ELIXXER LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended June 30, 2019

As at August 29, 2019

Management's Discussion and Analysis
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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 June 30, 2019 and 2018. 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 June 30, 2019 and 2018.

The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2019 and 2018 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 800 Square-Victoria, Suite 3700, Montreal, Québec H4Z 1E9, 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.

Description of the Company's Business

Elixxer is focused on investing in the legal global cannabis market. The Company's aim is to be involved and invest in jurisdictions globally that allow legal cultivation and production of cannabis products, with the exception of investments in businesses operating in the United States. To date, the Company has expanded by securing significant positions in emerging legal cannabis companies in Australia, Canada, Jamaica, Switzerland and Italy.

Elixxer's significant investments and activities in the legal cannabis sector, as at August 29, 2019, are as follows:

Legal Cannabis Sector

The Company is on an aggressive acquisition path to acquire and invest in significant legal cannabis businesses around the world, with the objective of having one of the broadest global footprints in the sector. Elixxer's focus is to be actively involved and constantly seeking new investment opportunities on numerous continents, as more and more countries enact new legal cannabis legislation. 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.

Investment and Other Activities

Australia

Little Green Pharma Limited ("Little Green Pharma"):

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

The Company holds 9,783,495 shares in Little Green Pharma, representing a 14.06% equity interest as at June 30, 2019 [14.21% - September 30, 2018]. The Company acquired its holding in Little Green Pharma in several tranches between October 2017 and February 2018 at a total cost of $3,840,899, comprising $1,478,699 in cash and $2,362,200 in share consideration through the issue of 10,660,000 shares in the Company at an average issue price of $0.22 per common share on the date of issue.

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 Perth processing facility.

In August 2018, 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.

On May 22, 2019, the Company announced it had an agreement to acquire, from a non-executive founder, additional shares in Little Green Pharma that would increase its equity ownership from 14.06% up to 40.4% on completion.

As at June 30, 2019, the fair value of the investment in Little Green Pharma was assessed as AUD0.40 per share [September 30, 2018 – AUD0.40 per share], representing a balance of investment of $3,606,862 [September 30, 2018 - $3,652,023]. For the three and nine months ended June 30, 2019, the movement in the fair value of the Company's investment in Little Green Pharma amounted to ($95,088) and ($45,462), respectively [June 30, 2018 – $Nil and $Nil, respectively] which related entirely to movements in foreign currency rates.

On August 2, 2019, the Company announced that, following receipt of conditional approval by the TSX-V, it is has subscribed for convertible notes (the "Notes") of Little Green Pharma Ltd. ("LGP") in the aggregate amount of AUD800,000 (approximately $717,000).

The Notes were issued by LGP as part of a larger offering brokered by Canaccord Genuity (Australia) Limited. The Notes bear interest at the rate of 10% per annum and have a maturity date of July 31, 2020. The Notes are convertible into ordinary shares of LGP upon LGP completing a qualifying initial public offering, a qualifying financing or an asset or share sale. In relation to a qualifying initial public offering, 50% of the Notes shall automatically convert at AUD0.30 per common share and the remaining 50% of the Notes shall convert at the higher of AUD0.30 per common share and 70% of the IPO price per common share.

On August 26, 2019, the Company announced that following receipt of conditional approval by the TSX-V payment has been executed for the amount of AUD5,500,000, it had successfully closed the acquisition of additional shares from a non-executive founder in Little Green Pharma, increasing its equity ownership from 14.06% up to 40.4%.

LGP appointed Canaccord Genuity (Australia) Ltd. to lead a private placement to raise AUD9,000,000 by way of an issue of convertible debentures. The private placement completed in early August 2019, and Elixxer Ltd. participated in the amount of AUD800,000. The capital raised will provide LGP with funding to expand its production capacity and execute on its longer term vision of optimising drug delivery technologies for cannabinoid therapies from high-quality, domestically cultivated cannabis.

LGP was granted the third licence to cultivate and produce medicinal cannabis by Australia's Federal Office of Drug Control and is the only company in Australia producing locally grown and manufactured medical cannabis products for patient use with approximately 1,000 patients using the medicines. This is in comparison to other ASX-listed companies which have focused on research and development, or the distribution of imported medicinal cannabis products. LGP's corporate focus is on expanding its production capacity to supply its distribution agreements across Europe.

Canada – Quebec

Tricho-Med Corporation ("Tricho-Med")

Tricho-Med has the objective to establish itself as one of the largest growing operations of legal cannabis in Quebec, Canada. On January 8, 2018, the Company announced that it had finalized a transaction with Quebec based 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. Upon conversion into equity, the Company will also be entitled to a 5% royalty on Tricho-Med's global net sales for an unlimited time period. 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 cultivation license, Tricho-Med intends to complete the fit out the remainder of its 34,000 square foot Facility. The strategic location of the Facility has some of the lowest costs of electricity in Canada at just under $0.04 per kilowatt hour giving Tricho-Med a natural cost advantage over other indoor production facilities in Canada.

