ELIXXER LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As at November 25, 2021

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The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Elixxer Ltd. ("Elixxer" or the "Company") covers the three and nine months ended September 30, 2021 and 2020. It should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2021 and 2020.

The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted. Certain dollar amounts in this MD&A are expressed in United States dollars ("USD"), Australian dollars ("AUD"), Euros ("EUR") and Swiss Franc ("CHF").

Forward-Looking Statements

Certain of the information contained in this MD&A may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding the Company's future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate", "seek", "forecast" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the heading "Risk Factors and Risk Management" in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

Overview

Elixxer was incorporated under the *Canada Business Corporations Act* on July 9, 2004. Elixxer is a publicly listed company, and its common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "ELXR" ("LG" prior to August 6, 2019, "QBA" prior to September 18, 2017 and "KWC.H" prior to July 12, 2016).

The registered office of the Company is at 1100 Boulevard Rene- Levesque Ouest Suite 700, Montreal, Québec, Canada.

The Company, and its wholly owned subsidiaries LGC Finance Limited ("LGC BVI"), LGC Capital EU OU ("LGC Estonia") and LGC Capital Spain, S.L. ("LGC Spain"), are collectively referred to as the "Company" in this MD&A.

Going Concern Uncertainty

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Company has not earned significant revenues and is considered to be in the development stage. Operating and administration expenditures comprise a significant portion of the Company's activities. Investing in the legal cultivation and production of cannabis products is highly speculative and involves inherent risks.

The Company's current committed cash resources are insufficient to cover expected expenditures for the next 12 months. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurance that management will be successful in securing adequate financing. In addition, while the Company's future development activities in relation to its cannabis investments look promising, there can be no assurance that the results of its investment strategies will be successful in the near term.

The Company reported a net loss for the nine months ended September 30, 2021 of $2,433,310 (for the year ended December 31, 2020 net loss of $9,783,462). As at September 30, 2021, the Company's current liabilities exceeded its current assets by $7,602,505 (December 31, 2020 – $13,730,325). These recurring losses and the need for continued financing to further successful development activities indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments to the carrying values and classifications of assets and liabilities that might be necessary, if the Company is unable to continue as a going concern. Such adjustments could be material.

Description of the Company's Business

Elixxer is a leading cannabis investment firm with the Legal Global Cannabis market. The Company invests in cannabis related businesses which are fully licenced for cultivation, production and/or sale of cannabis and cannabis derived products. The Company has an investment mandate to invest in downstream activities including distribution and retail and development of market brands. To date, the Company has significant positions in emerging legal cannabis companies in Australia, Canada, Switzerland, Italy and Jamaica. Current investments are mainly focused on medical cannabis and specialty cannabis derived products in the pharmaceutical sector The Company does intend to play a more involved role in the businesses it invests in, to fully realize the economic potential of those investments.

Legal Cannabis Sector

Elixxer's aim is to identify opportunities to support growth and synergistic relationships within its existing investment platform and to position itself to capitalise on the rapidly changing landscape for the cannabis sector as legislation, regulations and customer behaviour change over time. The Company intends to aim on areas where legislation and regulations are clear, particularly in the areas of medical cannabis, the niche pharmaceutical sector along with a more involved role on the retail end of the sector in order to fully understand and capitalise on the needs of patients and customers. To date, the Company has completed, or is in the advanced stage of completing investments which are set out in the Investments & Other Activities section below.

Outlook

Going forward Elixxer Management and Executive team have decided the Company will focus its resources on growth companies with strong revenues and the cash flows. This focus will no longer have a primary focus on the cannabis sector but will be looking at a wider range of sectors, with a priority on growth companies that are past the start-up phase.

Investment and Other Activities

Elixxer's significant investments and activities in the legal cannabis sector, as at November 25, 2021, are as follows:

Little Green Pharma Limited ("Little Green Pharma" or "LGP") – Australia www.littlegreenpharma.com

Little Green Pharma is the first and only Australian licensed cannabis producer that is permitted to grow and sell Australian grown medical cannabis products.

In April 2018, Little Green Pharma achieved the significant milestone of its first harvest of medical cannabis as a result of its first planting in December 2017. This was followed by a subsequent second harvest in August 2018 with further processing taking place at its processing facility in Perth. In addition, Little Green Pharma became the first company permitted by Australia's Therapeutic Goods Administration to sell Australian grown medical cannabis products. This represented a great achievement for Little Green Pharma as all of their Australian competitors are only permitted to sell imported products or to do research and development only with their medical cannabis. In October 2018, Little Green Pharma's products were accepted into the New South Wales state-wide clinical trial for advanced cancer.

As at May 14, 2019, Little Green Pharma had acquired over 400 medical cannabis patients in Australia's fast-growing medical cannabis program and in addition to Australia, Little Green Pharma has distribution agreements set up with companies in the UK, Germany, Canada and New Zealand.

As at December 31, 2019, the Company held 28,133,495 shares in Little Green Pharma, representing a 38.11% equity interest (14.21% - September 30, 2018).

On August 26, 2019, the Company announced that following receipt of conditional approval by the TSX-V and payment for the cumulative amount of AUD5,500,000 ($4,986,181). the Company had successfully closed the acquisition of additional shares in Little Green Pharma, increasing its equity ownership from 14.06% up to 40.4% and in the process becoming Little Green Pharma's biggest shareholder. The fair value of the Company's previous equity investment of 14.06% in Little Green

Pharma was assessed to be AUD0.40 per share (September 30, 2018 – AUD0.40 per share), representing a balance of investment of $3,520,524 (September 30, 2018 - $3,652,023).

As at August 26, 2019, on completion of the acquisition for additional shares in Little Green Pharma, taking into consideration the Company's equity stake and other factors, the Company concluded that Elixxer has significant influence over LGP. Consequently, the Company decided to classify LGP within investments in associates.

On September 13, 2019, Little Green Pharma (LGP) exported Australia's first locally grown medical cannabis product to Germany which represented a significant milestone in the development of the Australian medicinal cannabis industry.

Highlights:
- Little Green Pharma has exported samples of its commercial products to German cannabis distribution and wholesaler Cansativa GmbH for product testing;
- Cansativa, a GDP-certified pharmaceutical wholesaler operating its own distribution and fulfillment center, is one of the largest importers and distributors of medical cannabis in Germany;
- On completion of product testing the parties intend to finalize the supplier qualification for the European market and necessary compliance requirements;
- Germany is one of the fastest growing markets for medicinal cannabis in Europe since its legalization in 2017, however all products sold are imported; and
- Little Green Pharma was the first and is currently the only, Australian medicinal cannabis company producing locally grown and GMP-manufactured cannabis products for patients.

Having its export license approved in January 2019, LGP - which leads Australia's medicinal cannabis industry in the production of medicinal cannabis oil products – has now entered the German market by supplying samples of its commercial products (10:10 LGP Classic and 20:5 LGP classic) to German cannabis distribution and wholesaler Cansativa GmbH (Cansativa) for product testing.

German medicinal cannabis market overview
Germany represents a significant opportunity for LGP as the largest medicinal cannabis market in Europe, estimated to be worth EUR7.7 billion (AUD$12.5 billion) by 2028. The number of prescriptions for medicinal cannabis in Germany is growing rapidly; there were 95,000 prescriptions at the end of 2018 and more than 240,000 prescriptions were expected by the end of 2019. It is expected Germany will remain a favourable market for the import of medicinal cannabis oil products due to insufficient domestic supply as a result of significant delays in its domestic cultivation tendering process, with the first licences only awarded in 2019.

Once product testing by Cansativa in Germany successfully concludes LGP products conform to their label, finalization of the vendor qualification by Cansativa will take place ensuring compliance with the European regulatory requirements. Germany has become one of the fastest growing markets for medicinal cannabis in Europe since its legalization in 2017. However, domestic cultivation has lagged due to delays in the tendering process which has resulted in product having to be imported in order to meet the increased demand and undersupply of medicinal cannabis to patients.

Frankfurt-based, GDP-certified pharmaceutical wholesaler Cansativa is seeking to avoid supply bottlenecks by becoming one of the largest importers and distributors of medicinal cannabis in Germany.

Intellectual property and clinical development:
LGP holds a patent over a small particle formulation with the potential to significantly reduce the cannabinoid dosage required to achieve an equivalent therapeutic effect compared to its existing products. LGP is currently scoping a product development validation project for the formulation.

LGP also holds an exclusive licence to exploit the ARISE technology in connection with medicinal cannabis and has recently entered into a research and development agreement with Curtin University to explore new formulations of medicinal cannabis that utilise the ARISE technology. ARISE is a supercritical anti-solvent extraction technology which increases the surface area of particles of active pharmaceutical ingredients with the potential to increase absorption of drugs by the body. LGP is also investigating a proposed partnership with OBJ Limited (ASX:OBJ) to use their transdermal patch technology to deliver cannabinoid therapy with product development services to be provided by researchers at the Curtin University in Western Australia. In addition, LGP is involved with five clinical investigations studying cannabinoid medicines, including the company's own medicinal cannabis oil products.

Elixxer sees its share position in the LGP as a long-term investment, as this is the beginning of the company's expansion and development into a global operator. Elixxer will continue to support LGP's future expansion plans and will assist, where needed, with its international expansion plans.

