ELIXXER LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2022 and 2021

As at July 27, 2023

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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 twelve months ended December 31, 2022 and 2021. It should be read in conjunction with the accompanying audited consolidated financial statements of the Company for the year ended December 31, 2022 and 2021.

The audited consolidated financial statements of the Company for the year ended December 31, 2022 and 2021 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 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 H5B 4N4.

The Company, and its wholly-owned subsidiaries, LGC Finance Limited (formerly Leni Gas Cuba Limited) ("LGC Finance"), LGC Capital EU OU ("LGC Estonia") and LGC Capital Spain S.L ("LGC Spain") which are currently all dormant, are collectively referred to as the "Company" in this MD&A.

Going Concern Uncertainty

The audited 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 year ended December 31, 2022, of $14,172,316 (for the year ended December 31, 2021 – $3,662,710) and cash used in operating activities of $3,020,853 (for the year ended December 31, 2021 -

$4,019,011).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 consolidated financial statements and MD&A 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 an investment company whose primary focus had been in the cannabis sector. Although the Company still retains certain investments (or holdings) in that sector, it has been investigating opportunities in other areas of economic activity.

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. The Company's 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 the date of this MD&A are as follows:

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

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

As at December 31, 2022, the Company's equity interest in LGP fair value was determined to be $2,405,565 (as at December 31, 2021 - $13,284,163). During the three and twelve months ended December 31, 2022, the Company divested 4,984,411 and 9,721,890 shares of LGP, respectively (for the three and twelve months ended December 31, 2021 – 466,219 and 3,156,219, respectively) for total proceeds of $878,040 and $2,323,123, respectively, (for the three and twelve months ended December 31, 2021 - $284,601 and $2,185,727, respectively). Subsequent to December 31, 2022, the Company sold 13,773,326 shares of LGP for total proceeds of $2,240,614.

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, matured on December 21, 2021, and is secured by first-ranking security on all of Tricho-Med's assets. As at June 30, 2019, the amounts drawn down under the Tricho-Med Debenture totaled $4,000,000.

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 $1,496,701 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 December 31, 2022, the fair value of the convertible debenture recognized was determined to be $2,129,909 (as at December 31, 2021 - $2,129,909).

Global Canna Labs Limited ("GCL") - Jamaica

GCL is a medical cannabis cultivation facility with an annual productive capacity of up to 20,000 kg 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. As at September 30, 2018, the GCL debenture was completed with consideration paid totaling $5,591,558.

In prior years, in view of GCL's current challenging liquidity position, the Board of Directors decided to record an impairment in full of its convertible debenture receivable exposure to GCL. Consequently, during the year ended December 31, 2020, the Company recorded, a full impairment charge related to the GCL convertible debenture receivable amounting to $1,923,093. 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 December 31, 2022, the fair value of the convertible debenture remains unchanged at $Nil (as at December 31, 2021 - $Nil).

Evolution BNK Group ("Evolution") - Italy

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 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.

In prior years, 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, a full impairment charge related to the Evolution Debenture amounting to $3,313,442. 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.

On February 10, 2022, the Company announced that Evolution based in Pavia, Italy, is now fully operational. Over the course of 2021, Evolution completed its indoor growing facility and obtained all governmental approvals to initiate the harvesting of medical grade cannabis. Notwithstanding a very short production window for the period up to the end of December 2021, Evolution managed to garner initial sales of EUR 527,000 and, according to its management team, has already secured orders for EUR 626,000 so far in 2021, with a forecast of EUR 2,400,000 anticipated for the year 2022 due to growing demand for CBD based products in Italy. These revenues were generated by the sale of biomass and trimmed flowers and distributed through strategic partnerships that Evolution established with various distributors in both the retail and pharma sectors. As at December 31, 2022, the fair value of the convertible debenture remains unchanged at $Nil (As at December 31, 2021 - $Nil).

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

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 six 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 had been authorized in the gynecological field and was launched in 2019, another nine products are awaiting authorization and twelve 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 March 17, 2020, Freia had 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 units 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. Freia's Dermogel had 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. 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.

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.

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 December 31, 2022, the carrying value was determined to be $711,558 (as at December 31, 2021 - $690,273).

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 351,670 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 $11.43 on the date of issue). In respect of this transaction, the Company had 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 investment down to its fair value of $506,605.

During the year ended December 31, 2020, the Company recorded total impairment charges against its investment in Viridi's equity amounting to $506,605, which resulted from Viridi's financial performance not being in line with expectations. As at December 31, 2022, the Company's equity interest in Viridi remains unchanged with its fair value of $Nil (As at December 31, 2021 - $Nil).