On July 2012, Health Canada awarded Tricho-Med its licence cultivate cannabis seeds and plants. As per the terms of its agreement with Tricho-Med, the Company is now entitled to 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.

During the three and nine months ended June 30, 2019 the amounts drawn down under the Tricho-Med Debenture totaled $Nil and $2,249,136, respectively [June 30, 2018 - $Nil and $Nil, respectively] bringing the total amounts drawn down to $4,000,000 [September 30, 2018 - $1,750,864].

Jamaica

Global Canna Labs Limited ("Global Canna")

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 by the end of September 2019.

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.

As at June 30, 2019, the Global Canna debenture was completed with consideration paid totaling $5,591,558 [September 30, 2018 - $5,591,558].

Evolution Group

Evolution's objective is to become a leader in Italy for the production and distribution of industrial cannabis from its cannabis production facility and lab in a retrofitted 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 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 QuebecCo, 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, less accrued interest up to May 15, 2019 and associated costs in connection with the Evolution debenture.

On May 29, 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.

As at June 30, 2019, amounts drawn down under the Evolution Debenture totaled EUR3,000,000 ($4,494,141) [September 30, 2018 - EUR1,050,000 ($1,576,266)]. In addition, as at June 30, 2019, all conditions precedent relating the Evolution debenture, including TSX-V approval had been completed and consequently the amounts drawn down under the loan as at that date have been reclassified from loans receivables and recorded as convertible debenture receivable and royalty streams.

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.

Italy

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 2 patents, has filed 5 patent applications, and is in the process of completing 6 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 6 products already authorized in the nutrition and topical fields, 8 further products have been authorized in the gynecological field and are to be launched in 2019, another 9 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. Since its establishment the company has been conducting several clinical Trials in the above therapeutic areas.

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 an 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, which have all now been received. Accordingly, the Company has now 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 up the equity interest to 22.31% and was accounted for as an investment in associates. Previous deposits and loans have been reclassified to investment in associates.

Switzerland

Viridi Unit SA ("Viridi"):

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 over ten years. The total consideration amounted to approximately CHF3,000,000 ($3,868,370) based on the share price of $0.11 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.

For the three and nine months ended June 30, 2018, the Company incurred a charge of $Nil and $201,608 respectively, in respect to this finder's fee.

During the three and nine months ended June 30, 2019 the Company's share of Viridi's losses amounted to $358,022 and $537,124, respectively [June 30, 2018 –$Nil and $Nil, respectively].

CLV Frontier Brands Pty Ltd (Europe)

CLV Frontier Brands Pty Ltd ("CLV") is an incorporated joint venture in which the Company, Creso Pharma Limited and Baltic Beer Company Ltd (UK) each have a one-third interest. CLV had the objective of developing and marketing bespoke beers containing terpenes, which carry the flavour and aroma of cannabis, but do not contain THC or CBD or any other cannabinoids. The terpenes used in CLV's beer do not contain cannabis or hemp ingredients either.

The Company acquired a one-third interest in CLV by providing AUD33 ($31) in equity funding and EUR270,000 ($409,879) in additional loan funding during the period ended September 30, 2018.

In October 2018, the Board of Directors decided to not contribute further funding to CLV to focus resources on its portfolio of cannabis investment opportunities. Given the inherent uncertainty as to CLV obtaining sufficient further capital to further progress its business, in the year ended September 30, 2018, the Company recognized an impairment charge in the consolidated statements of (loss) related to its investment in CLV amounting to $31 and [2017 – $Nil] and recognized an impairment in net loss related to its loans to the CLV JV amounting to EUR270,000 ($405,326).

During the three and nine months ended June 30, 2019, the Company loaned an additional $Nil and $71,080, respectively, for closing costs associated with the winding up of CLV and recognized a further impairment of $70,665.

Etea Sicurezza Group

Based in London, England, Etea Sicurezza Group Ltd ("Etea Sicurezza") (www.eteasicurezzagroup.com) is a private company which specializes in fire safety and security by providing products and services to international companies such as L'Oreal, Coca Cola, BASF, Doha Metro and others. Etea Sicurezza was founded in 1998 and is leader in the field of high-tech safety. Etea Sicurezza operates as an EPC (Engineering, Procurement and Construction) contractor implementing safety systems, and provides proprietary and patented technologies that are customized and fully compliant with international standards.

On October 10, 2017, the Company announced that it had entered into an agreement with a Toronto-based investment firm whereby the Company will guarantee repayment (the "Etea Guarantee") of all of the obligations incurred by Etea Sicurezza, pursuant to an issuance of notes by it to an unrelated party in an aggregate principal amount of USD$1,000,000 (the "Notes"). The Notes have a term of two years, maturing in August 2019, bear interest at a rate equal to LIBOR + 8%, and are secured by the assets of Etea Sicurezza and by a pledge of shares by Etea Sicurezza's principal shareholder. As consideration for the Etea Guarantee, on May 15, 2018 the Company was issued shares in Etea Sicurezza, representing 3% of its outstanding share capital, with a deemed value of EUR150,000 ($228,192). In addition, an annual fee of USD$30,000 ($37,636) is chargeable to Etea Sicurezza.