On February 20, 2020, the Company announced that LGP had begun trading on the Australian Stock Exchange under the symbol, LGP. The 10 million dollars IPO ($AUD) was fully subscribed with banking group Cannaccord Genuity Australia.

LGP has also announced that the company has signed a binding purchase agreement with Astral Health, a UK-based specialist importer and distributor of medicinal cannabis products.

Astral Health is a subsidiary of LYPHE Group, a European leader in medicinal cannabis solutions across distribution channels, including medicinal cannabis clinics, online pharmacies, and healthcare practitioner training. Under the Agreement, Astral Health will purchase, import, and distribute LGP's current medicinal cannabis product range to its UK-based patients, comprising LGP Classic 10:10, LGP Classic 20:5, and LGP Classic 1:20. The Agreement has a five year term, which commences on the date of the first shipment of LGP product to the UK. LYPHE Group holds one of the few medicinal cannabis clinic licences in the UK and operates a network of seven medicinal cannabis clinics across the country. LYPHE Group expects to assist more than 2,000 patients in CY2020.

Material terms of the Agreement
The Agreement provides a framework agreement setting out the product specifications, quality requirements and agreed unit pricing of the medicinal cannabis products that the Company will provide over the term of the Agreement. Under the Agreement, Astral Health shall initiate orders by way of written purchase orders and LGP will be required to confirm or reject such purchase orders. There is no minimum order quantity under the Agreement. The parties do not have an obligation to supply or purchase products until a purchase order is confirmed.

The Agreement has a five-year term and may be terminated for convenience by either party by way of four months' written notice. UK medicinal cannabis market overview Medicinal cannabis was legalised in the UK in November 2018 and the industry is forecast to grow to US$1.3 billion by 2024, with an expected 400,000 patients being prescribed medicinal cannabis. British Medical Journal indicates a potential market of more than four million patients across a range of 52 conditions that are potentially treatable with medicinal cannabis. Currently, it is estimated that 1.4 million people (or 2.8% of the adult population) in the UK are accessing cannabis through illicit avenues to treat chronic medical conditions.

About LYPHE Group
LYPHE Group is a patient-led medicinal cannabis healthcare provider with a central goal of pioneering patient access to safe and effective medicinal cannabis treatments. LYPHE Group is comprised of the following industry leading organisations:

- The Academy of Medical Cannabis - The Academy operates a global online learning platform that trains and educates clinicians and healthcare professionals on medicinal cannabis;
- The Medical Cannabis Clinics - The UK's first chain of private clinics specialising in innovative medicinal cannabis based therapies;
- Astral Health - The UK's leading importer of cannabis based medicinal products; and
- Dispensary Green - The UK's first online home-delivery pharmacy for medicinal cannabis.

On March 26, 2020, the Company announced that Little Green Pharma has completed the commissioning of its expanded cultivation facility in Western Australia. The facility expansion was commissioned on time and on budget using state-of-the-art equipment, enhancing the LGP's ability to produce GMP manufactured medicinal cannabis. The expanded cultivation facility will have the capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil per annum, approximately ten times the current production capacity. The expanded cultivation facility features nine new flowering rooms with a number of automated technologies to enhance cultivation effectiveness, such as rolling benches, computer-timed LED lighting, climate control, and irrigation control. The facility will operate under its expanded Medicinal Cannabis Licence, which was granted by the Office of Drug Control ("**ODC**") (as announced to the ASX on March 12, 2020) and is valid until March 10, 2021.

Subject to final regulatory approval and the granting of an expanded Medicinal Cannabis Permit by the ODC, including any potential delay to the permitting process due to the impact of COVID-19, LGP expects first planting at its expanded cultivation facility to take place in the second quarter of 2020.

COVID-19 business update
On April 02, 2020, the Company announced that Little Green Pharma continues to closely monitor progress of the COVID-19 pandemic and provided the following update on its key response activities.

Key actions - Little Green Pharma (LGP) has taken actions to protect the health and welfare of staff, maintain cultivation and manufacturing operations, review its cost base, manage cost exposure and counterparty risk, apply for cost relief and Government assistance where available, and secure supply chains of critical materials and consumables.

LGP's office-based staff have successfully moved to a remote working model, while the cultivation and manufacturing teams continue to operate at their respective facilities in accordance with COVID-19 management procedures.

Provision of essential service - As a producer and supplier of medical-grade medicinal cannabis products, Little Green Pharma and its contract manufacturer provide an essential service to the community. As such, LGP anticipates being able to operate without material legislative restriction and maintain continuity of supply to patients.

First planting - Little Green Pharma received its new Office of Drug Control ("ODC") Cultivation and Production Licence and commissioned the expanded cultivation facility in the first quarter of 2020. First planting will occur following the granting of the expanded Medicinal Cannabis permit by the ODC, which is still expected to occur in the second quarter of 2020, subject to any potential delays due to COVID-19. Little Green Pharma received its new ODC Manufacturing Licence and commenced construction of its onsite manufacturing facility in the first quarter of 2020. Construction continues to progress as planned.

Accelerated production and sourcing of starting materials and consumables - Little Green Pharma has actively taken steps to accelerate production to ensure adequate inventory is on hand and to source additional consumables and bulk starting materials for the production of finished cannabis medicines. These actions are intended to de-risk supply lines that may be affected by COVID- 19.

Little Green Pharma is experiencing increased shipping costs outside of Australia and has noticed increased challenges in procuring timely logistics services. This is unlikely to have a material impact on LGP as logistics services are classified as an essential service and are expected to continue to a large degree without interruption, and the price risk relating to transport is predominately borne by LGP's overseas wholesalers who take delivery at LGP's warehouse in Perth.

Increase in Sales - Little Green Pharma sold 1,580 bottles in the month of March 2020, LGP's highest monthly sales to date and a 21% increase on the number of bottles sold in February which was also a record sales month. LGP has confirmed with its overseas partners that it is business as usual and Little Green Pharma continues to expect to fulfill its international sales orders once the expanded cultivation facility is in production. Little Green Pharma is also likely to benefit from foreign exchange gains associated with a weaker Australian dollar given its international sales agreements are denominated in Euros or Pounds Sterling.

Financial position - Little Green Pharma does not anticipate having to raise additional funds in the foreseeable future as no further capex is required on the cultivation facility and significant pre-ordering of consumables associated with manufacturing was largely completed during the first quarter of CY2020. To ensure LGP remains in a strong financial position given the current economic environment, LGP has been implementing measures to minimise its cost base, including a reduction in discretionary spend, deferral of non-essential research and development, and renegotiation of existing contracts.

In addition, to the extent permitted by the ASX Listing Rules the Board and key executives have agreed to take 20% of their salaries in shares (escrowed for 12 months).

On May 11, 2020, Company announced that its pharmaceutical medical cannabis partner, Little Green Pharma, has been granted a new Manufacture Permit over its manufacturing facility by Australia's Office of Drug Control ("ODC"). The Manufacture Permit will allow LGP to manufacture cannabis extracts for supply to holders of Therapeutic Goods Administration ("TGA") GMP manufacturing licences to produce finished medicinal cannabis products. The Company has an exclusive agreement with its TGA GMP-licenced Manufacturing Partner to produce such products. The Permit has been granted until March10, 2021, which aligns it with the terms of LGP's ODC Medicinal Cannabis and Manufacture licences. This Permit will enable LGP to commence in-house extraction once the next crop is harvested, resulting in reduced manufacturing costs and improved manufacturing efficiencies.

On May 28, 2020, Little Green Pharma has achieved in April 2020:

- Sales of 1,850+ units of LGP Classic product (a new monthly record), a 17% increase on March 2020 sales;
- 380 New patients being prescribed LGP medicinal cannabis products (a cumulative total of 3,550+ patients have been prescribed LGP medicinal cannabis products as at 30 April 2020);
- 28 New healthcare professionals prescribed LGP's products (for a total of 272 healthcare professionals prescribing LGP products); and
- The Office of Drug Control continues review of LGP's application for an expanded Cultivation Permit and has granted an extension to LGP's existing permit in the interim.

On December 1, 2020, the Company announced that LGP has achieved the following major milestones:

- Fulfilment of CC Pharma order to Germany (2,400 bottles) or $600,000 AUD order value;
- Partnership with national health insurer that now allows LGP oils to be reimbursed by insurance, now patients can get their much-needed medicine from LGP without worrying about out-of-pocket expenses;
- Grant of the Australian Department of Health, Therapeutic Goods Administration (TGA) GMP manufacturing licence by the Office of Drug Control (ODC) and commissioning of new facility this allows for higher volume production to satisfy the order flow;

- Successful first harvest and capacity increase in expanded new facility; and
- First commercial quantity delivered to the UK.

On January 27, 2021, the Company announced latest achievements of its largest holding Little Green Pharma Ltd. ("LGP"). LGP has achieved the following major milestone validating our investment:

The French Agency for the Safety of Medicines and Health Products (ANSM) has selected Little Green Pharma as 1 of 4 companies that will supply France's medical cannabis pilot program. Under the program, participants will be provided with free products to patients that enol in the trial. LGP will be a both a main & substitute supplier for CBD sublingual oils.