.Arlington Capital Inc. ("Arlington')

On June 28, 2021, the Company announced securities for-debt transactions with Arlington pursuant to which the Company settled $3,656,310 of maturing debt owing to Arlington by the issuance to Arlington of a total of 2,437,540 common shares of the Company at a price of $1.50 per share and 2,437,540 common share purchase warrants. Each warrant is exercisable for a period of 60 months from the date of issuance at an exercise price of $5.00 each. During December 2021, after giving effect of the debt settlement, the Company repaid the bridge loan in full including interest totaling $1,172,533.

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

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 included an extension fee of $400,000.

On June 28, 2021, the Company announced securities for-debt transactions with AIP pursuant to which the Company settled $3,656,310 of maturing debt owing to AIP by the issuance to AIP of a total of 2,437,540 common shares of the Company at a deemed price of $1.50 per share and 2,437,540 common share purchase warrants. Each warrant is exercisable for a period of 60 months from the date of issuance at an exercise price of $5.00 each.

On November 26, 2021, the Company entered into an unsecured bridge loan in the amount of $2,000,000, bearing interest at 24% per annum, payable monthly in advance. The Company was in receipt of the $2,000,000 on December 7, 2021, which will be repaid in full upon issuance of any AIP Fund loans. On February 15, 2022, the Company was in receipt of an additional $1,000,000. On closing of the AIP Fund loan, the entire $3,000,000 bridge loan and $308,516 balance of GMF unconverted loan were fully repaid with AIP loan proceeds.

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 463,333 common shares of the Company at the trading price of $1.00 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.

On April 29, 2022, the Company entered into an agreement with AIP Fund to amend its existing secured loan. The Company has closed its previously announced amended loan with AIP Fund. Further to the amendment, AIP Fund has loaned the Company an additional $4,000,000 which will: (i) have a maturity of 24 months from the date of closing; (ii) bear interest at the rate of 17% per annum; and (iii) be secured by a general security agreement on the assets of the Company in favour of AIP.

On closing with the approval of the TSX-V, the Company paid to AIP (i) a facility fee of $200,000; (ii) a closing fee of $250,000; (iii) legal fees of $3,500; and (iv) a monitoring fee of $195,000. The Company also issued to AIP a bonus of 643,518 common shares of the Company at a deemed issue price of $1.08 per share, representing 20% of the net amount of the additional disbursement. The Company used the proceeds from the amended loan for working capital purposes, to pursue future investments and repayment of the AIP bridge loan of $3,000,000 and $308,516 balance of GMF unconverted loan were fully repaid with AIP loan proceeds.

During the three and twelve months ended December 31, 2022, the value of accretion expense recognized in respect of these loans amounted to $64,085 and $1,149,793, respectively (for the three and twelve months ended December 31, 2021 - $Nil and $320,001, respectively). In addition, for the three and twelve months ended December 31, 2022, interest charged in respect of this loan, amounting to $548,799 and $1,690,276, respectively (for the three and twelve months ended December 31, 2021 – $229,151 and $680,000, respectively), has been recorded in the condensed interim consolidated statement of loss. As at December 31, 2022, interest accrued but unpaid in respect of the loan, totaling $779 (December 31, 2021 - $Nil), has been recorded in the condensed interim consolidated statement of financial position under other loans payable. In accordance with the terms of the Note Purchase Agreement, the Company is required to maintain certain covenants of which the Company is in default of one which resulted in additional interest of 10% per annum until covenant are met / maintained.

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 833,318 to 1,267,016, being 20% of the Company's issued and outstanding common shares.

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-V and approved at the shareholders' meeting held on June 15, 2021.

Change of management

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 June 3, 2021, Mohammed Ghafari resigned as director of the Company.

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 (the "NCIB")

On August 4, 2021, the Company announced that, further to its press release dated July 6, 2021, the TSX-V has accepted the Company's notice to implement a NCIB to purchase for cancellation up to an aggregate of 560,508 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 TSX-V. The Company has engaged Integral Wealth Securities Inc. as its broker for the NCIB. The NCIB will be conducted through the facilities of the TSX-V, and purchases of common shares will be made in accordance with the applicable policies of the TSX-V 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 11,210,160 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 224,203 common shares.

The Company implemented 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 commencement of the NCIB on August 9, 2021, and up to December 31, 2021, the Company repurchased 84,060 common shares at an average price of $1.27 per share for a total amount of $106,599. In addition, the Company repurchased 20,630 shares for an average cost of $1.10 which were not cancelled as at December 31, 2021. For the year ended December 31, 2022, the Company repurchased 430,731 common shares at an average price of $1.34 per share for a total amount of $581,342 under the NCIB program.

Consolidation of shares ("Consolidation")

On August 24, 2021, the Company announced its intention to consolidate all of its issued and outstanding common shares on the basis of one new common share for every 100 existing common shares. The Consolidation was previously approved by the Company's shareholders at the annual and special meeting held on June 15, 2021.