During the year ended September 30, 2018, the Company provided loans to Etea Sicurezza totalling EUR849,348 ($1,275,047) to provide working capital support towards the growth of the business. However, as at September 30, 2018, in view of Etea Sicurezza's difficult liquidity position and the subordinated position of the Company's loans to Etea Sicurezza, the Board of Directors decided to record an impairment in full of its loans to Etea Sicurezza, totaling $1,275,047 and also to make a provision for non-recovery of all outstanding interest and facilitation fees receivable due from Etea Sicurezza, totaling $51,996. The Company also impaired in full its 3% equity interest in Etea Sicurezza as at September 30, 2018, recognising an impairment charge in the consolidated statements of (loss) related to its investment in Etea Sicurezza amounting to $228,192.

In the three and nine months ended June 30, 2019, the Company recognized a further impairment charge related to loan movements amounting to $52,335 and $111,805, respectively [June 30, 2018 – $Nil and $Nil, respectively], interest earned and a corresponding provision for doubtful debts totalling $22,432 and $68,252, respectively [June 30, 2018 – $17,489 and $18,467, respectively] in the condensed interim consolidated statement of loss in respect of these loans.

During the three and nine months ended June 30, 2019, a total of $31,734 and $95,202, respectively related to Etea guarantee fees has been transferred from deferred revenue and recorded in revenues in the condensed interim consolidated statement of loss [June 30, 2018 - $Nil and $Nil, respectively].

As at June 30, 2019, in view of Etea Sicurezza's continued challenging liquidity position, lack of visibility on finances and the subordinated position of the Company's loans to Etea Sicurezza, the Board of Directors deemed it prudent to continue to provide for a possible demand from the lender to satisfy the Etea Guarantee. As a result, during the three and nine months ended June 30, 2019, the Company recognized a provision of $Nil and $1,334,950, respectively in respect of the Etea Guarantee in the condensed interim consolidated statement of loss.

Investment in EasyJoint (Italy)

Easy Joint is considered to be a leading brand in legal cannabis light products in Italy. EasyJoint products are distributed in many retail points of sale in Italy including eleven EasyJoint franchise stores that have already opened in Rome, Milan, Piacenza, Rovato (BS), Viadana, Bassano del Grappa, Crotone, Pantelleria, and Parma with an additional two stores under discussion.

On November 12, 2018, the Company announced that it had entered into an agreement to acquire 47% of EasyJoint for a total cash and share consideration of EUR4,800,000 ($7,171,200). Payment for the 47% equity in EasyJoint will be effected by way of: (i) a cash payment in the amount of EUR2,544,000 ($3,800,736); and (ii) in the issuance of common shares for a value of EUR2,256,000 ($3,370,464) in the share capital of the Company at a price per share set at 85% of the five (5) day volume weighted average price of the Company's shares immediately prior to the closing of the transaction (26,152,941 shares at current prices). For this transaction, a finder's fee of 2% cash of the total consideration and 3% in shares of the total consideration will be paid to an arm's length party. This transaction is subject to normal closing conditions and review and approval by the TSX-V.

Definitive documentation will be submitted to the TSX-V and closing of this transaction is subject only to TSX-V review and approval.

Company Officer Appointments

On October 17, 2018, the Company announced that Mr. Remy Di Meglio had been appointed Chief Operating Officer ("COO") of the Company.

On October 19, 2018 the Company announced the resignation of Rafi Hazan as Corporate Secretary and the appointment of Michael Kozub as the new Corporate Secretary of the Company.

On April 3, 2019, the Company announced:

- that Mr. John McMullen stepped down as Chief Executive Officer ("CEO") and remains President of the Company;
- that Mr. Mazen Haddad had been appointed CEO of the Company;
- the resignation of Anthony Samaha as Chief Financial Officer ("CFO") and the appointment of Mark Shinners as the new CFO;
- that Mr. Richard Widmann had been appointed Executive Vice President of Commercial;
- that Mervyn Koenen had been appointed Vice President of Commercial Finance;
- that Jeanne van Wyk had been appointed Vice President of Communications; and
- that Alistair Hide had been appointed Vice President of Corporate and Regulatory Affairs.

Private placement from London-based Arlington Capital Inc.

On January 23, 2019, the Company received a binding commitment from Arlington Capital Inc. ("Arlington"), a private London-based investment company for a private placement of 80,000,000 common shares in the capital of the Company at a price of $0.10 per share for aggregate proceeds of $8,000,000 (the "Arlington Placement").