During the three and twelve months ended December 31, 2020, the Company's share of losses in Little Green Pharma amounted to $74,871 and $909,592 (For the three and fifteen months ended December 31, 2019 share of losses - $1,069,045 and $1,262,091, respectively).

During the three and twelve months ended December 31, 2020, the Company divested Nil and 3,415,752 shares of Little Green Pharma, respectively (For the three and fifteen months ended December 31, 2019 – Nil and Nil, respectively), at an average price of AUD0.33, for total proceeds of AUDNil and AUD1,135,141, respectively ($Nil and $1,060,830, respectively), which resulted in a reduction of the Company's interest in Little Green Pharma from 38.11% as at December 31, 2019 to 20.53% as at December 31, 2020. As a result, during the three and twelve months ended December 31, 2020, the Company recognized realized gain on disposal of shares of Little Green Pharma of $Nil and $75,012, respectively (For the three and fifteen months ended December 31, 2019 – $Nil and $Nil, respectively).

In October 2020, the Company's equity interest in LGP was 20.53% and management conducted a review of its investment in LGP and concluded that it no longer exerted significant influence over the operations of LGP. In addition, during December 2020, the Company's equity interest in LGP decreased from 20.53% to 19.76% due to additional financing from LGP investors other than Elixxer. Consequently, the Company reclassified the value of its investment in LGP to equity instruments, after an adjustment to bring the carrying value of the investment to its fair value of $15,231,555.

On June 24, 2021, the Company announced that LGP has acquired a cannabis GACP cultivation and EU-recognized GMP licensed cannabis production facility located in Denmark, as well as the receipt of firm commitments to raise AUD$27.2 million by way of placement to institutional and sophisticated investors.

During the three and nine months ended September 30, 2021, the Company divested 2,690,000 shares of Little Green Pharma for total proceeds of $1,901,126 and $1,901,126 respectively (for the three and nine months ended September 30, 2020 $1,060,830 and $1,060,830, respectively), which resulted recognized realized gain on disposal of shares of Little Green Pharma of $1,020,017 and $1,020,017 respectively (for the three and nine months ended September 30, 2020 - $75,012 and $75,012, respectively).

As at September 30, 2021, the Company's equity interest in LGP fair value was determined to be $14,021,837.

Tricho-Med Corporation ("Tricho-Med") – Canada (Quebec)

Tricho-Med is a company set up and solely funded by Elixxer to construct a purpose-built cannabis cultivation facility in Quebec, Canada. On January 8, 2018, the Company announced that it had finalized a transaction with Tricho-Med and had entered into a four-year secured convertible loan agreement for an amount of $4,000,000 (the "Tricho-Med Debenture"), to be disbursed in accordance with a pre-agreed milestone disbursement schedule. Upon Tricho-Med obtaining a license to cultivate cannabis from the relevant regulatory authorities, the Tricho-Med Debenture automatically converts into common shares of Tricho-Med. In the event that Tricho-Med does not become a publicly listed company within twelve months of having obtained the license, the Company will receive such number of shares so that it owns 54% of the then-issued and outstanding shares of Tricho-Med and can take majority control of the business. Upon conversion into equity, the Company will also be entitled to a 5% royalty on Tricho-Med's net sales (of cannabis and cannabis related products which covers actual sales less any arm's length third party discounts) for the life of the company. The Tricho-Med Debenture bears interest at an annual rate of 10%, has a term of four (4) years, maturing on December 21, 2021, and is secured by first-ranking security on all of Tricho-Med's assets.

In April 2018, construction began at the Tricho-Med site ("Facility") in Brownsburg, Quebec for its initial 34,000 square foot GMP compliant indoor cannabis production facility and the full amount of the $4,000,000 loan has since been disbursed. The Tricho-Med Facility is now substantially completed and certain sections and systems have been fully completed and commissioned in order to obtain a cultivation license. Upon receipt of the cultivation license and automatic conversion of Elixxer's debenture into shares, Tricho-Med will have the ability to raise further debt funding to complete the fit out the remainder of its 34,000 square foot Facility as planned. The strategic location of the Facility has some of the lowest costs of

electricity in Canada at just approximately $0.04 per kilowatt hour giving Tricho-Med a natural cost advantage over other indoor production facilities in Canada.

On July 12, 2019, the Company was advised that it has been served by Tricho-Med with a motion for a declaratory judgement whereby Tricho-Med is seeking the cancellation of the convertible debenture it entered into with the Company in December of 2017 and to repay the entire amount advanced by the Company, representing $4 million plus the interest accrued thereon. Under the terms of the convertible debenture, upon Tricho-Med receiving its license to cultivate cannabis from Health Canada, the loan amount shall be converted into that number of common shares of Tricho-Med equivalent to 49% of Tricho-Med's capital on a dully diluted basis together with a 5% net sales royalty on all of Tricho-Med's future revenues. Based on legal advice, the Company believes that this action is without merit and the Company is well within its rights to continue to hold position with its investment in Tricho-Med while waiting approval from Health Canada.

On July 15, 2019, Health Canada awarded Tricho-Med its long-awaited license to cultivate cannabis seeds and plants at its newly constructed facility in Brownsburg, Quebec. As per the terms of its agreement with Tricho-Med, the Company shall automatically convert the first ranking secured loan it provided to Tricho-Med in December 2019 into a 49% direct equity interest, and a 5% royalty of Tricho-Med's net sales of cannabis and cannabis related products which covers actual sales less any arm's length third party discounts. Merchandise returns and rebates. In addition, as per the agreement the Company is entitled to representation on Tricho-Med's board of directors.

As at December 31, 2020, the amounts drawn down under the Tricho-Med Debenture totaled $4,000,000 (December 31, 2019 - $2,249,136).

During October, 2020 the Company filed an application with the Superior Court of Quebec for surrender and taking in payment of Tricho-Med's assets, which were pledged as security under the terms of the convertible debenture agreement. As a result, the Company has recognized a fair value adjustment of $1,862,294 based on the fair value of Tricho-Med assets. In addition, the Company provided a provision for doubtful accounts for interest receivables of $1,026,116.

As at September 30, 2021, the fair value of the convertible debenture remains unchanged and the Company provided a provision for doubtful accounts for interest receivables of $299,716 for the nine months ended September 30, 2021.

Global Canna Labs Limited ("Global Canna") - Jamaica

Global Canna is a medical cannabis cultivation facility with an annual productive capacity of up to 20,000kg of dried flower per annum. The Jamaican Government have also expressed publicly its intention to allow exports of medical cannabis from the country to global markets in the near future,

The Company first announced a letter of intent to invest in Global Canna on January 26, 2018. On August 30, 2018, the Company announced that it had conditionally closed the transaction with Global Canna by subscribing for a $2.5 million secured debenture, convertible into a 30% strategic interest in Global Canna and also acquiring a 5% royalty on Global Canna's net sales through the issue of 15,854,141 common shares in the Company, valued at $3,091,558 based on the share price on the date of issue of $0.195. In addition, the Company paid a commission in respect of the transaction to an arm's length finder of $257,500, to be paid $128,750 in cash and $128,750 by way of the issue of 1,020,610 shares in the Company.

On September 20, 2018, the Company announced the formal closing of its investment in Global Canna, upon receipt of the final approval bulletin from the TSX-V for the transaction.

Global Canna holds a Tier 3 cultivation license from the Jamaican Cannabis Licensing Authority, which allows the company to cultivate up to 200,000 organic medical cannabis plants at its 270,000 square foot facility within its 6.23 acres site in Montego Bay, Jamaica. As a result, the facility has an annual productive capacity of up to 20,000kg of dried flower per annum.

Upon receiving its license in July 2018, Global Canna commenced with an initial planting of 8,000 plants in the 31,000 square foot greenhouse component of its facility. Planting of the Global Canna facility has since extended to over 16,000 cannabis plants in both its greenhouse and outdoor components.

In December 2018, Global Canna successfully completed the first harvest of two of its strains, Wedding Cake with over 24% THC and Jack Hammer with 5% THC and 6% CBD, with independent lab tested results from the University of the West Indies.

On March 23, 2019, the Company and Global Canna mutually agreed in writing that the $2,500,000 secured debenture be converted into 30% of the then issued shares in Global Canna with immediate effect and with standard minority protections. The formalities of conversion are underway.

On April 4, 2019, the Company announced that Global Canna had begun selling their high-THC medical cannabis in the domestic Jamaican market with an initial amount of approximately 46.5 kilograms of dried medical cannabis products sold to the local dispensaries.

In September 2019, Jamaican Agriculture minister, Audley Shaw noted the importance of implementing appropriate export regulations for extracted oil and dried flower to enable local medical cannabis cultivators leverage overseas markets where there is a demand for Jamaica's output.

On December 4, 2019, Global Canna Labs had successfully exported 10 kilograms of medical cannabis from Jamaica into Canada. This shipment of medical cannabis, the largest of its kind known to date, is a significant step forward in the development of Jamaica's medical, therapeutic and scientific cannabis industry. The Caribbean Licensing Authority, CLA, has been working diligently on creating a viable export platform. Jamaica's Minister of Industry, Commerce, Agriculture and Fisheries, the Honorable Audley Shaw applauded the news as he recently presented at the CanEx Investment Summit in Toronto on November 28, 2019.