On February 3, 2022, the Company announced, that further to its press release dated August 24, 2021, the consolidation of all of its issued and outstanding common shares on the basis of one (1) post-consolidated common share for every one hundred (100) pre-consolidated common shares will take effect as at February 10, 2022 (the "Effective Date"). The Consolidation has been approved by the TSX-V. The Company's consolidated common shares began trading on the TSX-V at the opening of trading on the Effective Date. The Company's name remains unchanged, and the Company will continue to trade under its current symbol of "ELXR".

Financial Information

Selected Financial Information

The following table summarizes selected financial information of the Company for the three and twelve months ended December 31, 2022 and 2021:

	For the three months ended December 31,		**For the twelve months ended December 31,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Revenue	**9,363**	(749,034)	**82,126**	42,412
Net (loss) income	**(3,176,173)**	(1,229,401)	**(14,172,316)**	(3,662,710)
Basic and diluted (loss) income per share	**(0.28)**	(0.11)	**(1.27)**	(0.42)

The Company reported a net loss for the three and twelve months ended December 31, 2022 of $3,176,173 and $14,172,316, respectively loss of $0.28 and $1.27 per common share, respectively compared to a loss of $1,229,401 and 3,662,710, respectively loss of $0.11 and $0.42 per common share, respectively, for the same period in 2021. The decrease in loss for the three and twelve months ended December 31, 2022, was primarily due to lower fair value adjustment of equity investments.

Administrative expenses
The following is a breakdown of the nature of expenses included in administration expenses, for the three and twelve months ended December 31, 2022 and 2021:

	For the three months ended December 31,		For the twelve months ended December 31,	
	2022	**2022**	**2021**	**2021**
	$	**$**	**$**	**$**
Administrative expenses:				
Consultancy fees	**1,111,253**	53,695	**1,226,529**	253,548
Salaries and other employee benefits *(note 11)*	**113,498**	489,098	**588,796**	693,010
Directors' fees and consultancy *(note 11)*	**60,000**	(193,062)	**266,178**	204,000
Professional fees	**30,000**	86,180	**145,522**	143,415
Office expenses	**3,128**	4,724	**90,758**	186,884
Regulatory	**25,019**	110,106	**75,401**	110,106
Legal fees	**(83,553)**	10,898	**66,648**	381,363
Investor / public relations	**(1,320)**	(10,147)	**17,320**	84,545
Regulatory recovery	**(22,457)**	—	**(123,219)**	—
Other (income) expense	**299**	(13,221)	**(135,438)**	9,278
Total	**2,218,495**	2,066,149	**2,218,495**	2,066,149

Administrative expenses for the three months ended December 31, 2022, increased from the same period in 2021, primarily due to and increase in consultancy fees from AIP M&A advisory services offset in part by a decrease in salaries, legal and regulatory.

Administrative expenses for the twelve months ended December 31, 2022, increased from the same period in 2021, primarily due to an increase in consultancy fees from AIP M&A advisory services offset in part by a decrease in salaries, legal and professional fees.

Finance expenses
During the three and twelve months ended December 31, 2022, the Company incurred finance expenses totaling $625,116 and $3,146,053, respectively compared to the same period in 2021 of $385,541 and $1,755,127, respectively. This increase is primarily in respect to the bonus shares issued on the amendment of AIP loans.

Net income (loss) on financial assets measured at fair value through profit or loss ("FVTPL")
For the three and twelve months ended December 31, 2022, the Company's net loss on financial assets measures at FVTPL amounted to $1,055,567 and $8,534,191, respectively, compared to the same period in 2021 of net loss of $534,427 and $169,427, respectively. This increase 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**
	$	**$**	**$**	**$**
December 31, 2022	9,363	(3,176,173)	(0.28)	5,367,419
September 30, 2022	15,364	42,216	0.00	7,682,052
June 30, 2022	32,298	(7,892,924)	(0.71)	7,351,625
March 31, 2022	25,102	(3,145,422)	(0.28)	14,547,411
December 31, 2021	(749,034)	(1,229,401)	(0.11)	16,835,626
September 30, 2021	263,701	(8,720,099)	(0.78)	18,156,243
June 30, 2021	266,992	4,291,902	0.67	27,267,271
March 31, 2021	260,753	1,994,886	0.31	22,573,756

The Company did not pay any dividends during the twelve months ended December 31, 2022. 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 twelve months ended December 31, 2022 and 2021.

