SIRONA BIOCHEM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JANUARY 31, 2016

SIRONA BIOCHEM CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Period Ended January 31, 2016

ITEM 1.1 INTRODUCTION

The following Management Discussion and Analysis ("MD&A") was prepared as of March 30, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended January 31, 2016 and the audited consolidated financial statements and related notes for the year ended October 31, 2015.

The Company was incorporated on October 19, 2006 under the Business Corporations Act of British Columbia. The Company is a development stage public company listed for trading on the TSX Venture Exchange (the "Exchange") under the symbol SBM. On May 1, 2009 the Company completed its qualifying transaction by entering into a Licensing Agreement with TFChem S.A.R.L. ("TFC"), a biopharmaceutical company based in Rouen, France, and changed its name from High Rider Capital Inc. to Sirona Biochem Corp. On March 31, 2011, the Company completed its business acquisition of TFC. The Company is a cosmetic ingredient and drug discovery company with a proprietary technology platform developed at its laboratory facility in France with a specialization in the stabilization of carbohydrate molecules, with the goal of improving compounds' efficacy and safety.

This Management's Discussion and Analysis contains forward-looking statements which may not be based on historical fact, including without limitation statements containing the words "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the Company's stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- the Company's ability to attract and retain skilled staff;
- market competition;
- tax benefits and tax rates;
- the Company's ongoing relations with its employees and with its business partners.

Management cautions you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. You should also carefully consider the matters discussed under "Risk Factors" in this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

Further information is available on the SEDAR website, www.sedar.com.

ITEM 1.2 DESCRIPTION OF BUSINESS

On March 31, 2011, the Company completed the acquisition all of the issued and outstanding shares of TFCHEM S.A.R.L. ("TFC"), a biopharmaceutical company based in Rouen, France for a total consideration of 13,000,000 common shares of the Company and €500,000 (CDN $697,550) cash, for a total purchase price of $2,087,208. The issuance of 13,000,000 common shares are escrowed and released over a period of six years with immediate release of 10% of the shares on the closing date and the remaining 90% released over six years in 7.5% increments every six months.

The acquisition of TFC effectively settled the previously entered Research and License Agreement between Sirona and TFC. The Company has determined that no gain or loss was recognized on the settlement of the pre-existing relationship.

The TFC Agreement was accounted for as a business combination under the acquisition method of accounting.

TFC has developed a proprietary platform technology (the "Technology") based upon fluorinated sugar mimics for the treatment of diabetes and obesity.

ITEM 1.3 SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the last three completed financial years ended October 31. This information has been derived from the Company's audited consolidated financial statements for each of those years, and should be read in conjunction with those financial statements and the notes thereto.

	As at and for the financial year ended October 31,		
	2015	**2014**	**2013**
(a) Total revenue	$ 7,995	$ 207,737	$ -
(b) Loss:			
i) In total	$ 3,546,142	$ 3,525,675	$ 2,784,595
ii) On a per share basis (1)	$ 0.03	$ 0.03	$ 0.03
(c) Total assets	$ 4,746,184	$ 3,427,967	$ 3,487,397
(d) Total liabilities	$ 2,398,054	$ 1,637,666	$ 1,248,063
(e) Total shareholders' equity	$ 2,348,130	$ 1,790,301	$ 2,239,334

(1) *Basic and fully diluted*

ITEM 1.4 RESULTS OF ANNUAL OPERATIONS

Financial Analysis

<u>Year 2015 compared to 2014</u>

The loss in fiscal 2015 was $3,546,142 compared to $3,525,675 in fiscal 2014. The increase in loss was driven primarily by research expenses. Research expenses increased by $698,779 in fiscal 2015 to $1,298,507 compared to $599,728 in fiscal 2014 due to the end of grants from the "FEDER" and the "Normandy Region" and increase in the salary and benefits expenses of the R&D personnel as a result of wage increasing and new incentives, and the increase of the number of R&D employees. In F2015, TFChem lost its "young innovative company" status. As a result, the social contributions rate has increased to 40% compared with 17% in the previous years. Consulting fee decreased by $381,981 in fiscal 2015 to $381,275 compared to $763,256 in fiscal 2014 due to less activities for the acquisition of external expertise in the areas of scientific and corporate strategy development. Share-based payment expenses decreased by $174,675 in fiscal 2015 to $551,201 compared to $725,876 in fiscal 2014. In fiscal 2014, 7,505,000 stock options were granted to directors, officers and consultants. Wages, salaries and benefits increased by $141,886 to $286,655 due to an increase in the number of employees employed in 2015. Management fee decreased by $265,664 due to less amount bonused in fiscal 2015 and the resignation of former CEO.