As at December 31, 2020, the Global Canna debenture was completed with consideration paid totaling $5,591,558 (December 31, 2019 - $5,591,558).

In view of Global Canna Labs's current challenging liquidity position, the Board of Directors decided to record an impairment in full of its convertible debenture receivable exposure to Global Canna Labs. Consequently, during the year ended December 31, 2020, the Company recorded, an impairment charge related to the Global Canna Labs convertible debenture receivable amounting to $2,290,188 (For the fifteen months ended December 31, 2019 - $Nil). In addition, interest receivable, in the amount of $409,931 relating to convertible debenture receivable has been fully provided for and recorded in doubtful accounts.

As at September 30, 2021, the fair value of the convertible debenture remains unchanged and the Company provided a provision for doubtful accounts for interest receivables of $130,890 for the nine months ended September 30, 2021.

Evolution Group - Italy

The Evolution Group ("Evolution") is a cannabis business based in Italy and established for the production and distribution of industrial cannabis and cannabis derived products. The business mainly operates from its cannabis production facility and lab which is part of a phased retrofitting of a 70,000 square foot site in Pavia, Italy. The cannabis to be produced by Evolution will be legal low THC (< 0.2% THC by Italian law). Evolution is also in the process of applying for a medical cultivation licence which is consistent with Elixxer's strategy and offers important access to higher margin product sales in the growing medical cannabis sector in Europe. Evolution has received its ISO9001:2015 Certification of Production, processing, marketing of products from industrial hemp for its Pavia facility in Italy

On August 13, 2018, the Company entered into the Evolution Debenture with 9379-1432 Quebec Inc. ("QuebeCo"), the Canadian incorporated parent company of Evolution BNK and Evolution ATM and their principals, to provide a EUR3,000,000 secured loan, convertible into a 49% equity interest in QuebecCo upon the successful completion of an IPO. The Evolution Debenture bears interest of 10% per annum. The completion of the Evolution Debenture transaction is subject to condition precedent, including TSX-V approval. In addition, on August 13, 2018, the Company entered into an agreement with QuebecCo for a 5% royalty on the net sales of Evolution BNK and Evolution ATM. The royalty is secured by the assets of QuebecCo.

On May 21, 2019, the Company transferred a net agreed amount of EUR627,590 to Evolution reflecting the final tranche of EUR885,000 (EUR2,115,000 previously transferred) less accrued interest up to May 15, 2019 and associated costs in connection with the Evolution debenture.

On May 29, 2019, the Company announced that Evolution is completing the retrofit of its 22,000 square foot indoor facility within their 70,000 square foot compound in Pavia, Italy for the production of high CBD, low (< 0.2%) THC cannabis. On July 24, 2019, the Company announced that Evolution has received its ISO9001:2015 Certification of Production, processing, marketing of products from industrial hemp for its Pavia facility in Italy.

On August 30, 2019, Evolution BNK's Italian certifying consultants Studio Sannino S.A.S have advised Elixxer that Evolution BNK has now received final GMP Certification for Production, processing, marketing of products derived from Industrial hemp for its new Pavia facility in Italy.

Under Evolution BNK's GMP license:

(a) Agricultural sector certifications:
Management system for Good Agricultural and Collection Practice (GACP) and Good Manufacturing Practice (GMP): Industrial hemp cultivation; Good agronomic cultivation practices; and Patent poisons - phytosanitary.

(b) Certification of the indoor production sector and production trade:
Good Manufacturing Practice (GMP): Production, processing, marketing of products derived from industrial hemp. Compliance with GMP requirements implies health and processing requirements for internationally coded good practices, applicable to all processing plants. The GMP certification scheme for product processing is based on the HACCP system (RCE 852/04), ISO 22000, ISO 9001. The implemented scheme will be certified for the analysis of good production standards (GMP) and will provide an independent verification of compliance with the production rules and the prerequisites necessary for the implementation of an effective production safety program based on the HACCP scheme (Hazard Analysis Critical Control Point - Analysis of critical control points risk).

(c) Certification of the cosmetic production sector and marketing of cosmetic products:
Implementation of GMP Management System based on ISO 22716. The aim is the guarantee of product safety and health of final consumers. Directive 76/768 / EEC - EC Regulation 1223/2009.

As at December 31, 2019, amounts drawn down under the Evolution Debenture totaled EUR3,000,000 ($4,494,141) (September 30, 2018 - EUR1,050,000 ($1,576,266)). As noted in previous periods, the Evolution Debenture is recorded within convertible debenture receivables and royalty streams.

In view of Evolution's current challenging liquidity position, the Board of Directors decided to record an impairment in full of its convertible debenture receivable exposure to Evolution. Consequently, during the year ended December 31, 2020, the Company recorded, an impairment charge related to the Evolution Debenture amounting to $3,793,170 (For the fifteen months ended December 31, 2019 - $Nil). In addition, interest receivable, in the amount of $761,364 relating to convertible debenture receivable have been fully provided for and recorded in doubtful accounts.

As at September 30, 2021, the fair value of the convertible debenture remains unchanged and the Company provided a provision for doubtful accounts for interest receivables of $330,265 for the nine months ended September 30, 2021.

Freia Farmaceutici Srl. - Italy (www.freiafarmaceutici.it)

Freia Farmaceutici Srl ("Freia") is currently the only company in Italy, and one of few in Europe with EFSA approved hemp-based pharmaceutical products. Freia owns two patents, has filed five patent applications, and is in the process of completing six additional applications. Freia has 6 registered pharmaceutical drug products in the market intended for patients on radio & chemotherapy treatment, suffering from atopic dermatitis & psoriasis, and from dysmetabolism (hypercholesterolemia, diabetes and endocrine dysfunction).

Freia's product pipeline includes six products already authorized in the nutrition and topical fields, eight further products have been authorized in the gynecological field and are to be launched in 2019, another nine products are awaiting authorization and 12 products are in the development stage in the areas of gastroenterology & nutrition. A special research project also involves an application for use in the treatment of multiple sclerosis.

Freia has concentrated widely on R&D, clinical trials and IP in the following areas: Dermatology; Cardiology; Gynecology; Gastroenterology; and Central nervous system.

On October 23, 2018, the Company entered into a letter of intent with Freia for a proposed investment of up to EUR3,214,000 for up to a 35% interest in the share capital of Freia ("the Freia Investment"). The Freia Investment was subject to the execution of definitive agreements, normal closing conditions and review and approval by the TSX-V. Pursuant to the letter of intent, the Company paid a non-refundable deposit ("the Freia Deposit") of EUR100,000 ($149,935), that was to be applied to monies payable by the Company on completion of the Freia Investment.

On January 30, 2019, the Company entered into an agreement with Freia for the provision of an unsecured, interest free loan to Freia of EUR150,000 ($228,665) for a period of 3 months ("the Freia Loan"). The Freia Loan was to be applied towards the completion of the Freia Investment.

On May 16, 2019, the Company announced that it has entered into a definitive investment agreement to acquire a 35% equity interest in, Freia, for a total cash consideration of EUR3,214,000 ($4,847,033) to be paid in three installments over the course of ten months. The investment agreement contained standard representations, warranties and covenants of the parties, and closing of the transaction was subject to standard closing conditions and final acceptance by the TSX-V, all of which have now been received. Accordingly, the Company completed the first tranche of EUR1,000,000 ($1,513,354) net of the application

of the Freia Deposit and Freia Loan, resulting in a net payment of EUR750,000 ($1,134,383). The Company has also appointed two members to Freia's board of directors.

On June 27, 2019, the Company completed the second tranche of EUR714,000 ($1,063,347) bringing its equity interest in Freia up to 22.31% and this was accounted for as an investment in associates. Previous deposits and loans have been reclassified to investment in associates.

On September 3, 2019, the Company announced Freia has completed a full clinical trial, just published on Elsevier's Food Research International, to demonstrate the efficacy and safety in children of its nutritional supplement Alfalife.

Alfalife is now selling in Italy and is in advanced discussions to launch this pharmaceutical product in Eastern Europe, China and Middle East & North Africa (MENA) regions.

It should be noted that Freia´s products are currently authorized under the framework of EU pharmaceutical law and not subject to the evolving, provisional regulation of cannabis.

Alfalife, used to treat metabolic changes & obesity and to reduce LDL cholesterol (claim authorized by the EFSA). Alfalife treats the same circumstances as statin medicines, with the significant advantages of getting no side effects or interaction from any therapy with other medicines. It is completely natural and vegan, providing fresh long-term therapy opportunities in one of the world's biggest patient markets estimated to exceed CAD16bn in 2018.

Freia's recent clinical studies in Europe are focusing on treating multiple sclerosis and supporting patients in cardiovascular transplants, as well as diets of dysphagic patients and lipoprotein disorders.

On March 17, 2020, the Company announced that its Italian pharmaceutical partner, Freia Farmaceutici (Freia), has successfully launched its topical hand sanitizer, Dermogel, in Italy with their initial block of 10,000 units. The first batch of 4.000 bottles, from its first 10,000 unit manufacturing run, has been sold out within 5 days. Freia's manufacturing and supply chains are open and the second batch of 34,000 units are on order. Further manufacturing runs are planned as demand increases.

