMENT**

	Land	Building	Computer Equipment	Furniture & Fixtures	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Cost</b>					
<b>Balance as of September 30, 2020</b>	<b>1,301,074</b>	<b>4,904,737</b>	<b>3,782</b>	<b>24,746</b>	<b>6,234,339</b>
Additions	-	-	-	-	-
Disposal of Leamington	(1,301,074)	(4,904,737)	-	-	(6,205,811)
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>-</b>	<b>3,782</b>	<b>24,746</b>	<b>28,528</b>
Write-off	-	-	(2,045)	(9,176)	(11,221)
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>1,737</b>	<b>15,570</b>	<b>17,307</b>
<b>Accumulated Depreciation</b>					
<b>Balance as of September 30, 2020</b>	<b>-</b>	<b>-</b>	<b>(1,135)</b>	<b>(2,410)</b>	<b>(3,545)</b>
Amortization	-	-	(529)	(4,467)	(4,997)
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>-</b>	<b>(1,664)</b>	<b>(6,877)</b>	<b>(8,542)</b>
Amortization	-	-	(56)	(543)	(599)
Write-off	-	-	1,039	2,171	3,210
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>(681)</b>	<b>(5,249)</b>	<b>(5,931)</b>
<b>Net Book Values</b>					
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>-</b>	<b>2,118</b>	<b>17,869</b>	<b>19,986</b>
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>1,056</b>	<b>10,321</b>	<b>11,376</b>

The Company, via its subsidiary, entered into a purchase and sale agreement (“PSA”) on April 12, 2018, to purchase land and a greenhouse in Leamington, Ontario for total proceeds of \$6,400,000. This transaction was completed by taking a secured loan – vendor takeback mortgage on the property. See Note 9.

The purchase price for the assets acquired under the PSA had been allocated according to their relative fair values as at the date of acquisition. As the Company has decided to focus its efforts on the supplements and plant protein industries, it was decided to return the land and buildings to the original vendor who held the mortgage on the property. A settlement agreement was reached on January 15, 2021, whereby along with the property and buildings, the Company paid \$300,000 in cash and issued the vendor 83,333 common shares of the Company in return for the settlement of all debts and liabilities associated with the property. The fair value of the shares was estimated based on the quoted market price of the Company’s shares at the date of settlement. The resulting loss has been calculated as \$962,669 and recorded in the statements of loss and comprehensive loss for the period ending September 30, 2021.

**PLANTFUEL LIFE INC.** (formerly Sire Bioscience Inc.)

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 Three months ended December 31, 2021, and 2020  
 (Expressed in Canadian dollars)

**7. INTANGIBLE ASSETS**

	Fusion Brand	Intellectual Property and Know-How	Total
	(\$)	(\$)	(\$)
<b>Cost</b>			
<b>Balance as of September 30, 2020</b>	<b>341,000</b>	-	<b>341,000</b>
Additions	-	-	-
Impairment (Note 11)	(341,000)	-	-
Acquisition (Note 11)	-	29,962,539	29,962,539
Foreign exchange	-	594,790	594,790
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>30,557,329</b>	<b>30,557,329</b>
Foreign exchange	-	(151,096)	(151,096)
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>30,406,233</b>	<b>30,406,233</b>
<b>Accumulated Depreciation</b>			
<b>Balance as of September 30, 2020</b>	<b>(14,208)</b>	-	<b>(14,208)</b>
Amortization	(34,100)	(3,284,655)	(3,318,755)
Impairment (Note 11)	48,308	-	48,308
Foreign exchange	-	(25,722)	(25,722)
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>(3,310,377)</b>	<b>(3,310,377)</b>
Amortization	-	(1,511,318)	(1,511,318)
Impairment (Note 11)	-	-	-
Foreign exchange	-	7,375	7,375
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>(4,814,320)</b>	<b>(4,814,320)</b>
<b>Net Book Values</b>			
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>27,246,952</b>	<b>27,246,952</b>
<b>Balance as of December 31, 2021</b>	<b>-</b>	<b>25,591,913</b>	<b>25,591,913</b>

**8. REVOLVING LOAN FACILITY**

On July 15, 2021, the Company entered into a revolving loan facility agreement with a credit limit of \$2,000,000. This loan is subject to stand-by fee of 0.5% per annum and interest rate of 10% per annum payable at the end of each month. The interest rate is subject to a decrease to 8% per annum if certain terms are met. It matures on July 15, 2022, unless otherwise extended.