<u>Year 2014 compared to 2013</u>

The loss in fiscal 2014 was $3,525,675 compared to $2,784,595 in fiscal 2013. The increase in expenses was driven primarily by consulting fees and share-based payment expense. Consulting fees increased by $571,966 in fiscal 2014 to $763,256 compared to $191,290 in fiscal 2013 due to more activities for the acquisition of external expertise in the areas of scientific and corporate strategy development. Share-based payment expenses increased by $506,832 in fiscal 2014 to $725,876 compared to $219,044 in fiscal 2013. In fiscal 2014, 7,775,000 stock options were granted to directors, officers and consultants. Wages, salaries and benefits decreased by $71,411 to $144,769 due to a decrease in the number of employees employed in 2014. Research expenses increased by $55,579 due to less amount of research tax credit were recognized in fiscal 2014.

ITEM 1.5 SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The following table shows selected financial information for the eight most recently completed quarters:

	Jan 31 2016 $	Oct 31 2015 $	July 31 2015 $	April 30 2015 $	Jan 31 2015 $	October 31 2014 $	July 31 2014 $	April 30 2014 $
Total Revenues	2,586	7,995	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	784,275	600,467	784,275	913,289	930,660	506,712	686,728	1,322,413
Loss per Share	(0.01)	0.01	0.01	-	0.01	0.01	0.01	0.01
Cash	1,094,890	1,543,105	1,094,890	1,141,469	722,830	613,393	339,926	465,888
Total Assets	4,221,831	4,746,184	4,221,831	3,918,434	3,564,162	3,427,967	3,163,183	3,789,079
Long Term Debt	768,650	728,078	768,650	681,761	723,593	664,283	171,515	3,980

ITEM 1.6 LIQUIDITY

During the three months ended January 31, 2016, the Company incurred a net loss after taxes of $784,275 as compared with $930,660 for the same period in 2015. As of January 31, 2016, the Company had an accumulated deficit of $18,730,266 (October 31, 2015: $17,945,991) and working capital of $1,158,565 (October 31, 2015: $1,218,065).

Management believes that its existing cash resources, together with funds obtained from share issuances, are adequate for the total amount of planned research program. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations.

Operating Activities
Cash flow from operating activities was a use of funds of $540,653 for the three months ended January 31, 2016 compared to $790,901 for the same period in 2015.

Financing Activities
Financing activities in the three months ended January 31, 2016 was a source of funds of $136,570 (2015: $912,454), representing cash proceeds from options exercised.

Investing Activities
During the three months ended January 31, 2016 investing activities amounted to $71,442 (2015: nil) in relation to the acquisition of equipment and intangible assets.

ITEM 1.7 CAPITAL RESOURCES

Working Capital

	As At January 31, 2016	As At October 31, 2015
Current assets	$ 1,756,185	$ 2,412,253
Current liabilities	597,620	1,203,188
Working capital (deficiency)	$ 1,158,565	$ 1,218,065

Warrants

A summary of warrant activities is as follows:

	Number of Warrants	Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at November 1, 2014	49,899,444	0.17	0.96
Warrants granted exercisable on or before June 20, 2015	120,000	0.10	-
Warrants exercised	(700,000)	0.10	-
Warrants exercised	(12,530,200)	0.15	-
Warrants exercised	(6,450,420)	0.16	-
Warrants exercised	(1,425,000)	0.20	-
Warrants expired	(19,667,854)	0.17	-
Balance at October 31, 2015	9,245,970	$ 0.20	1.35
Balance at January 31, 2016	9,245,970 *	$ 0.20	1.10

* Subsequent to January 31, 2016, 380,000 warrants with expiry date of March 6, 2017 were exercised.

