Liminal BioSciences

Quarterly Report

Q3 2019

for the quarter ended September 30, 2019

Press Release

For immediate release

LIMINAL BIOSCIENCES REPORTS ITS 2019 THIRD QUARTER FINANCIAL RESULTS AND BUSINESS HIGHLIGHTS

- Name change to Liminal BioSciences Inc.
- Divestment of UK bioseparations subsidiary to KKR for up to GBP 45 million in gross proceeds, of which GBP 32 million to be received upon closing
- Net loss of $29.7 million for Q3 2019 compared to Net loss of $28.9 million for Q3 2018
- Amendment to Consolidated loan agreement with Structured Alpha LP to provide non-revolving $75 million line of credit.

LAVAL, QC, ROCKVILLE, MD and CAMBRIDGE, UK – November 11, 2019 – Liminal BioSciences Inc. (TSX: LMNL, OTCQX: PFSCF) ("Liminal BioSciences" or the "Company"), a clinical-stage biotechnology company focused on developing novel therapeutics to treat unmet needs in patients with liver, respiratory and kidney disease, reported today its unaudited financial results for the third quarter ended September 30, 2019.

"Over the past three months we have made significant progress on our new vision for Liminal BioSciences notably through the signing of an agreement to sell Prometic Bioseparations Ltd ("PBL") to KKR & Co. Inc. ("KKR") and change of name to Liminal BioSciences. The divestment of PBL reflects our strategy to simplify our business operations, reduce headcount and other operating costs, and focus resources on the clinical development of our small molecule pipeline", said Kenneth Galbraith, Liminal BioSciences' Chief Executive Officer.

Commenting on the line of credit facility, Mr. Kenneth Galbraith, stated "The Company's key priorities for 2019, included the divestment of non-core assets and businesses and,

the licensing out of commercialization rights to its phase 3 plasma derived therapeutic drug candidate, Ryplazim™ (plasminogen) ("Ryplazim") and the listing of the Company's common shares for trading on NASDAQ, the latter in order to improve liquidity and trading of our common shares for both current and prospective shareholders. "The Company expects the availability of funds on demand from the Facility provided by our majority shareholder to provide the Company with greater flexibility for the execution of the Company's key priorities in order to maximize returns thereon for all of its stakeholders".

Third Quarter and Recent Business Highlights:

- On September 9, 2019, the Company announced the initiation of a phase 1 clinical trial with single ascending doses of PBI-4547, a potential therapy for NAFLD/NASH, metabolic syndrome and other liver diseases. Further dosing in the study has been suspended while the results obtained with the first 3 cohorts are being obtained and reviewed.
- On October 3, 2019, the Company announced shareholder approval to pass a special resolution authorizing the Company to amend its articles to change its name from Prometic Life Sciences Inc. to Liminal BioSciences Inc.
- On November 4, 2019, Liminal BioSciences announced the signature of a binding share purchase agreement for the divestment (the "Proposed Sale") of its bioseparations business operated through its subsidiary PBL to KKR, a leading global investment firm. The transaction is expected to close in the fourth quarter of 2019. This transaction has not impacted the third quarter 2019 results as it occurred after the quarter.
- On November 11, 2019, the Company entered into an amendment to its consolidated loan agreement with the Company's majority shareholder, Structured Alpha LP ("SALP"), to provide the Company with a non-revolving CAD$75,000,000 (the "Principal Amount") line of credit (the "Facility"). The loan agreement between SALP and the Company dated as of April 23, 2019 has been amended to incorporate the terms of the Facility (the "Amended Loan Agreement"). For more information, see Section entitled: About Amended Loan Agreement.

Anticipated Upcoming Milestones:

- Liminal expects to complete the necessary manufacturing and related activities to allow for submission in H1-2020 to the FDA of an amendment to the Company's Biologics License Application ("BLA") seeking regulatory approval for Ryplazim™.
- Liminal expects to hold additional consultations with regulatory agencies in the USA and Europe to enable the commencement of pivotal phase 3 clinical studies of PBI-4050 in patients with Alström Syndrome.
- Liminal, along with external advisors, Lazard, continues to have active business discussions on opportunities to partner or monetize assets from the plasma business.

Third Quarter 2019 Financial Results:

- **Cash Position:** As of September 30, 2019, the Company's working capital, i.e. the current assets net of current liabilities, amounts to a surplus of $55.9 million compared to $5.1 million as of December 31, 2018.
- **Revenues:** Revenues were $5.3 million for the third quarter of 2019, as compared to $12.3 million for the third quarter of 2018. The decrease was principally due to the reduction in sales of excess normal source plasma by $5.6 million in addition to a reduction in bioseparation product sales.
- **R&D Expenses:** R&D expenses were $19.6 million for the third quarter of 2019, as compared to $24.1 million for the third quarter of 2018. The decrease was primarily due to reduction in salaries, pre-clinical and clinical studies in both the plasma-derived therapeutics and small molecule segments as well as a reduction in spending relating to the validation of analytical assays and in-process controls in the manufacturing of Ryplazim™.
- **Administration, selling and Marketing ("SG&A") Expenses:** SG&A expenses were $10.3 million for the third quarter of 2019, as compared to $6.2 million for the third quarter of 2018. The increase was primarily due to the increase in share-based payments expense of $1.6 million and to the increase in legal and audit fees of $1.6 million.