Total advances granted to the Company during the period were \$1,275,000, and they were partially repaid by the Company along with accrued interest and stand-by fees, amounting a total of \$657,589, on November 30, 2021. Total accrued interest and fees on this loan at period-end was \$5,993 (2020 - \$Nil).

## PLANTFUEL LIFE INC. (formerly Sire Bioscience Inc.)

### NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2021, and 2020

(Expressed in Canadian dollars)

#### 9. SECURED LOAN

On July 13, 2018, the Company entered into a secured loan agreement for \$5,800,000 as part of a vendor take-back arrangement in connection with the acquisition of land and a greenhouse in Leamington, Ontario (Note 7). The loan was secured by the land and greenhouse assets, bore no interest until the Vendor fully vacates the premises and then at a rate of 12.5% for three years. Principal payments of \$500,000 were due August 13, 2018, and December 13, 2018, and the balance of the loan principal was due on July 13, 2021. Interest was repayable in monthly installments beginning in year two. Due to the interest-free period, the loan was initially recognized at \$4,951,250 which represents the present value of future repayments using a market interest rate of 13%. The effective interest rate on the loan is 14.7%. On January 15, 2021 (the settlement date) the Company completed a transaction transferring the property back to the Vendor and settling the debt. See Note 7.

	September 30, 2021	September 30, 2020
	(\$)	(\$)
Beginning principal amount	4,700,000	4,900,000
Discount	(732,658)	(732,658)
Repayments during the year	-	(200,000)
Accrued interest	905,764	734,410
Accreted interest	745,035	681,576
Balance settled	(5,618,141)	-
Current portion	-	(5,383,328)
	-	-

#### 10. RELATED PARTY TRANSACTIONS

Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them.

During the period ended December 31, 2021, the following amounts were paid to or accrued for key management personnel \$170,416 (September 30, 2021 - \$618,517).

As at March 23, 2020, the Company entered into loan agreements with each of 1610896 Ontario Inc., a company controlled by the former CFO, Natural Lines Inc., a company controlled by a former director of the board of Sire and Layton Hipfner, the former master grower of the Company. On September 29, 2021, the Company has entered into set-off agreements with each debtor and set-off the loan amounts of \$350,000 each owing to the Company by each Debtor against the surrender and cancellation of 116,667 post-consolidated common shares (the "Shares") of the Company by each Debtor. The Company confirms that a total of 350,000 Shares were cancelled and returned to treasury and, henceforth it has released the Debtors of all obligations in connection with the loans.

## PLANTFUEL LIFE INC. (formerly Sire Bioscience Inc.)

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#### 11. ACQUISITIONS

##### 11 (a) Acquisition of PlantFuel, Inc.

On March 12, 2021, the Company completed its acquisition of PlantFuel, Inc. (PF), an American-based plant protein company. PF is focused on delivering plant-fueled nutritional supplements to consumers using world-class formulations and using clinically proven ingredients. The Company acquired the creative assets and product formulas related to the PlantFuel intellectual property and know-how. The transaction was completed by issuing 10,833,333 common shares of the Company. According to the terms of the agreement, the consideration shares are held in escrow and are to be distributed as follows: The shares were subject to the following release provisions, 10% on closing, 30% three months from closing, 30% six months from closing, and 30% 12 months from closing.

The acquisition of PF does not meet the definition of a business combination under IFRS 3. Consequently, the transaction has been accounted for as an asset acquisition.

The total purchase price was allocated based on the relative fair value of the assets and the liabilities acquired as shown below:

Fair Value of Net Assets acquired on March 12, 2021:

	(\$)
Cash	255
Prepaid assets	6,247
Intangible assets	29,962,539
Accounts payable and accruals	(59,482)
Due to shareholder	(9,559)
	<hr/> 29,900,000
Fair Value of consideration	
Common shares of PlantFuel Life Inc.	<hr/> 29,900,000

The fair value of the common shares was determined using the Company's closing share price of \$2.76 on March 12, 2021.