In addition to Italy, Elixxer is assisting Freia to expand Dermogel sales into the US and the UK. Elixxer has secured initial orders for the UK of 50,000 units as of this morning. Freia's Dermogel has been developed in Italy to effectively sanitize hands and is proving to be an effective alternative to soap and water in decreasing bacteria counts on the skin. This daily-use product is applicable to high traffic zones for sanitation and safety. Clinically studies on the medical benefits shows that Dermogel is an effective hand sanitizer with the added benefit of less irritation to the skin compared to existing brands on the market.

On April 8, 2020, the Company announced Freia launched production of ImmunoV Forte, to improve and protect respiratory function in the human body against airborne infections. Freia is initiating clinical trials on the active ingredients in ImmunoV Forte that aid and protect the human respiratory tract from external environmental attacks such as respiratory viruses, bacteria, smoke and pollution. In being compliant with Canadian Exchange regulators, both Elixxer and Freia are not making any expressed or implied claims that its product has the ability to eliminate, cure or contain the Covid-19 (or SARS-2 Coronavirus) at this time. Post trials the company will update the market as to these results. The product will be available for sale in Europe by mid-April ImmunoV. Forte is a nutritional supplement that is water soluble and can be taken once daily to protect and enhance against infection.

According to EFSA, by continual use of the combined ingredients within ImmunoV Forte, Freia's research and development team concluded that by using this product, it can contribute to improving the normal functions of the immune system. ImmunoV Forte contributes to the maintenance of normal immune system function even during and after intense physical activities or stresses. ImmunoV Forte also contributes to protect cells from Oxidative stress and the normal metabolism of fatty acids in the human body.

Friea has also confirmed with Elixxer that its current production facilities and laboratories will remain open amid this crisis, Freia's operations are deemed as an essential pharmaceutical business. Freia and Elixxer are committed to bring Freia's catalogue of medical products to market to protect and enhance the overall health of consumers throughout Europe, the UK and North America.

On April 9, 2020, the Company announced Freia had confirmed that their production facilities are capable to quickly increase production to meet demand of their Dermogel hand sanitizer per month. Freia had also begun to add alcohol to the formulation to answer the demand from customers. Freia had also sourced and begun to sell N95, KN95, FFP2 and EN14683:2014 facemasks. Their first order was 33,000 N95 masks and Freia continues to build their order book. The production at Freia's source can supply all Freia orders.

During the three and twelve months ended December 31, 2020 the Company's share of (losses) profits in Freia amounted to (27,292) and 44,181, respectively (For the three and fifteen months ended December 31, 2019 – ($199,120) and $56,375, respectively).

In May 2020, the Company's equity interest in Freia decreased from 22.31% to 19.36% due to additional financing from Freia investors other than Elixxer. As at that date, management conducted a review of its investment in Freia and concluded that it no longer exerted significant influence over the operations of Freia and consequently, the Company reclassified the value of its investment in Freia to equity instruments, after an adjustment to bring the carrying value of the investment down to its fair value of $759,370.

As at September 30, 2021, the carrying value was determined to be $722,791.

Viridi Unit SA ("Viridi") – Switzerland

Viridi is a legal cannabis supplier to the Swiss and European markets, with a wide range of seeds, buds, cosmetics and natural wellness products. On December 12, 2018, the Company announced that it had closed its investment in Viridi, with the Company issuing 35,167,001 shares of its common stock in exchange for a 30% equity interest in Viridi plus a 5% royalty on Viridi's net sales to customers introduced by Elixxer over ten years. The total consideration amounted to approximately CHF3,000,000 ($4,019,588) based on the share price of $0.1143 on the date of issue). In respect of this transaction, the Company has paid a finder's fee to an arm's length party equal to 3% of the total consideration in cash and 2% of the total consideration by the issuance of 703,340 common shares of the Company.

In October 2019, the Company's equity interest in Viridi decreased from 30% to 18.4% due to additional financing from Viridi investors other than Elixxer. As at that date, management conducted a review of its investment in Viridi and concluded that it no longer exerted significant influence over the operations of Viridi and consequently, the Company reclassified the value of its investment in Viridi to equity instruments, after an adjustment to bring the carrying value of the investment down to its fair value of $506,605 During the three and fifteen months ended December 31, 2019 the Company's share of profit amounted to $nil and losses of $676,032, respectively (September 30, 2018 – $Nil and $Nil, respectively).

As at December 31, 2019, management conducted an impairment review of the carrying value of the Viridi's equity.and has concluded that based on a new round of investment in Viridi shortly after the reporting date at a lower valuation to the current carrying value, it was deemed appropriate to partially impair the investment and consequently the Company has recorded an impairment charge amounting to $1,516,210 (September 2018 - $Nil).

During the year ended December 31, 2020, the Company recorded total impairment charges against its investment in the Viridi's equity amounting to $506,605, which resulted from Viridi's financial performance not being in line with expectations.

As at September 30, 2021, the Company's equity interest in Virdi remains unchanged with its fair value of $Nil.

Arlington Capital Inc. ("Arlington')

On February 5, 2019, the Company entered into a loan agreement with Arlington, a company incorporated in the province of Quebec, Canada. Under the terms of the loan Arlington agreed to lend to Elixxer amounts totaling $2,000,000 for a period of one year (the "Arlington Loan"). The funds were to be used for working capital purposes. The loan is unsecured and bore interest at the rate 12% per annum for the first three months and thereafter bears interest at 22% per annum. The Company had the right to repay the loan at any time. The first amounts drawn down under the loan were received by the Company on February 19, 2019.

As at April 24, 2019, the total amounts drawn down under the Arlington Loan totaled $5,300,000. When the initial tranche of the placement closed on May 2, 2019, the gross proceeds receivable from Arlington, totaling $8,000,000 were offset against the Arlington Loan leaving net proceeds of $2,700,000 received in cash.

On May 2, 2019, the Company announced that it had closed the first tranche of its previously announced $10,400,000 non-brokered private placement financing with Arlington. As part of negotiations for this transaction Arlington agreed to extend the principal amount of the Arlington Loan to include an additional $3,300,000 on the basis that once the private placement was completed the principal amount of the loan would be repaid by offsetting the principal outstanding against the placement proceeds.

On August 29, 2019, the Company entered into a second loan agreement with Arlington. Under the terms of the loan Arlington agreed to lend to the Company up to $4,670,000 for a period of 12 months. The funds are to be used for working capital purposes. The loan is unsecured and bears interest at the rate 12% per annum. The Company has the right to repay the loan at any time. As of December 31, 2019, amounts drawn down by the signing date were $3,593,535.

During August 2020, the Company extended the maturity of the bridge loan and increased the principal amount by outstanding fees to $3,893,535 which includes an extension fee of $300,000.

Global Macro Fund L.P. ("GMF"), and AIP Asset Management Inc. ("AIP")

On November 8, 2019, the Company entered into an agreement to acquire all rights, title and interest in the USD1,000,000 Etea notes that were the subject of the Etea Guarantee as well as an additional note issued by Etea in the amount of USD1,000,000 from the initial holder thereof. The total face value of Etea notes acquired inclusive of accrued interest and monitoring fees was USD 2,118,556. As a result, the Etea Guarantee has been cancelled. The initial holder of the notes has also assigned to the Company all of the security that it held in respect of the notes, including the debenture on the assets of Etea and the pledge of shares by Etea's principal shareholder. The purchase price for the transaction, including the notes, accrued interest and security was $2,800,000 which was funded by way of a bridge loan to the Company from the initial holder of the notes, GMF., an Ontario limited partnership, and AIP, an Ontario corporation, in its capacity as security agent for the holder. The bridge loan incurs interest at the rate of LIBOR per annum plus 8%, is unsecured and is repayable on demand. During the year ended December 31, 2020, the Company extended the maturity of the bridge loan to November 30, 2020 and increased the principal amount by outstanding fees to $3,000,000.

During the year ended December 31, 2020, the Company extended the maturity of the bridge loan and increased the principal amount by outstanding fees to $3,400,000 which includes an extension fee of $400,000.

AIP Convertible Private Debt Fund L.P. ("AIP Fund")

On October 7, 2020, the Company closed its previously announced secured loan for the principal amount of $4,000,000 with AIP Convertible Private Debt Fund L.P. effective August 28, 2020. The loan has a term of 24 months, bears interest at the rate of 17% per annum and is secured by a general security agreement on all of the present and future assets of the Company.

On closing, the Company paid to AIP Fund (i) a facility fee of $200,000; (ii) a closing fee of $250,000; and (ii) a monitoring agent fee of $195,000, in respect of the loan. The Company also issued to AIP Fund a bonus consisting of 46,333,333 common shares of the Company at the trading price of $0.01 per share, representing 20% of the net amount of the loan. These shares are subject to a hold period of four months and one day from the date of their issuance. Elixxer intends to use the proceeds of the loan for working capital purposes and to pursue future investments.