Closing of the Arlington Placement was subject to customary closing conditions including, but not limited to, approval from the TSX-V. On closing of the Arlington Placement, the Company would pay a 3% finder's fee to an arm's length third party. Upon closing of the Arlington Placement, Arlington would become an insider of the Company as they would hold more than 10% of the Company's issued and outstanding common shares and would be entitled to appoint a representative to its board of directors. On April 24, 2019, the Company announced that it obtained conditional approval from the TSX-V to increase the Arlington Placement to $10.4 million at $0.10 per share.

The first tranche of $8.0 million of the $10.4 million Arlington Placement closed on May 2, 2019. The Company issued a total of 80,000,000 commons shares to Arlington at an issue price of $0.10 per share for gross proceeds of $8,000,000. On May 31, 2019, the Company closed the second tranche of $2.4 million of the Arlington Placement. The Company issued an additional 24,000,000 common shares to Arlington at an issue price of $0.10 per share for additional gross proceeds of $2.4 million.

As a result of Arlington Placement, Arlington is the Company's largest single shareholder with approximately 19.86% of the Company's issued and outstanding common shares. There were no warrants with this financing. Use of proceeds are to accelerate the Company's group of companies' business plan for the current calendar year.

On closing the Arlington Placement, the Company paid a 3% finder's fee to an arms-length third party, said fee paid in common shares of the Company at an issue price of $0.10 per share. All shared issued by the Company are subject to a hold period of four months and one day from the date of issuance. In accordance with the terms of the Arlington Placement, the Company has appointed an Arlington representative to the Company's board of directors in the person of Mr. Ferras Zalt, who is now chairman of the Company's board of directors. Subsequent to closing, Arlington became a related party to the Company.

On February 5, 2019, the Company executed a loan agreement with Arlington for an unsecured loan of $2,000,000 for a period of three months, with interest of 12% per annum, payable quarterly. The loan was used for working capital purposes and was repaid on completion of the first tranche of $8 million of the Arlington Placement.

Convertible Loan Agreement - US$2,340,000

On February 28, 2019, the Company announced that, following receipt of conditional approval from the TSX-V, it had closed the convertible loan transaction with international investors YA II, PN, Ltd. and RiverFort Global Opportunities PLC (the "Lenders") pursuant to which they have loaned to the Company an aggregate amount of US$2,340,000 (the "Loan"). The proceeds of the Loan were used to refinance the existing debt that matured on February 8, 2019.

The Loan has a term of 12 months with one-half of the principal amount outstanding payable in six equal monthly installments beginning on the date falling six months from the date of closing and the remaining outstanding amount payable in a single installment at maturity. The Loan bears interest at an annual rate of 12%, payable in cash on the date which is three months from the date of closing and, thereafter, on each date on which a repayment of principal is made.

The principal amount of the Loan may be convertible into common shares of the Company at the option of the Lenders at a price per share equal to the lesser of (i) US$0.0912 ($0.120), representing the US dollar equivalent of 120% of $0.10; and (ii) 90% of the lowest daily VWAP during the five trading days immediately preceding the date of the conversion notice from the Lenders, subject to a minimum conversion price of US$0.076, representing the US dollar equivalent of $0.10.

At closing, the Company issued an aggregate of 12,048,055 common share purchase warrants (the "Warrants") to the Lenders, representing an amount equal to 45% of the principal amount of the Loan divided by US$0.0874, representing the US dollar equivalent of $0.115. Each Warrant entitles the holder thereof to acquire one Share at an exercise price of $0.115, for a period of one year from the date of issuance.

In connection with the transaction, the Company paid a cash due diligence fee of USD$13,100 to RiverFort Global Capital Limited ("RiverFort") of London, England. The Company is at arm's length to both of the lenders and to RiverFort.

Zimmer International

On January 31, 2019, the Company agreed to purchase from Global Canna, its 6.75% interest in the share capital of Zimmer International Inc ("Zimmer") for USD$270,000 ($358,547). Zimmer is a pharmaceutical and health care distribution business in the Caribbean, Mexico and South America.

As at June 30, 2019, the fair value of the investment in Zimmer was assessed as continuing to be USD270,000 ($358,548) [September 30, 2018 - $Nil]. For the three and nine months ended June 30, 2019, the movement in the fair value of the Company's investment in Zimmer amounted to ($6,048) and ($13,936), respectively [June 30, 2018 – $Nil and $Nil, respectively].

Oriah Botanicals

On March 12, 2019 the Company entered into an agreement with Oriah Botanicals Pty Ltd ("Oriah") pursuant to which the Company provided Oriah with an unsecured, interest free loan of USD$150,000 ($199,768) for a period of 12 months.

The Oriah loan is carried at its present value and on initial recognition a discount on fair valuation of the Oriah loan totalling $33,650 was recognised in the condensed interim consolidated statement of loss under finance expense.