	For the three months ended December 31, 2022	2021	For the twelve months ended December 31, 2022	2021
	$	$	$	$
Cash flows from operating activities	**(1,004,095)**	(1,366,122)	**(3,020,853)**	(4,019,011)
Cash flows from investing activities	**878,040**	284,601	**2,323,123**	2,185,727
Cash flows from financing activities	**—**	530,437	**461,392**	32,298
Increase (decrease) in cash	**(126,055)**	(551,083)	**(236,338)**	(1,800,985)
Cash, beginning of period	**191,479**	852,846	**301,763**	2,102,748
Cash, end of period	**65,425**	301,763	**65,425**	301,763

Cash decreased for the three and twelve months ended December 31, 2022 was $126,055 and $236,338, respectively compared to the same periods in 2021 with a decreases of $551,083 and $1,800,985, respectively. This increase was primarily due to the proceeds from the sale of LGP shares in 2022.

There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2022.

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 December 31, 2022, 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.

(a) During the three and twelve months ended December 31, 2022, 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 twelve months ended December 31, 2022, the total amount for such services was $48,000 and $192,000, respectively which was recorded in directors' fees (for the three and twelve months ended December 31, 2021 – $28,000 and $108,000, respectively). As at December 31, 2022, an amount of $100,280 (December 31, 2021 - $16,000) owing to these firms was included in accounts payable and accrued liabilities in respect of these fees.

(b) Compensation of key management personnel and Board of Directors. Excluding the amounts reported above, during the three and twelve months ended December 31, 2022 and 2021, the Company recorded the following compensation for key management personnel and the Board of Directors:

	For the three months ended December 31, 2022	2021	For the twelve months ended December 31, 2022	2021
	$	$	$	$
Directors' fees	**12,000**	16,000	**74,178**	96,000
Management fees (included within salaries and other employee benefits	**129,221**	137,240	**500,984**	487,636
	141,221	153,240	**575,072**	583,636

(c) The Company incurred interest charges on loan received from GIF and AIP, a shareholder of the Company. For the three and twelve months ended December 31, 2022, after giving effect of the debt settlement, interest charged in respect of this loan, amounting to $Nil and $260,171, respectively (for the three and twelve months ended December 31, 2021 – $43,523 and $229,605, respectively), have been recorded in the condensed interim consolidated statement of loss. As at December 31, 2022, interest accrued but unpaid in respect of the bridge loan, totaling $Nil (December 31, 2021 - $Nil), has been recorded in the consolidated statement of financial position under other loans payable.

The Company also incurred interest charges on loans received from AIP Fund, a related party in its capacity as holder on behalf AIP. For the three and twelve months ended December 31, 2022, interest charged in respect of this loan, amounting to $548,799 and $1,690,726, respectively (for the three and twelve months ended December 31, 2021 – $229,151 and $680,000, respectively), has been recorded in the condensed interim consolidated statement of loss. As at December 31, 2022, interest accrued but unpaid in respect of the bridge loan, totaling $779 (December 31, 2021 - $Nil), has been recorded in the consolidated statement of financial position under other loans payable On November 16, 2022, the Company finalized the terms of an agreement with AIP Asset Management Inc. on behalf of AIP Convertible Private Debt Fund LP ("AIP") in connection with M&A advisory services that AIP has been providing since November 2021 to identify and evaluate potential transactions as well and has been assisting the Corporation with structuring and due diligence with regards to these transactions. The agreement calls for a monthly work fee retainer of $75,000 payable in cash since the beginning of the engagement agreement which will terminate on the earlier of November 2023 or three months from the date that either party hereto provides written notice to that effect. The agreement may be extended for an additional period of twelve (12) months. As at December 31, 2022, M&A service fees accrued but unpaid in respect of the agreement, totaling $1,050,000 has been accrued in the consolidated statement of financial position under accounts payable and accrued liabilities.

Capitalization
As at the date of this MD&A, there were 11,338,887 common shares of the Company issued and outstanding. In addition, there were stock options of 97,000 common shares issued, outstanding and exercisable. The stock options have expiry date of January 16, 2025. There were also warrants of 5,511,507 common shares issued and outstanding as at the date of this MD&A. The warrants have expiry dates ranging from October 15, 2025 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, 2022. The pronouncements issued but not yet effective for the year ended December 31, 2021 are disclosed under note 2.3 to the audited consolidated financial statements for the year ended December 31, 2021.

Financial Instruments Risk

The Company's financial instruments risk are disclosed under note 12 of the Company's audited consolidated financial statements for the year ended December 31, 2022.

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 regard 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 affected 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 liabilities and commitments
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 $4,000,000 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. On April 21, 2021, Tricho-Med has submitted a counterclaim against Elixxer seeking $500,000 in damages for allegedly reclaiming its security. The Company believes that this counterclaim has no merit and accordingly no amounts have been accrued related to this counterclaim

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. No amounts have been accrued as the outcome is not yet determinable.

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.