AIP Debt Settlement and the Arlington Debt Settlement

On June 28, 2021,the Company closed its previously announced securities for-debt transactions with AIP Convertible Private Debt Fund LP ("AIP") and Arlington Capital LP ("Arlington") pursuant to which the Company settled (i) $3,656,310 of maturing debt owing to AIP by the issuance to AIP of a total of 243,754,000 common shares of the Company at a deemed price of $0.015 per share and 243,754,000 common share purchase warrants (the "AIP Debt Settlement") and (ii) $3,656,310 of maturing debt owing to Arlington by the issuance to Arlington of a total of 243,754,000 common shares of the Company at a deemed price of $0.015 per share and 243,754,000 common share purchase warrants (the "Arlington Debt Settlement"). Each warrant is exercisable for a period of 60 months from the date of issuance at an exercise price of $0.05 each. The Company extended the maturity of the remaining balances of AIP and Arlington debts to December 31, 2021.

After giving effect to the AIP Debt Settlement and the Arlington Debt Settlement, the Company has a total of approximately 1,121,016,031 common shares issued and outstanding, with AIP holding approximately 26.67% on an undiluted basis and Arlington holding approximately 31.01% on an undiluted basis.

The AIP Debt Settlement and the Arlington Debt Settlement have resulted in the creation of both AIP and Arlington as new "Control Persons" (as such term is defined in the policies of the TSX Venture Exchange (the "TSXV")) of the Company. In accordance with the policies of the TSXV, the 2 disinterested shareholders of the Company overwhelmingly approved the AIP Debt Settlement, the Arlington Debt Settlement and the creation of new "Control Persons" in AIP and Arlington at the Company's annual and special meeting of shareholders held on June 15, 2021.

All of the securities issued pursuant to the AIP Debt Settlement and the Arlington Debt Settlement are subject to a hold period of four months and one day from the date of issuance. The pricing of the common shares issuable pursuant to the AIP Debt Settlement and the Arlington Debt Settlement is in reliance of the temporary relief measures established by the TSXV on April 8, 2020, and extended by the TSXV on September 16, 2020 and December 15, 2020, providing for temporary relief measures to its Policy 4.3, lowering the minimum pricing from $0.05 to $0.01 per share for shares issued pursuant to a debt settlement where the market price of an issuer's shares is not greater than $0.05. In connection with the AIP Debt Settlement, AIP acquired ownership, control or direction over common shares of the Company requiring disclosure pursuant to the early warning requirements of applicable securities regulation. Immediately prior to the AIP Debt Settlement, AIP had ownership of, or exercised control or direction over, approximately 55,233,333 voting or equity shares of the Company. AIP acquired ownership of an additional 243,754,000 common shares of the Company, representing approximately 21.74% of the

Company's issued and outstanding common shares, and now holds approximately 26.67% of the issued and outstanding common shares of the Company.

The Company understands that AIP acquired the aforementioned securities for investment purposes and may, from time to time and depending on market and other conditions and subject to the requirements of applicable securities laws, acquire additional common shares through market transactions, private agreements, treasury issuances or otherwise, or may, subject to the requirements of applicable securities laws, sell all or some portion of the common shares they own or control, or may continue to hold the common shares.

In connection with the Arlington Debt Settlement, Arlington acquired ownership, control or direction over common shares of the Company requiring disclosure pursuant to the early warning requirements of applicable securities regulation. Immediately prior to the Arlington Debt Settlement, Arlington had ownership of, or exercised control or direction over, approximately 104,000,000 voting or equity shares of the Company. Arlington acquired ownership of an additional 243,754,000 common shares of the Company, representing approximately 21.74% of the Company's issued and outstanding common shares, and now holds approximately 31.02% of the issued and outstanding common shares of the Company. The Company understands that Arlington acquired the aforementioned securities for investment purposes and may, from time to time and depending on market and other conditions and subject to the requirements of applicable securities laws, acquire additional common shares through market transactions, private agreements, treasury issuances or otherwise, or may, subject to the requirements of applicable securities laws, sell all or some portion of the common shares they own or control, or may continue to hold the common shares.

Convertible Loan Agreement for US$1,183,000

On March 16, 2020, the Company announced that it entered into an investment agreement (the "Investment Agreement") with international investors YA II PN, Ltd. and RiverFort Global Opportunities PLC (the "Lenders") pursuant to which they will loan Elixxer an aggregate amount of USD$1,183,000 (CAD $1,651,941) (the "Loan"), representing the remaining principal amount outstanding. The Loan will have a maturity date of January 1, 2021 (the "Maturity Date") and will bear interest at the rate of 12% per annum. The proceeds of the Loan will be used to refinance maturing debt.

The principal amount of the Loan, up to a maximum of US$1,096,190, may be convertible into common shares of Elixxer (the "Shares") at the option of the Lenders at a price per Share of CAD$0.05 for a maximum of 28,847,105 Shares. At closing, the Company had issued an aggregate of 14,200,000 common share purchase warrants (the "Warrants") to the Lenders. Each Warrant entitles the holder thereof to acquire one Share at an exercise price of CAD$0.05 per Share until the Maturity Date.

The Investment Agreement will contain standard representations, warranties and covenants of the parties. Closing of the transaction and the issuance of all securities pursuant thereto is subject to the conditional approval of the TSX Venture Exchange. The parties intend to close the transaction as soon as reasonably possible following the receipt of such approval. Any securities issued by the Company upon closing of the transaction, upon conversion of the Loan or upon the exercise of the Warrants will be subject to restrictions on resale for a period of four months and one day from the date of closing. The Company is at arm's length to the Lenders.

The securities issued by the Company at the closing of the transaction, upon conversion of the Loan or upon the exercise of the Warrants are subject to restrictions on resale for a period of four months and one day from the date of closing. The Company is at arm's length to the Lenders.

On October, 15, 2020 the Company announced that it has closed its previously announced private placement with a strategic investor. Pursuant to the non-brokered private placement, the Company issued 26,666,666 units of the Company at a price of CAD$0.015 per common share for gross proceeds of $400,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for a period of 60 months from the date of issuance at an exercise price of $0.05 each.

No commission or finder's fee has been paid in connection with the private placement. The Units have been issued pursuant to an exemption from the prospectus requirements of applicable securities legislation, and all securities are subject to a hold period of four months and one day from the date of issuance.

The proceeds of the private placement will be used by the Company for general working capital purposes and to pursue future investments. It is anticipated that no payments from the proceeds will be made to related parties of the Company, and the proceeds will not primarily be used to pay management fees of for investor relations activities.

Amendment of stock option plan

During the shareholders' meeting held on June 15, 2021, the Company has amended its stock option plan to increase the number of common shares that may be issued thereunder. The Plan is a fixed stock option plan, and the amendment

increases the number of common shares reserved for issuance under Plan from 83,331,796 to 126,701,606, being 20% of the Company's issued and outstanding common shares.

Grant of options

On January 16, 2020, the Company announced that it had granted stock options to purchase a total of 13,506,403 common shares of the Company to certain of its senior officers and directors and stock options to purchase 1,500,000 common shares of the Company to a consultant. All of the options are exercisable at a price of $0.05 per share and have a term of five years. The options are subject in all respects to the terms of Elixxer's stock option plan and the requirements of the TSX Venture Exchange.

The Company also announced that it and certain insiders and consultants of Elixxer have agreed to cancel an aggregate of 16,800,000 stock options held by the optionees. The cancelled options include (i) 7,500,000 options granted on December 8, 2017 with an exercise price of $0.36 and an original expiry of December 8, 2027 and (ii) 9,300,000 options granted on April 16, 2018 with an exercise price of $0.16 and an original expiry of April 16, 2023. All of the cancelled options were voluntarily surrendered to the Company for no consideration. In addition to the cancelled options, 8,850,000 options have expired as the holders thereof are no longer eligible participants under the Plan.

Extension of loans to insiders

On March 6, 2020, Elixxer announced that it has agreed to extend the maturity date of three existing loans to insiders. In February 2018, the Company made loans to three of its officers and/or directors in order to fund the exercise by them of stock options and to fund the payment by them of related taxes. The loans had an initial term of two years, and the Company had agreed to extend the maturity date of each of the loans for a period of three years to February 12, 2023. The extensions have been approved by the TSX Venture Exchange and approved at the shareholders' meeting.

Change of management

During July 23, 2020, the Company announced that David Lenigas, a director of the Company had resigned from the Company. In addition, John McMullen, President of the Company resigned on July 31, 2020. In addition, the Company announced that Tarik Alhaidary and Jeff Cheah were appointed to the Company's board of directors.

On January 25, 2021, the Company announced that, effective immediately, Mazen Haddad has ceased to be the Company's Chief Executive Officer. Mr. Haddad continues to serve as a non-executive director of the Company. The Board of Directors has named Mr. Ferras Zalt, the Company's Chairman, to serve as the Interim Chief Executive Officer of Elixxer.

On June 15, 2021, the Company announced that Jay Bala and Alex Kanayev has been appointed to the Company's board of directors.

On November 24, 2021, the Company announced that Jeff Cheah has resigned as director and Jeremy Green has been appointed to the Company's board of directors.