During the three and nine months ended June 30, 2019, the Company recorded a gain amounting to ($2,824) and ($3,363), respectively due to foreign currency translation in the condensed interim consolidated statement of loss [June 30, 2018 - $Nil and $Nil, respectively].

During the three and nine months ended June 30, 2019, the value of accretion income recognized in respect of this loan amounted to $7,769 and $9,339, respectively [June 30, 2018 - $Nil and $Nil, respectively].

OTCQB Trading

On March 4, 2019, the Company received approval to begin trading on the OTCQB Exchange as from that date, trading under the symbol LGGCF. The OTCQB is part of the OTC marketplace, an American financial market providing price and liquidity information for circa 10,000 US and global over-the-counter (OTC) securities. Investors can find current financial disclosure and Real-Time level 2 quotes for the Company on www.otcmarkets.com. The Company continues to trade on its primary exchange of the TSX-V.

Engagement of Renmark Financial Communications Inc.

Effective June 1, 2019, the Company has retained the services of Remark Financial Communications Inc. to handle its investor relations and media relations activities. In consideration of the services to be provided, the monthly fees incurred by the Company will be a cash consideration of up to $10,500, starting June 1, 2019 for a period of six months ending on November 30, 2019 and monthly thereafter.

Amendment of stock option plan

On June 11, 2019, the Company announced that it has amended its stock option plan to increase the number of common shares that may be issued thereunder. The stock option plan is a fixed stock option plan and the amendment increases the number of common shares reserved for issuance under the stock option plan from 71,230,957 to 83,331,796, being 20% of the issued and outstanding shares on April 17, 2019.

The amendment of the stock option plan was approved by the Company's shareholders at the annual and special meeting of shareholders held on May 22, 2019. The Company received final acceptance of the amended stock option from the TSX-V on June 12, 2019.

Outlook

Pursuant to its growth strategy, the Company is increasing its investment footprint in the fast growing and globally expanding legalized medicinal cannabis sector, with the exception of investments in businesses operating in the United States. To date, the Company has entered into agreements for investments in private cannabis operations in Canada, Australia, Italy, Jamaica, and Switzerland.

Subsequent Events and Financing Activities

Tricho-Med

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. 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.

Change of Company's financial year

On July 16, 2019, the Company announced that it is changing its financial year end to December 31 from its current year end of September 30. As a result, the Company will file an additional interim report as at September 30, 2019 and will report audited financial results for a 15 month transition year from October 1, 2018 to December 31, 2019 (with a comparative of the 12 months ended September 30, 2018). Afterwards, the Company will revert to a customary reporting calendar on a December 31 year end, with fiscal quarters ending on the last day of March, June, September and December each year.

The Company believes this change of financial year end will allow it to complete the audit requirements of its investee companies with greater efficiency and will be useful to consolidate other companies in the future.

Evolution

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.

Little Green Pharma in Australia

On August 2, 2019, the Company announced that, following receipt of conditional approval by the TSX-V, it is has subscribed for convertible notes (the "Notes") of Little Green Pharma Ltd. ("LGP") in the aggregate amount of AUD800,000 (approximately $717,000).

The Notes were issued by LGP as part of a larger offering brokered by Canaccord Genuity (Australia) Limited. The Notes bear interest at the rate of 10% per annum and have a maturity date of July 31, 2020. The Notes are convertible into ordinary shares of LGP upon LGP completing a qualifying initial public offering, a qualifying financing or an asset or share sale. In relation to a qualifying initial public offering, 50% of the Notes shall automatically convert at AUD0.30 per common share and the remaining 50% of the Notes shall convert at the higher of AUD0.30 per share and 70% of the IPO price per common share.

On August 26, 2019, the Company announced that following receipt of conditional approval by the TSX-V payment has been executed for the amount of AUD5,500,000, it had successfully closed the acquisition of additional shares from a non-executive founder in Little Green Pharma, increasing its equity ownership from 14.06% up to 40.4%.

LGP appointed Canaccord Genuity (Australia) Ltd. to lead a private placement to raise AUD9,000,000 by way of an issue of convertible debentures. The private placement completed in early August 2019, and Elixxer Ltd. participated in the amount of AUD800,000. The capital raised will provide LGP with funding to expand its production capacity and execute on its longer term vision of optimising drug delivery technologies for cannabinoid therapies from high-quality, domestically cultivated cannabis.

LGP was granted the third licence to cultivate and produce medicinal cannabis by Australia's Federal Office of Drug Control and is the only company in Australia producing locally grown and manufactured medical cannabis products for patient use with approximately 1,000 patients using the medicines. This is in comparison to other ASX-listed companies which have focused on research and development, or the distribution of imported medicinal cannabis products. LGP's corporate focus is on expanding its production capacity to supply its distribution agreements across Europe.