At January 31, 2016, the warrants outstanding and exercisable were as follows:

Expiry Date	Exercise Price	Number of Warrants as at January 31, 2016
March 6, 2017	$ 0.20	9,245,970
		9,245,970

Stock Options

At January 31, 2016, the stock options outstanding and exercisable were as follows:

Expiry Date	Exercise Price	Number of Options as at October 31, 2015	Granted During the Period	Exercised During the Period	Expired/ Cancelled During the Period	Number of Options as at January 31, 2016
November 12, 2015	$0.10	777,000	-	(777,000)	-	-
July 15, 2016	$0.20	500,000	-	-	-	500,000
November 3, 2016	$0.15	815,000	-	-	-	815,000
January 16, 2017	$0.15	500,000	-	-	-	500,000
March 10, 2017	$0.20	500,000	-	-	-	500,000
April 15, 2017	$0.16	400,000	-	-	-	400,000
June 26, 2017	$0.16	600,000	-	-	-	600,000
September 1, 2017	$0.165	450,000	-	-	-	450,000
October 13, 2017	$0.18	200,000	-	-	-	200,000
November 25, 2017	$0.19	-	1,200,000	-	-	1,200,000
December 17, 2017	$0.10	100,000	-	-	-	100,000
June 25, 2018	$0.15	700,000	-		-	700,000
August 9, 2018	$0.11	182,000	-	(182,000)	-	-
August 25, 2018	$0.16	100,000	-	-	-	100,000
November 22, 2018	$0.15	1,100,000	-	-	-	1,100,000
February 19, 2019	$0.15	300,000	-	-	-	300,000
April 2, 2019	$0.10	800,000	-	-	-	800,000
April 25, 2019	$0.11	750,000	-	-	-	750,000
October 21, 2019	$0.15	225,000	-	-	-	225,000
February 25, 2020	$0.15	1,500,000	-	-	-	1,500,000
June 26, 2025	$0.16	3,600,000	-	-	-	3,600,000
		14,099,000	1,200,000	(959,000)	-	14,340,000

The weighted average contractual life remaining of all stock options as at January 31, 2016 is 4.07 years (October 31, 2015: 4.26 years). During the three months period ended July 31, 2016, 1,200,000 stock options were granted with a weighted average exercise price of $0.19. The granted stock options have options' exercise price is equal to the market price at the date of grant. 959,000 stock options were exercised during the three months period ended January 31, 2016.

The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following estimated assumptions:

	2016	2015
Risk-free interest rate	0.62%	0.87%-1.02%

Dividend yield	0%	0%
Volatility	69%	93%-108%
Expected life	1 year	2 years

The Company's stock option plan is administered by the board of directors in accordance with Exchange requirements summarized below.

(i) maximum available for grant is up to 10% of the Company's issued shares outstanding at any one time;
(ii) grant price and exercise price may not be less than the discounted market price of the shares at the time of grant, as permitted by Exchange policy;
(iii) non-transferable, vesting schedule subject to Board discretion when granted and exercisable up to 5 years from grant date;
(iv) eligibility includes employees, directors, officers and consultants of the Company subject to a 5% limitation on options granted annually to any one individual director or officer and 2% to any one consultant;
(v) exercisable up to 90 days following cessation of the optionee's position with the Company. If the cessation of office, directorship or consulting arrangement was due to death, the option may be exercised within a maximum period of one year after death, subject to expiry date of such option.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

g) Escrow Shares

As at January 31, 2016, there were 2,437,500 common shares (October 31, 2015 – 2,925,000) held in escrow subject to Section 11(5) of Exchange Policy 2.4. On May 1, 2009, the escrow shares are released pro-rata to the escrow shareholders over a 36 months period - 10% immediately and 15% each six months thereafter. In addition, 13,000,000 shares related to the purchase of TFC are released over a 72 month period – 10% immediately, 7.5% each six months thereafter.

Disclosure of Outstanding Share Capital

The following is a breakdown of the share capital of the Company, on an annual basis as well as at the date of this report:

	March 30, 2016	January 31, 2016	October 31, 2015
Common shares	158,325,048	156,695,048	151,402,715
Stock Options	14,340,000	14,340,000	14,099,000
Warrants	8,865,970	9,245,970	9,245,970
Fully Diluted Shares	181,531,018	180,281,018	174,747,685

For additional details of outstanding share capital, refer to the unaudited condensed interim consolidated financial statements for the three months ended January 31, 2016.

ITEM 1.8 OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet agreements.

ITEM 1.9 RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals and entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During three months ended January 31, 2016 and 2015, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Three months ended January 31,	
Related party transactions	**2016**	**2015**
	$	$
Management fees (Howard Verrico, for acting as CEO)	36,000	26,775
Director fees (Michael Rogers, for acting as director)	-	7,800
Accounting fees (Christopher Hopton, for acting as CFO)	33,000	26,775
Share-based payments	62,325	-
Total	131,325	61,350

As of January 31, 2016 and October 31, 2015, $nil balance is owing to related parties.