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#### 11. ACQUISITIONS (continued)

##### 11 (b). 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. This transaction will accelerate the Company's speed to market in the nutraceutical space taking advantage of Fusion's sales channels with 800 points of distribution as well as strong brand recognition in the marketplace. The Company believes this transaction will allow it to launch more relevant and highly customized products at a faster pace. Fusion customers include but are not limited to Popeye's Supplements, Sport Chek, Supplement King, GNC, and Herc's Nutrition. The transaction was affected by issuing 48,561 common shares (the consideration shares) of the Company at a value of \$1.20 per share (CSE required no value under \$1.20). According to the terms of the agreement, the consideration shares are held in escrow and 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. 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)
	<u>43,705</u>
Fair Value of consideration	
Common shares of PlantFuel Life Inc	<u>43,705</u>

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 \$3.00 per share, the actual trading value of PlantFuel Life Inc. shares as of the date of acquisition was \$0.90 per share which resulted in the fair value of \$43,705.



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#### **11 (b). Acquisition of Fusion Nutrition Inc. (continued)**

As part of the acquisition, the Company negotiated a ten-year royalty and licensing agreement with Acenzia Inc. a supplier of Fusion. Fusion had an outstanding liability of \$238,520 with Acenzia. Rather than payout this liability, the Company and Acenzia came to terms on a royalty and licensing agreement whereby Acenzia has the right to sell Fusion products to a select number of countries in the Middle East. Royalty amounts due under the agreement will be applied to the outstanding balance owed at the date of acquisition for three years at which point the Company has the discretion to pay out any outstanding balance or continue to apply royalties due against said sum. Once paid out in full, the Company will receive license and royalty fees to the end of the agreement.

Subsequent to September 30, 2021, management has decided it will no longer devote any resources to operating Fusion Nutrition Inc. This decision resulting in a negative impact on the CGU impairment analysis and judgment was applied in developing the key assumptions. Based on the impairment analysis performed, the Company concluded the recoverable amount of the CGU is less than the carrying value, resulting in a goodwill (\$91,545), intangible asset (\$292,692), and inventory (\$221,785) impairment charge. The Company recorded an impairment expense during the year ended September 30, 2021, of \$606,022 on the consolidated statement of loss and comprehensive loss.

#### **12. EQUITY INSTRUMENTS**

##### **Share Capital**

###### **Authorized:**

Unlimited number of Common shares without par value.

Unlimited number of Preferred shares without par value.

Issued: 29,577,247 common shares – On December 14, 2021 the Company announced a consolidation of its issued and outstanding common shares based on one (1) post-consolidation shares for every six (6) pre-consolidation common shares. All share and per share data presented in the condensed consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

On May 3, 2020, the Company issued 48,561 common shares of the Company to acquire 100% of the issued and outstanding shares of Fusion Nutrition Inc. The value of the shares as of the date of acquisition was \$0.90 per share which resulted in the fair value of \$43,705. Upon satisfaction of certain terms in the agreement, the shares were released in three allotments; 50% of the shares on the six (6) month anniversary of the closing transaction and the remaining shares to be released on the ninth (9) and twelve (12) month anniversaries in equal amounts.

On January 27, 2021, the Company completed a private placement whereby it issued 4,833,333 common shares at \$0.30 for total proceeds of \$1,450,000. All shares are subject to a four-month hold period pursuant to securities laws in Canada. The funds raised will be used for working capital purposes.

On March 12, 2021, the Company issued 10,833,333 shares to complete the acquisition of 100% of the issued and outstanding shares of PlantFuel, Inc. Please see Note 11a.

A settlement agreement was reached on January 15, 2021, whereby along with the property and buildings, the Company paid \$300,000 in cash and issued the vendor 83,333 common shares of the Company in return for the settlement of all debts and liabilities associated with the property. The fair value of the shares was estimated based on the quoted market price of the Company's shares which resulted in a fair value of \$75,000. Please see Note 6.

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#### **12. EQUITY INSTRUMENTS (Continued)**

##### **Share Capital** (continued)

On March 12, 2021, the Company completed a non-brokered private placement whereby it issued 3,904,556 shares at \$0.90 per share for total gross proceeds of \$3,514,100. All shares are subject to a four-month hold period pursuant to securities laws in Canada. The Company paid cash finder's fees totaling \$126,747 to certain registered dealers of up to 6% of the proceeds derived from subscriptions introduced to the Company under the private placement.