Change in corporate name

Effective August 6, 2019, the Company has changed its name from "LGC Capital Ltd." to "Elixxer Ltd.". The name change was approved by the Company's shareholders at the annual and special meeting held on May 22, 2019. The Company now trades under the new symbol "ELXR" on the TSX-V. The Company's new website is Elixxer.com. The Company's new CUSIP number is 28660W101, and the new ISIN number is CA28660W1014.

Shares for debt settlement

On August 20, 2019, the Company has entered into an agreement to settle an aggregate amount of $60,000 for services rendered to the Company by an arm's length service provider through the issuance of common shares of Elixxer (the "Debt Settlement"). Pursuant to the Debt Settlement, Elixxer would issue a total of 600,000 common shares at a deemed issue price of $0.10 per common share. The Debt Settlement is being undertaken by the Company in order to preserve cash for its operations.

Completion of the Debt Settlement is subject to acceptance by the TSX-V, and any shares issued pursuant to the Debt Settlement will be subject to a four month hold period commencing on the date of issuance.

Arlington Loan

On August 29, 2019, the Company entered into a 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 four 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 the date of the MD&A, amounts drawn down by the signing date were $2,621,328.

Financial Information

Selected Financial Information

The following table summarizes selected financial information of the Company for the three and nine months ended June 30, 2019 and 2018.

	Three months ended June 30		Nine months ended June 30	
	2019 $	2018 $	2019 $	2018 $
Revenue	291,184	87,042	799,066	373,504
Net loss	(5,036,959)	(9,826,142)	(9,848,762)	(15,447,127)
Other comprehensive profit (loss)	(45,210)	(91,935)	(11,100)	29,218
Net profit (loss) and comprehensive profit (loss)	(5,082,959)	(9,918,077)	(9,859,862)	(15,044,405)
Basic and diluted loss per share	(0.01)	(0.03)	(0.02)	(0.05)

Three and nine months ended June 30, 2019 compared same period 2018

The Company reported a net loss for the three and nine months ended June 30, 2019 of $5,082,959 or $0.01 per common share and $9,918,077 or $0.03, respectively. This compares to the net loss for the three and nine months ended June 30, 2018 of $9,826,142 and $15,447,127, respectively. The decrease in loss for the three months ended June 30, 2019, was primarily due to less stock-based compensation offset by the increased administrative expenses of $1,016,782 and share of losses of associates of $364,575. The decrease in loss for the nine months ended June 30, 2019, was primarily due less stock-based compensation offset by a increase in administrative expenses of $2,502,703, the provision for the Etea Guarantee of $1,312,550, finance expense of $460,991, share of losses of associates of $545,677 and less other revenues of $452,562.

Revenues

The Company reported revenues for the three and nine months ended June 30, 2019 of $291,145 and $799,066, respectively primarily from interest income.

Administrative expenses

Total administrative expenses for three and nine months ended June 30, 2019 were $2,780,591and $6,392,787, respectively compared to $9,571,978 and $15,565,486 in 2018, respectively.

	Three months ended June 30		Nine months ended June 30	
	2019 $	2018 $	2019 $	2018 $
Administration expenses:				
Salaries and other employee benefits	**120,967**	59,894	**504,619**	206,368
Directors' fees and consultancy	**283,785**	149,515	**831,707**	799,344
Legal fees	**120,481**	218,033	**963,433**	527,225
Regulatory expenses	**211,061**	131,870	**537,765**	478,325
Consultancy fees	**397,415**	68,757	**959,646**	147,080
Travel and business development	**334,635**	67,746	**668,001**	200,613
Investor / public relations	**73,797**	84,524	**167,082**	177,320
Office expenses	**38,366**	17,954	**96,362**	53,544
Professional fees	**6,554**	(10,033)	**138,612**	47,211
Stock-based compensation	**696,456**	8,504,625	**729,344**	12,404,746
Viridi finder's fee	**133,958**	—	**335,566**	—
Arlington feeder's fee	**312,000**	—	**312,000**	—
Due diligence fees	**—**	—	**36,490**	—
House of Hemp option expense	**—**	—	**—**	162,367
Tricho-Med option expense	**—**	—	**—**	50,000
Global Canna finder's fee	**—**	257,500	**—**	257,500
Other administration	**51,116**	21,593	**112,160**	53,843
Total	**2,780,591**	9,571,978	**6,392,787**	15,565,486
Less: Stock-based compensation	**696,456**	8,504,625	**729,344**	12,404,746
Total excluding stock based compensation	**2,084,135**	1,067,353	**5,663,443**	3,160,740

Excluding the stock-based compensation charge, the administrative expenses for the three months ended June 30, 2019, the increase of $$1,016,782 from the three months ended June 30, 2018, is due primarily to increased salaries, directors' fees and consultancy, travel, consultancy and finder's fee offset with lower legal fees.

Excluding the stock-based compensation charge, the administrative expenses for the nine months ended June 30, 2019 increased $2,502,703 from the nine months ended June 30, 2018. This reflects the significant increase in investment activities across several countries as well as increased salaries, legal fees, consultancy, travel and finder's fee.