Normal course issuer bid ("NCIB")

On August 4, 2021, the Company announced that, further to its press release dated July 6, 2021, the TSX Venture Exchange (the "TSXV") has accepted the Company's notice to implement a normal course issuer bid (the "NCIB") to purchase for cancellation up to an aggregate of 56,050,801 of its issued and outstanding common shares, representing 5% of the Company's current issued and outstanding common shares. The NCIB will commence on August 9, 2021 and will remain in effect until the earlier of (i) August 8, 2022, (ii) the date on which the Company acquires the maximum number of common shares permitted under the NCIB, or (iii) the date upon which the Company provides written notice of termination of the NCIB to the TSXV. The Company has engaged Integral Wealth Securities Inc. as its broker for the NCIB. The NCIB will be conducted through the facilities of the TSXV, and purchases of common shares will be made in accordance with the applicable policies of the TSXV at the prevailing market price of such common shares at the time of purchase. All common shares acquired by the Company under the NCIB will be cancelled. As of the date hereof, the Company has 1,121,016,031 common shares issued and outstanding. The Company may not purchase more than 2% of its issued and outstanding common shares during any 30-day period, which as of the date hereof represented 22,420,320 common shares.

The Company is implementing the NCIB because it believes that, from time to time, the market price of its common shares may not fully reflect the underlying value of the Company's business and its future prospects. Accordingly, the Company believes purchasing its common shares will be in the interest of the Company and represents an opportunity to enhance shareholder value. To the Company's knowledge, none of the officers, directors or insiders of the Company, or any associate of such person, or any associate of affiliate of the Company, has any present intention to sell any securities to the Company pursuant to the NCIB. The Company has not previously purchased for cancellation any of its outstanding common shares.

Since the August 9, 2021 commencement of this NCIB program and up to (as of the date of MDA} September 30, 2021, the Company repurchased 7,560,000 common shares at an average price of $0.01 per share for a total amount of $98,139.

Proposed consolidation of shares

On June 15, 2021, during the shareholders' meeting, shareholders also passed a special resolution authorizing the Company to amend its articles in order to consolidate its issues and outstanding common shares on the basis of a consolidation to be determined by the Company's board of directors but within the range of one post-consolidation common share for every 70 to 100 pre-consolidation common shares, subject to the board of director's authority to decide not to proceed with the consolidation. The special resolution in respect of the consolidation was approved.

On August 24, 2021, the Company announced its intention to consolidate all of its issued and outstanding common shares (the "Consolidation") on the basis of one new common share (each, a "New Share") for every 100 existing common shares (each, and "Existing Share").

The Consolidation was previously approved by the Company's shareholders at the annual and special meeting held on June 15, 2021.

The intended Consolidation would result in the number of issued and outstanding common shares being reduced from 1,121,016,031 Existing Shares to approximately 11,210,160 New Shares. The exercise or conversion price of, and the number of common shares issuable under, and any convertible securities of the Company will also be proportionately adjusted upon the completion of the Consolidation.

No fractional shares will be issued as a result of the Consolidation. All fractions of New Shares will be rounded down to the next lowest whole number if the first decimal place is less than five and rounded up to the next highest whole number if the first decimal place is five or greater. No cash consideration will be paid in respect of fractional shares.

The Company's board of directors believes that the Consolidation will provide the Company with greater flexibility for the continued development of its business and the growth of the Company. Including financing arrangements and future acquisitions.

The Consolidation is subject to the receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange, the provisions of the *Canada Business Corporations Act* and the articles of the Company. The Company will be obtaining a new set of CUSIP and ISIN numbers for the Consolidation. The effective date for the Consolidation and the new CUSIP and ISIN numbers will be disclosed in a subsequent press release. The Company anticipates that's its current name and trading symbol will remain unchanged. The board of directors may, at its discretion, determine to amend the terms of the Consolidation or to not move forward with the Consolidation.

Financial Information

Selected Financial Information

The following table summarizes selected financial information of the Company for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Revenue	**263,701**	422,685	**791,446**	1,316,572
Net income (loss)	**(8,720,099)**	249,027	**(2,433,310)**	(3,368,573)
Basic and diluted income (loss) per share	**(0.01)**	Nil	**Nil**	(0.01)

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

The Company reported a net income (loss) for the three months ended September 30, 2021 and 2020 of ($8,720,099) and $249,027, respectively or ($0.01) and $Nil per common share, respectively. The decrease in loss for the three months ended September 30, 2021, was primarily due to the loss in equity investments measured at fair value through Income for LGP.

The Company reported a net income (loss) for the nine months ended September 30, 2021 and 2020 of ($2,433,310) and ($3,358,573), respectively or $Nil and ($0.01) per common share, respectively. The decrease in loss for the nine months ended September 30, 2021, was primarily due to the decrease administrative costs and realized gain on sale of equity investments measured at fair value through Income for LGP.

Administrative expenses
Total administrative expenses for three and nine months ended September 30, 2021 were $566,330 and $1,647,316, respectively compared to the same periods in 2020 of $717,935 and $2,752,472, respectively.

The following is a breakdown of the nature of expenses included in administration expenses, for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Administrative expenses:				
Directors' fees and consultancy	**144,233**	311,920	**397,062**	681,615
Stock-based compensation	**—**	17,234	**787**	408,116
Salaries and other employee benefits	**66,500**	74,698	**203,912**	304,607
Legal fees	**65,513**	19,285	**370,465**	271,656
Consultancy fees	**67,768**	—	**199,853**	199,747
Investor / public relations	**29,235**	60,430	**94,692**	189,966
Office expenses	**102,252**	117,206	**182,159**	177,918
Regulatory	**84,637**	23,024	**119,438**	180,442
Professional fees	**9,401**	31,304	**57,235**	182,668
Travel and business development	**—**	51,012	**—**	119,322
Other administration	**(3,209)**	11,823	**21,713**	36,415
Total	**566,330**	717,936	**1,647,316**	2,752,472

Administrative expenses for the three months ended September 30, 2021 decreased from the same period 2020, primarily due to decreased directors' fees and consultancy, regulatory fees and professional fees. These decreases were related to the cost control initiatives implemented at the beginning of 2020.

Administrative expenses for the nine months ended September 30, 2021 decreased from the same periods 2020, primarily due to decreased stock-based compensation, directors' fees and consultancy, professional fees and travel and business development. These decreases were related to the cost control initiatives implemented at the beginning of 2020.

Finance expenses
During the three and nine months ended September 30, 2021, the Company incurred finance expenses totaling $364,432 and $1,437,149, respectively compared to the same periods in 2020 of $407,740 and $1,228,013, respectively, all primarily in respect to the convertible debenture payable and loans payable.

Provision for doubtful accounts
For the three and nine months ended September 30, 2021, the Company's provision for doubtful accounts amounted to $256,134 and $790,125, respectively compared to the same periods in 2020 of $133,271 and $478,390, respectively, primarily related to Tricho Med, GCL and Evolution interest for 2021 and Etea provision for 2020.

Net income (loss) on financial assets measured at fair value through profit or loss ("FVTPL")
For the three and nine months ended September 30, 2021, the Company's net loss on financial assets measures at FVTPL amounted to $8,814,963 and $365,188, respectively compared to the same period in 2020 of net income of $483,165 and $396,887. The decrease is primarily due to loss on revaluation of LGP.

Summary of Quarterly Results
The following table presents unaudited selected financial information for the eight most recent quarters:

	Total Revenue	Net profit (loss) for the quarter	Basic and diluted profit (loss)per share	Total assets
	$	$	$	$
September 30, 2021	263,701	(8,720,099)	(0.01)	18,156,243
June 30, 2021	266,992	4,291,902	0.01	27,267,271
March 31, 2021	260,753	1,994,887	Nil	22,573.756
December 31, 2020	(213,399)	(6,414,889)	(0.01)	20,814,133
September 30, 2020	422,685	249,027	(0.00)	22,583,008
June 30, 2020	427,014	(905,232)	(0.00)	22,371,330
March 31, 2020	466,873	(2,712.367)	(0.00)	22,389,545
December 31, 2019	481,250	(10,579,963)	(0.02)	23,956,943

The Company did not pay any dividends during the nine months ended September 30, 2021. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company's financial

position, operating results and capital requirements at the time as well as such other factors that the Board of Directors may consider relevant.

Cash flows for the three and nine months ended September 30, 2021 and 2020.

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Cash flows from operating activities	**(826,433)**	(1,025,298)	**(2,652,889)**	(1,662,651)
Cash flows from investing activities	**1,901,126**	1,060,830	**1,901,126**	1,060,830
Cash flows from financing activities	**(498,139)**	**—**	**(498,139)**	(219,195)
Increase (decrease) in cash	**576,554**	35,532	**(1,249,902)**	(821,016)
Net foreign exchange differences	**—**	8,400	**—**	(4,494)
Cash, beginning of period	**276,292**	55,060	**2,102,748**	954,502
Cash, end of period	**852,846**	98,992	**852,846**	98,992

Cash increased for the three months ended September 30, 2021 from $576,554 compared to $35,532 for the same period in 2020. This increase was primarily due to the proceeds from the sale of LGP shares offset in part by the repayment of debenture payable. Cash decreased for the nine months ended September 30, 2021 was $1,249,902 compared to the same period in 2020 with a decrease in cash of $821,016, this decrease is due to repayment of debenture payable.

There has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2021.

Liquidity and Capital Resources

Liquidity risk comes from the Company's general funding needs and in the management of its assets and liabilities. The Company manages liquidity risk to keep sufficient liquid financial resources to fund its balance sheet and meet its commitments and obligations in the most cost-effective way. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. The Company's main sources of funding are equity and debt markets, private placements and outstanding stock options and warrants. The Company has no outstanding debt facility upon which to draw.