On March 31 and August 11, 2021, the Company issued 22,741 common shares for past services to settle fees owing to consultants for two quarters payable in shares. The fair value of the shares was estimated based on the quoted market price of the Company's shares which resulted in a fair value of \$56,000.

On July 20, 2021, the Company issued 33,334 common shares for past services to consultants. The fair value of the shares was estimated based on the quoted market price of the Company's shares which resulted in a fair value of \$54,000.

On August 9, 2021, the Company completed a non-brokered private placement whereby it issued 2,000,000 units at a price of \$1.50 per share for gross proceeds of \$3,000,000. Each Unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of the Company at a price of \$2.40 per share for a period of 18 months from the date of issuance. The Company paid cash finder's fees totaling \$108,375 to certain registered dealers of up to 6% of the proceeds derived from subscriptions introduced to the Company under the private placement.

On August 30, 2021, the Company issued 171,905 common shares for past services to settle fees of USD\$200,000 (CAD\$268,171) owing to consultants. The fair value of the shares was estimated based on the quoted market price of the Company's shares.

On November 25, 2021, the Company completed a non-brokered private placement whereby it issued 768,976 units for the gross proceeds of \$1,199,602 at \$1.56 per unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one additional share of the Company at \$2.40 per share for 24 months from the date of issuance. The Company paid finder's fees of \$68,502.14 and 43,912 finder's warrants. The Finder's Warrants are exercisable at \$1.56 per Share for a period of 12 months from the date of issuance.

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**12. EQUITY INSTRUMENTS (Continued)**

**Stock option plan and stock-based compensation**

Under the Company's current Stock Option Plan (the "Plan"), the Company may grant stock options to the Company's directors, officers, employees, and consultants, or a corporation wholly owned by such directors, officers, employees, and consultants. The aggregate number of shares reserved for issuance under the Plan is up to 10% of the number of outstanding common shares, which was 29,438,494 as at December 31, 2021. The exercise price of options granted is subject to a minimum price of \$0.20 per share and must meet or exceed the closing market price of the shares on the trading day immediately preceding the grant of the option.

On March 22, 2021, the Company announced that it has granted an aggregate of 1,033,333 incentive stock options to certain consultants, directors, and officers of the Company at an exercise price of \$2.85 per common share for two years.

On May 31, 2021, the Company announced that it has granted an aggregate of 916,667 incentive stock options to certain consultants, directors, and officers of the Company at an exercise price of \$1.98 per common share for two years.

On August 3, 2021, the Company announced that it has granted an aggregate of 666,667 incentive stock options to certain consultants of the Company at an exercise price of \$1.74 per common share for three years.

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#### 13. EQUITY INSTRUMENTS (Continued)

##### Stock option plan and stock-based compensation (Continued)

On August 10, 2021, the Company announced that it has granted an aggregate of 500,000 incentive stock options to certain directors and officers of the Company at an exercise price of \$1.95 per common share for three years.

On August 10, 2021, 50,000 incentive stock options were exercised by a former director and officer of the Company at an exercise price of \$1.20 per common share

On September 16, 2021, the Company announced that it has granted an aggregate of 250,000 incentive stock options to certain consultants of the Company at an exercise price of \$1.38 per common share for three years.

On September 16, 2021, the Company announced that it has granted an aggregate of 37,500 incentive stock options to certain consultants of the Company at an exercise price of \$1.68 per common share for ten years.

The continuity of the Company's stock options is as follows:

	Number of Stock Options	Weighted Average Exercise Price
		(\$)
<b>Balance, September 30, 2019</b>	<b>181,333</b>	<b>3.00</b>
Expired options	(75,500)	3.00
Cancelled options	(84,167)	2.40
Issuance	461,667	1.20
<b>Balance, September 30, 2020</b>	<b>483,333</b>	<b>1.20</b>
Issuance	3,404,167	2.15
Expired options	(24,722)	2.45
Cancelled options	(946,945)	2.20
Exercised options	(50,000)	1.20
<b>Balance, September 30, 2021 and December 31, 2021</b>	<b>2,865,833</b>	<b>1.99</b>

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**12. EQUITY INSTRUMENTS (Continued)****Stock option plan and stock-based compensation** (continued)