During the three and nine months ended June 30, 2019, the Company incurred a finder's fee of $455,958 and $667,566, respectively [June 30, 2018 – $257,700 and $257,700, respectively] in respect to the Viridi, Evolution and Arlington transactions.

During the three and nine months ended June 30, 2018, the Company made a charge of $Nil and $162,367 in respect of Company's exclusive option to acquire, along with its joint venture partner, a 60% interest in South Africa's House of Hemp, and a charge of $50,000 in respect of the Tricho-Med option.

Realized gain on available for sale investments

As a result of the divestment of shares in Melbana in the year ended September 30, 2018, during the three and nine months ended June 30, 2019, the Company did not hold or trade any share of Melbana and recognized $Nil and $Nil, respectively gain on disposal of shares of Melbana [June 30, 2018 – gain of AUD$17,718 ($32,808) and AUD$163,175 ($223,951), respectively],

Share of profits in associates

For the three and nine months ended June 30, 2019, the Company's share of losses in associates amounted to $364,575 and $543,677, respectively [June 30, 2018 – $Nil and $Nil, respectively] in respect of the Company's 30% equity interest in Viridi, which was completed on December 12, 2018 and Freia's 22.31% equity interest completed on June 27, 2019 .

Finance expenses

During the three and nine months ended June 30, 2019, the Company incurred finance expenses totaling $335,529 and $1,114,124, respectively [June 30, 2018 – $365,309 and $635,133, respectively] primarily in respect to the convertible debenture payable.

Other comprehensive (loss) income

During the three months ended June 30, 2019, the Company incurred other comprehensive income totalling $45,210 [June 30, 2018 – loss of $91,935] comprising a foreign exchange loss on translation of foreign subsidiaries of $Nil [June 30, 2018 – loss of $41,905], a increase in the value of available for sale investments of $Nil [June 30, 2018 – decrease of $17,222], and the reclassification to net loss of the realized gain on available for sale investments of $Nil [June 30, 2018 – loss of $32,808].

During the nine months ended June 30, 2019, the Company incurred other comprehensive loss totalling $11,100 [June 30, 2018 – gain of $29,218] comprising a foreign exchange loss on translation of foreign subsidiaries of $11,100 [June 30, 2018 – gain of $49,163], a increase in the value of available for sale investments of $Nil [June 30, 2018 – increase of $204,006], and the reclassification to net loss of the realized gain on available for sale investments of $Nil [June 30, 2018 – $225,951].

Summary of Quarterly Results

The following table presents unaudited selected financial information for the eight most recent quarters since incorporation:

Fiscal Quarter ended	Total Revenue $	Net loss for the period $	Basic loss per share $	Diluted loss per share $	Total assets $
June 30, 2019	291,184	(5,036,959)	(0.01)	(0.01)	29,118,062
March 31, 2019	261,519	(2,901,773)	(0.01)	(0.01)	24,597,473
December 31, 2018	246,362	(1,910,030)	(0.00)	(0.00)	23,527,485
September 30, 2018	56,219	(1,456,378)	(0.00)	(0.00)	20,737,817
June 30, 2018	23,073	(9,826,141)	(0.03)	(0.03)	21,511,201
March 31, 2018	286,116	(774,948)	(0.00)	(0.00)	22,985,234
December 31, 2017	-	(4,472,535)	(0.02)	(0.02)	6,409,165
September 30, 2017	-	(3,480,441)	(0.01)	(0.01)	2,747,280

The Company did not pay any dividends during the three and nine months ended June 30, 2019. 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

Cash flows for the three and nine months ended June 30, 2019 compared with the three and nine months ended June 30, 2018

	Three months ended June 30		Nine months ended June 30	
	2019 $	2018 $	2019 $	2018 $
Cash flows from operating activities	(1,543,290)	(1,447,779)	(4,863,338)	(3,366,412)
Cash flows from investing activities	(4,641,315)	(3,600,326)	(8,790,464)	(5,121,891)
Cash flows from financing activities	8,400,000	(25,620)	10,549,891	17,551,457
(Decrease)/Increase in cash	2,215,395	(5,073,725)	(3,103,911)	9,063,154
Net foreign exchange differences	7,944	(21,117)	6,871	18,648
Cash, beginning of period	1,245,839	16,205,214	6,569,218	2,018,570
Cash, end of period	3,469,178	11,110,372	3,469,178	11,110,372

Cash at the beginning of the three months ended June 30, 2019 was $1,245,839 [2018 - $3,472,823], with a net increase in cash for the quarter of $2,215,395 [June 30, 2018 – outflow $5,073,725]. This increase is due primarily from cash proceeds from the Arlington non-brokered private placement of $8,400,000 [June 30, 2018 - outflow $25,620]. Cash at the beginning of the three months ended June 30, 2018 was $16,205,214 and the Company had a cash position of $11,100,372 at the end of the quarter. This decrease is due primarily from the cash outflows from operating activities of $1,447,779 and cash outflows from investing activities of $3,600,326.