ITEM 1.10 QUARTERLY RESULTS

Results for the three months ended January 31, 2015 and 2014 are as follows:

	Quarters Ended January 31,	
	2016	***2015***
Revenue	$ 2,586	$ -
Expenses		
Audit & accounting fees	43,540	36,373
Consulting fees	99,002	201,893
Filing and transfer agent fees	1,980	2,967
Investor relations	14,580	14,489
Legal fees	9,666	3,701
Management fees	36,000	54,789
Management conferences and meetings	7,328	3,663
Office and administration	78,083	298,823
Research expenses	349,016	322,778
Travel and entertainment	26,872	13,115
Wages, salaries and benefits	43,986	52,513
Other expense	10	-
Share-based payments	62,325	-
Exchange gain/loss	-	240
Finance expense	24,326	536
Finance (income)	(117)	(1,162)
Income taxes (recovery)	(9,736)	(74,058)
Net loss for the quarter	$ (784,275)	$ (930,660)

The loss in the quarter ended January 31, 2016 was $784,275 compared to $930,660for the same period in 2015. The decrease of the net loss is mainly due to the decrease in consulting fee and office and administration expense.

A breakdown of material components of expensed research and development costs for the quarters ended January 31, 2016 and 2015 as follows:

	Three Months Ended January 31,	
	2016	***2015***
Wages and social charges	$ 287,509	$ 227,240
Sub-contracting	10,860	-
Small equipment	36,937	18,787
Rental costs	21,779	28,105
Maintenance and repairs	12,679	17,529
Fees	639	51,396
Depreciation and amortization	55,112	25,277
Government grants	(46,242)	8,165
Tax credit for R&D expenses	(30,257)	(53,721)
Total	$ 349,016	$ 322,778

ITEM 1.11 SUBSEQUENT EVENTS

Subsequent to January 31, 2016, the loan balance of $150,000 has been converted to the Company's shares and 1,250,000 shares have been issued upon conversion.

Subsequent to January 31, 2016, 380,000 warrants with expiry date of March 6, 2016 were exercised.

ITEM 1.12 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and recently released IFRS accounting standards with potential effect on the Company are both detailed in Note 4 of the condensed interim consolidated financial statements for the three months ended January 31, 2015 contained herein.

ITEM 1.13 FUTURE ACCOUNTING STANDARDS

The IASB and IFRIC have issued certain new standards, interpretations, amendments and improvements to existing standards, mandatory for future accounting periods.

Accounting standards issued but not yet effective

IFRS 9 Financial instruments
IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

ITEM 1.14 OTHER

Management’s Responsibility for Financial Statements

The information provided in this MD&A, including the unaudited condensed interim consolidated financial statements for the period ended January 31, 2016, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements which have been properly reflected in these audited consolidated financial statements.

Disclosure Controls and Procedures

As at January 31, 2016 disclosure controls and procedures (“DCP”) have been designed by the Company to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DCP includes, among other things, the Company’s Corporate Disclosure and Whistleblower policies and Code of Conduct, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

Internal controls over financial reporting
As at January 31, 2016 management has designed internal controls over financial reporting (“ICFR”) within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Due to its inherent limitations, ICFR may not prevent or detect misstatements. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial reporting.

The Company’s CEO and CFO have evaluated the disclosure controls and procedures and concluded they are operating effectively notwithstanding the Company has a limited staff. As a result, internal controls which rely on segregation of duties in many cases are not possible. This inherent weakness is substantially overcome by the Company’s heavy reliance on a rigorous senior management review and approval process.

Business and Regulatory Risks

There is no assurance the Company’s research and development program will produce commercially viable products or treatments, and additional research and development will be required before a final evaluation of the economic feasibility of the licensed technology can be determined. Even if the proposed research and development is completed and identification of commercially viable products and/or treatments is successful, significant funds must be spent on further studies before determining if the products and/or treatments are commercially viable or not.

Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and also includes the ever increasing complexity of financial reporting requirements and related costs of oversight and statutory filings which must be met in order to maintain the Company's exchange listing.

Forward-looking Statements

The information in this MD&A contains forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ significantly from those included in the forward-looking statements.