The following table summarizes the stock options outstanding and exercisable as at December 31, 2021:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price  (\$)	Expiry Date	Remaining Contractual Life  (yrs)
500,000**	125,000	2.85	March 22, 2023	1.22
833,333**	138,889	1.98	May 31, 2023	1.41
78,333*	39,167	1.20	March 30, 2025	3.25
666,667****	666,667	1.74	August 3, 2024	2.59
500,000****	500,000	1.95	August 10, 2024	2.61
250,000***	250,000	1.38	August 16, 2024	2.71
37,500****	37,500	1.68	September 24, 2031	9.74

\*Options granted hereby shall become vested and can be exercised in accordance with the plan, and for greater certainty as follows: 1/36 of each such Option granted shall vest and become exercisable on a cumulative monthly basis commencing on the date that the Option is granted, for three years until all such Options have become fully vested.

\*\*Options granted hereby shall become vested and can be exercised in accordance with the plan, and for greater certainty, as follows: 1/24 of each such Option granted shall vest and become exercisable on a cumulative monthly basis commencing on the date that the Option is granted, for two years until all such Options have become fully vested

\*\*\*Options granted hereby shall become vested and can be exercised in accordance with the plan, and for greater certainty, as follows: 1/2 of each such Option granted shall vest immediately and 1/2 become exercisable on a cumulative monthly basis commencing on the date that the Option is granted, for one year until all such Options have become fully vested

\*\*\*\*Vested immediately

The fair value of these options was determined using the Black-Scholes option-pricing model under the following assumptions:

Number of Options Outstanding	Risk-free interest rate	Expected volatility <sup>1</sup>	Dividend yield	Expected life	Share price	Exercise price
78,333	0.78%	244%	Nil	5.00	1.20	1.20
500,000	0.50%	199%	Nil	2.00	2.70	2.85
833,333	0.50%	200%	Nil	2.00	1.98	1.98
666,667	0.25%	184%	Nil	3.00	1.74	1.74
500,000	0.25%	184%	Nil	3.00	1.95	1.95
250,000	0.25%	183%	Nil	3.00	1.38	1.38
37,500	1.50%	186%	Nil	10.00	1.68	1.68

<sup>1</sup> Expected volatility is based on historical volatility.

During the period ended December 31, 2021, the Company recognized share-based compensation costs totaling \$722,880 in relation to option grants. The share-based compensation expense related to the options issued to directors and officers of the Company is \$401,554.

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#### 12. EQUITY INSTRUMENTS (Continued)

##### Share loans

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 advisory 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 116,667 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%. The 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 and valued using the Black-Scholes option-pricing model under the following assumptions:

	March 23, 2020
Risk-free interest rate	.78%
Expected volatility <sup>1</sup>	132%- 265%
Dividend yield	Nil
Expected life	4.0 years
Exercise price	\$1.20
Share price	\$1.20

<sup>1</sup> Expected volatility is based on historical volatility.

On September 29, 2021, the Company has entered into set-off agreements with each debtor and set-off the loan amounts of \$350,000 each owing to the Company by each Debtor against the surrender and cancellation of 116,667 post-consolidated common shares (the "Shares") of the Company by each Debtor. The Company confirms that a total of 350,000 Shares were cancelled and returned to treasury and, henceforth it has released the Debtors of all obligations in connection with the loans. As a result of the cancellation, the Company reversed \$56,291 in share-based compensation previously recognized in relation to the transaction.

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**12. EQUITY INSTRUMENTS (Continued)****Warrants**

In connection with the August 9, 2021, private placement, the Company issued 1,000,000 warrants with an exercise price of \$2.40 per warrant. These warrants were assigned an estimated fair value of \$830,025 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 202%, a risk-free interest rate of 0.50%, share price of \$2.01 and an expected maturity of 1.5 years.

In connection with the November 25, 2021, private placement the Company issued 384,4088 warrants with an exercise price of \$2.40 per warrant and 43,912 with an exercise price of \$1.56 per warrant. These warrants were assigned an estimated fair value of \$563,833 assigned to the warrants using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 188% and 266%, a risk-free interest rate of 0.50%, share price of \$1.71 an expected maturity of 2 and 1 years respectively.