Cash at the beginning of the nine months ended June 30, 2019 was $6,569,218 [2018 - $2,018,570], with a net decrease in cash for the period of $3,103,911 [June 30, 2018 – inflow $9,063,154]. This decrease is due primarily from cash outflows from operating activities of $4,863,338 [June 30, 2018 – outflow $3,366,412], cash outflows from investing activities of $8,790,464 [June 30, 2018 – outflow $5,121,8912] and partially offset by the cash inflow from the Arlington loan of $10,400,000. Cash at the beginning of the nine months ended June 30, 2018 was $2,018,570 and the Company had a cash position of $11,100,372 at the end of the nine months ended June 30, 2018. This increase is due primarily from the Company raising $11,785,708 through a share placement in February of 2018.

There has been no change with respect to the overall capital risk management strategy during the three and nine months ended June 30, 2019.

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 June 30, 2019, the Company did not have any commitments for capital expenditures.

Related Party Transactions

During the three and nine months ended June 30, 2019 and 2018, the Company recorded the following compensation for key management personnel and the Board of Directors:

	Three months ended June 30		Nine months ended June 30	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Directors' fees	**142,106**	104,193	**362,827**	509,351
Management fees	**44,000**	37,500	**399,344**	90,000
Stock-based compensation	**500,493**	7,758,832	**521,048**	10,140,577
Total	**687,599**	7,900,525	**1,283,220**	10,739,927

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 June 30, 2019, the Company incurred fees to a number of management entities of which certain officers or directors of the Company are a related party. For the three and nine months ended June 30, 2019, the total amount for such services was $321,646 and $648,847, respectively, which was recorded in directors' fees [June 30, 2018 – $65,322 and $289,993, respectively]. As at June 30, 2019, an amount of $48,187 [September 30, 2018 – $Nil] owing to these firms was included in accounts payable and accrued liabilities in respect of these fees.

[b] During the three and nine months ended June 30, 2019 interest charged in respect of the Arlington loan, amounted to $20,389 and $41,531, respectively [June 30, 2018 – $Nil and $Nil, respectively], have been recorded in the condensed interim consolidated statement of loss. As at June 30, 2019, interest accrued but unpaid in respect of the Arlington loan, totaling $41,531 [September 30, 2018 - $Nil], has been recorded in the condensed interim consolidated statement of financial position under accounts payable and accrued liabilities.

Capitalization

As at the date of this MD&A, there were 523,778,982 common shares of the Company issued and outstanding. In addition, there were stock options in respect of 70,544,400 common shares issued and outstanding, of which 58,775,150 were exercisable as at June 30, 2019. There were also warrants in respect of 58,521,777 common shares issued and outstanding as at June 30, 2019. The stock options have weighted average exercise price of $0.20 per share and expiry dates ranging from August 9, 2019 to December 8, 2027. The warrants have a weighted average exercise price of $0.30 per share and a weighted average life of 1.00 years as at June 30, 2019.

Commitments

Operating lease commitment

As at June 30, 2019, the Company had commitments under operating leases requiring annual rental payments as follows: 2019 - $17,410; and 2020 - $17,409, for a total of $34,819.

Guarantees

On October 10, 2017, the Company announced it had entered into an agreement with a Toronto-based investment firm whereby the Company will guarantee repayment (the "Etea Guarantee") of all of the obligations incurred by Etea Sicurezza , an unrelated entity, pursuant to an issuance of notes by it to an unrelated party in an aggregate principal amount of USD$1,000,000 (the "Notes"). The Notes have a term of two years, maturing in August 2019, bear interest at a rate equal to LIBOR + 8%, and are secured by the assets of Etea Sicurezza and by a pledge of shares by Etea Sicurezza's principal shareholder. As consideration for the Etea Guarantee, on May 15, 2018 the Company was issued shares in Etea Sicurezza, representing 3% of its outstanding share capital. In addition, an annual fee of USD$30,000 ($37,636) is chargeable to Etea Sicurezza.

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 consolidated financial statements for the year ended September 30, 2018.

The pronouncements issued but not yet effective for the year ended September 30, 2018 are disclosed under note 4 to the consolidated financial statements for the year ended September 30, 2018

Financial Instruments Risk

The Company's financial instruments risk are disclosed under note 16 of the Company's condensed interim consolidated financial statements for the three and nine months ended June 30, 2019.

Risk Factors and Risk Management

Reference is made to the section entitled "Risk Factors and Risk Management" of the Company's Management's Discussion and Analysis for the fiscal year ended September 30, 2018 for a discussion of the financial instruments risk applicable to the Company and its business. The Management's Discussion and Analysis of the Company for the fiscal year ended September 30, 2018 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.