Management of Liquidity

Managing liquidity requires constant monitoring of projected cash inflows and outflows using forecasts of the Company's financial position for purposes of ensuring adequate and efficient use of cash resources. The adequate liquidity level is established based on historical volatility and seasonal requirements as well as on planned investments. As at September 30, 2021, the Company did not have any commitments for capital expenditures.

Related Party Transactions

In addition to the related party transactions disclosed elsewhere, the Company entered into the following related party transactions in the normal course of operations.

(a) During the three and nine months ended September 30, 2021, the Company incurred fees from a number of management entities of which certain officers or directors of the Company are a related party, by virtue of economic interests in such entities. For the three and nine months ended September 30, 2021, the total amount for such services was $36,000 and $80,000, respectively which was recorded in directors' fees (for the three and nine months ended September 30, 2020 – $243,414 and $653,615, respectively). As at September 30, 2021, an amount of $17,136 (December 31, 2020 - $243.923) owing to these firms was included in accounts payable and accrued liabilities in respect of these fees.

(b) Excluding the amounts reported above, during the three and nine months ended September 30, 2021 and 2020, the Company recorded the following compensation for key management personnel and the Board of Directors:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Directors' fees	**28,000**	4,000	**80,000**	28,000
Management fees (included within salaries and other employee benefits)	**108,566**	49,265	**350,395**	217,398
Stock-based compensation	**—**	—	**—**	348,549
	136,566	53,265	**430,395**	593,947

(c) The Company incurred interest charges on loans received from Arlington, a shareholder of the Company. For the three and nine months ended September 30, 2021, interest charged in respect of these loans was $160,051 and $433,562, respectively (for the three and nine months ended September 30, 2020 – $121,949 and $352,598, respectively), have been recorded in the condensed interim consolidated statement of loss. As at September 30, 2021, interest accrued but unpaid in respect of the Arlington loans, totaling $52,523 (December 31, 2019 - $584,183), has been recorded in the condensed interim consolidated statement of financial position under other loans payable.

Capitalization

As at the date of this MD&A, there were 1,113,456,031 common shares of the Company issued and outstanding. In addition, there were stock options in respect of 11,800,000 common shares issued, outstanding and exercisable. The stock options have expiry dates ranging from April 16, 2023 to January 16, 2025. There were also warrants in respect of 551,150,666 common shares issued and outstanding as at the date of this MD&A. The warrants have expiry dates ranging from November 2, 2022 to June 28, 2026.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Critical Accounting Judgments and Estimates

As detailed in note 2 of the consolidated financial statements, management has identified critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Changes in Significant Accounting Policies

The Company's significant accounting policies are disclosed under note 3 of the audited consolidated financial statements for the year ended December 31, 2020.

The pronouncements issued but not yet effective for the year ended December 31, 2020 are disclosed under note 2.3 to the audited consolidated financial statements for the year ended December 31, 2020.

Financial Instruments Risk

The Company's financial instruments risk are disclosed under note 16 of the Company's audited consolidated financial statements for the year ended December 31, 2020.

Risk Factors and Risk Management

Risk Factors

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.
The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly by management and the Company's Audit Committee to reflect changes in market conditions and the Company's activities.

Elixxer's common shares should be considered highly speculative due to the nature of the business of investing in high growth businesses, including medicinal cannabis. An investment in Elixxer involves a number of risks. In evaluating Elixxer, it is important to consider that it is an investment vehicle which makes investments and/or acquisitions primarily in medicinal cannabis. The reader should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating Elixxer and its business before making any investment decision in regards to the common shares of Elixxer. The Company's operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company may also impair the Company's business operations. The Company's financial performance is likely to be subject to the following risks:

(a) to date, Elixxer has not paid any dividends;

(b) the directors and officers of Elixxer will devote only a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;

(c) there can be no assurance that an active and liquid market for Elixxer's common shares will develop or continue and an investor may find it difficult to resell its common shares;

(d) the market price for Elixxer's securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have significant impact on the market price of the securities of Elixxer. The stock market has from time to time experienced extreme price and volume fluctuations which have often been unrelated to the operating performance of particular companies;
in the event that management and certain directors of Elixxer reside outside of Canada or the Company identifies a foreign business or assets as a proposed transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any member of management or director resident outside Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgements obtained in Canadian courts;

(e) the Company may acquire a business, properties or assets in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business; and

(f) the Company's success depends to a certain degree upon certain key members of management. It is expected that these individuals will be a significant factor in the growth and success of the Company. Loss of the service of members of the management and certain key employees could have a material adverse effect on the Company

COVID – 19
The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company and its investees by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. Presently, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. The Company has not recorded any impairment or adjustments. The Company is monitoring its investment portfolio and possible disruptions to the underlying businesses as a result of COVID-19. The extent of any disruption and the long-term consequences to those businesses is not yet clear.

Investment risks
The business strategy of the Company is to seek new opportunities in the cannabis space, including investing in existing companies and businesses. In the pursuit of such opportunities, the Company may fail to select appropriate businesses, to negotiate appropriate investment terms or to conduct sufficient due diligence to determine all related liabilities and regulatory requirements. In addition, the Company may encounter difficulties in its on-going relationships with investee businesses. The Company may fail to realize benefits from any particular investment. The Company cannot provide assurance that it will complete any investment that it pursues on favourable terms, or that it will be approved by the TSX-V or other regulatory authorities, or that any such investments will ultimately benefit the Company. The Company cannot provide assurance that investee businesses will be successful in their applications for licences not yet granted, or that existing licences will be renewed. The Company cannot provide assurance that the investee businesses will be successful in implementing their business strategies, or that they will not be adversely effected by movements in market price, cost of key inputs and foreign exchange.

Change in laws, regulations and guidelines
The laws, regulations and guidelines generally applicable to the cannabis industry in Canada and internationally may change in ways currently unforeseen by the Company. The operations of the Company's various investee businesses are subject to numerous laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale, health and safety and disposal of medical or recreational cannabis, as applicable. Any amendment to or replacement of such laws and regulations may cause adverse effects to the operations of the investee businesses and thus to the Company. Such regulatory changes could have a material adverse effect on the business, financial condition and results of operations of the Company. Further, such laws and regulations vary from country to country, and different laws and regulations will apply to the Company's various current or future investee businesses, depending on where such investee businesses are located and where they carry on business. It may not be possible for the Company to ensure that each of its investee businesses complies with all

applicable laws and regulations in all jurisdictions, particularly as such laws and regulations are being enacted or amended on an on-going basis. Any failure by one of the Company's investee businesses to comply with all applicable laws and regulations in all jurisdictions could have a material adverse effect on the business, financial condition and results of operations of the Company.

Public perception of medical or recreational cannabis
The use of medical or recreational cannabis is a controversial topic. There can be no guarantee that future scientific research, publicity, regulations, medical opinion or public opinion relating to medical or recreational cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for cannabis is uncertain, and any adverse or negative publicity, scientific research, restrictive regulations, medical opinion or public opinion relating to the consumption of medical or recreational cannabis may have a material adverse effect on the Company's current or future investee businesses and on the Company's business, results of operation and financial condition.

Competition
The Company's various current and future investee businesses will face significant competition from numerous other businesses, both in Canada and internationally, many of which, when compared to the Company's investee businesses, may have significantly greater financial, technical, marketing and other resources. The significant competition may have an adverse effect on the Company's various investee businesses and thereby a material adverse effect on the Company's business, results of operation and financial condition.

Contingent liability
From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. Elixxer is not aware of any claims against the Company that could reasonably be expected to have a materially adverse impact on the Company's consolidated financial position, results of operations or the ability to carry on any of its business activities.

On July 12, 2019, the Company was advised that it has been served by Tricho-Med with a motion for a declaratory judgement whereby Tricho-Med is seeking the cancellation of the convertible debenture it entered into with the Company in December of 2017 and to repay the entire amount advanced by the Company representing $4 million dollars plus the interest accrued thereon. Under the terms of the convertible debenture, upon Tricho-Med receiving its license to cultivate cannabis from Health Canada, the loan amount shall be converted into that number of common shares of Tricho-Med equivalent to 49% of Tricho-Med's capital on a fully diluted basis together with a 5% net sales royalty on all of Tricho-Med's future revenues. The Company believes that this action is without merit and the Company is well within its rights to continue to hold position with its investment in Tricho-Med.

During October, 2020 the Company filed an application with the Superior Court of Quebec for surrender and taking in payment of Tricho-Med's assets, which were pledged as security under the terms of the convertible debenture.

During February 2021, the Company had received a potential claim by its former Chief Executive Officer in respect of the termination of his consulting agreement in the amount of approximately $1,050,000 offset by Elixxer's counter claim of $312,000 resulting in a net claim of $738,000.

Other Risks
Reference is made to the section entitled "Risk Factors" in Part 1 - General Information in Respect of the Meeting of the Management Information Circular of Knowlton (now Elixxer) dated June 9, 2016 prepared in connection with the annual and special meeting of Knowlton shareholders held on July 6, 2016 for a discussion of certain of the risk factors applicable to the Company and its business. The Management Information Circular is available under Elixxer's profile on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company, including the most recent Company filings, is available under the Company's profile on the *System for Electronic Document Analysis and Retrieval* at www.sedar.com.