The continuity of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, September 30, 2019	376,200	3.00
Expired November 27, 2019	(338,700)	-
Balance, September 30, 2020	37,500	3.60
Expired October 9, 2020	(37,500)	-
Issued, August 9, 2021	1,000,000	2.40
Balance, September 30, 2021	1,000,000	2.40
Issued, November 25, 2021	384,488	2.40
Issued, November 25, 2021	43,912	1.56
Balance, December 30, 2021	1,438,400	2.39

Number of Warrants	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (yrs)
1,000,000	2.40	February 7, 2023	1.11
384,488	2.40	November 25, 2023	1.90
43,912	1.56	November 25, 2022	0.90

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#### **13. CAPITAL MANAGEMENT**

The Company considers its capital resources to be the shareholders' equity, comprising share capital, contributed surplus, warrants, and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, to support the acquisition and development of its cannabis business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain the future development of the business.

The Company is primarily dependent on external financing to fund its activities. To carry out the planned business development and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

#### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

##### Financial Risk Management

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, trade receivable, accounts payable, and accrued liabilities, due to shareholder, lease liability, royalty liability, and secured loan.

The fair value of cash, trade receivable, accounts payable, and accrued liabilities, due to shareholder, lease liability, royalty payable approximate their book values because of the short-term nature of these instruments. The fair value of the secured loan approximates its carrying value as it is recorded at market rates.

##### Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.



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#### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

##### Credit risk

The Company's credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's accounts receivables are exposed to credit risk which the Company manages by performing credit assessments of customers and provides allowances for uncollectible accounts receivable.

Accounts receivable are past due when a customer fails to make a payment when contractually due. The following is an aging of accounts receivable past due but not impaired as of December 31, 2021. No provisions have been recorded in relation to any of the receivables in the table below.

	\$
1-30 days	-
30-60 days	1,412
More than 60 days	-
	1,412

##### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### Interest rate risk

The Company is not exposed to interest rate risk. The Company does not have significant variable interest-bearing assets or liabilities that are tied into market rates.

##### Currency risk

As the Company operates on an international basis, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States Dollar. Fluctuations in the exchange rates between the United States Dollar and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at December 31, 2021, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	US Dollars
Cash	\$ 262,420
Receivables	\$ 1,412
Prepays	\$ 871,036
Accounts payable and accrued liabilities	\$ 1,395,707
Total	\$ 2,530,576
Effect of +/- 10% change in exchange rate	\$ 253,058

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#### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

##### Liquidity risk

The Company's approach to managing liquidity risk is to have sufficient liquid capital to meet its current liabilities as they come due. On December 31, 2021, the Company had a working capital surplus of \$1,482,012 (September 30, 2021- \$2,621,265).

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.

	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>
Accounts payable and accrued liabilities	\$1,395,707	-	-
Lease liability	\$25,552	\$3,381	-
Secured loan	\$637,500		
Royalty agreement	-	-	\$238,520
Total	\$2,058,759	\$3,381	\$238,520

#### 15. OPERATING SEGMENTS

Revenue is attributed to geographical locations based on the origin of customers' location.

	Period ended	
	December 31, 2021	December 31, 2020
Canada	\$ 35,282	\$ 294,442
United States	143,031	
	\$ 178,313	\$ 294,442

The Company's property plant and equipment located in Canada are in the amount of \$11,376 (September 2021 - \$19,986) and the property plant and equipment located in the United States of America are in the amount of \$nil ((September 2021 - \$nil).

The Company's intangible assets located in Canada are in the amount of \$nil (September 2021 - \$nil) and the intangible assets located in the United States of America are in the amount of \$27,246,952 (September 2021 - \$25,591,913).

The Company's goodwill located in Canada is \$nil (September 2021 - \$nil) and the goodwill located in the United States is \$nil (September 2021 - \$nil).

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**16. COMMITMENTS**

The Company entered into a lease for its premises during the year which is classified as an operating lease. The future minimum lease payments at December 31, 2021 are as follows:

<b>Year</b>	<b>Amount (\$)</b>
2022	25,814
2023	10,901

**17. SUBSEQUENT EVENTS**

On January 31, 2022, the Company announced that it has granted an aggregate of 138,753 incentive stock options to certain consultants of the Company at an exercise price of \$0.55 per common share to settle the fees owing to the consultant.

On February 11, 2022, the Company announced a non-brokered private placement offering issuing an aggregate of 7,000,000 units at \$0.50 per unit raising gross proceeds of \$3,500,000. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one additional share of the Company at \$0.62 per share for 24 months from the date of issuance.