- **Net Loss:** Net loss was $29.7 million for the third quarter of 2019, or a net loss per basic and diluted share of $1.27, as compared to a net loss of $28.9 million for the third quarter of 2018, or a net loss per basic and diluted share of $34.30.

Year to Date Financial Results:

- **Revenues:** Revenues were $22.3 million for the nine months ended September 30, 2019, as compared to $36.8 million for the nine months ended September 30, 2018. The decrease was mainly due to a $19.3 million reduction in sales of excess normal source plasma inventory.
- **R&D Expenses:** R&D expenses were $63.0 million for the nine months ended September 30, 2019, as compared to $70.5 million for the nine months ended September 30, 2018. The decrease was primarily due to the reduction in spending with third parties on clinical and pre-clinical studies, and the validation of analytical assays and in-process controls in the manufacturing of Ryplazim™ amounting to $9.2 million. Salaries decreased by $3.3 million due to reduction of headcount accompanied by a reduction of general operating expenses. These decreases were partially offset by the increase in share-based compensation of $4.3 million compared to the comparative period in 2018, due to the significant changes in the second quarter to its long-term equity incentive.
- **SG&A Expenses:** SG&A expenses were $36.6 million for the nine months ended September 30, 2019, as compared to $20.9 million for the nine months ended September 30, 2018. The increase was mainly attributable to the increase in employee compensation expenses of $13.4 million, which include an increase in share-based payments expense of $11.3 million, as well as legal and audit fees of $2.1 million. This was partially offset by a decrease in consultant fees relating to marketing of products.
- **Net Loss:** Net loss was $192.2 million for the nine months ended September 30, 2019, or a net loss per basic and diluted share of $14.05, as compared to a net loss of $96.6 million for the nine months ended September 30, 2018, or a net loss per basic and diluted share of $111.74.

About the Amended Loan Agreement

- Under the terms of the Amended Loan Agreement, which remain subject to acceptance by the Toronto Stock Exchange, the Company is entitled to draw down on the Facility up to $75 million, if and as required during a period of 18 months from the date of closing of the Facility, on a non-revolving basis. The Principle Amount available under the Facility will be automatically reduced by the amounts of net proceeds generated, upon the occurrence of all or any of the following transactions: the expected sale of the Company's bioseparations operations, disclosed on November 4, 2019; a licensing transaction for the Company's plasma derived therapeutic drug candidate, Ryplazim™ ; or, equity raises.
- Amounts drawn down on the Facility will bear interest at an annual rate of 10%, and interest is payable quarterly in arrears. Any outstanding principal under the Facility will be secured by the assets of the Company and its subsidiaries pursuant to existing general security agreements and corporate guarantees by some of the Company's subsidiaries and will be due and payable on April 23, 2024, subject to acceleration in certain circumstances described in the Amended Loan Agreement.
- No interest or fees will be charged on unused portions of the Facility. The Company may cancel any unused portion of the Facility at any time.
- As SALP holds 71.71% of the issued and outstanding common shares, the Facility constitutes a "related party transaction" as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, the related party transaction. The Facility is exempt from the formal valuation requirement of MI 61-101 since it is a related party transaction under section (l) of the "related party transaction" definition of MI 61-101. Additionally, the Company is relying on an exemption from the minority approval requirement that applies to related party transactions, which exemption is available to the Company as (i) the Facility was obtained on reasonable commercial terms that are not less advantageous to the Company than if the Facility had been obtained from a person dealing at arm's length with the Company; (ii) the Facility is not convertible into equity or voting securities

of the Company or a subsidiary of the Company; and (iii) the Facility is not repayable as to principal or interest in equity or voting securities of the Company or a subsidiary of the Company. The board of directors approved the Amended Loan Agreement (the members of the board that would be considered interested parties having declared their interests and abstaining from voting on the resolution approving the Facility) and there was no contrary view or abstention by any independent director on the resolution approving the Facility.

- The Company will file a material change report less than 21 days prior to the closing date of the financing, a shorter period that is reasonable and necessary under the circumstances, which will allow the Company to complete the transaction in a timely manner in order to finance its operations and execute on its growth strategy.
- The TSX has not reviewed and does not accept responsibility for the adequacy of the content of the information contained herein.

About Liminal BioSciences Inc.

Liminal BioSciences (www.liminalbiosciences.com) is an innovative biopharmaceutical company with a broad pipeline of small molecule therapeutics under development to treat unmet needs in patients with liver, respiratory and kidney disease, with a focus on rare or orphan diseases. Liminal BioSciences' research involves the study of several G-protein-coupled-receptors, GPR40, GPR84 and GPR120, known as free fatty acid receptors (FFAR's). These drug candidates have a novel mechanism of action as agonist ("stimulator") of GPR40 and GPR 120, and antagonist ("inhibitor") of GPR84. Our lead drug candidate, PBI-4050, is expected to enter Phase 3 clinical studies for the treatment of Alström Syndrome after further consultation and approval by the FDA and EMA. A second drug candidate, PBI-4547, is currently in a Phase 1 clinical study. The study has been suspended while the PK data for the first three cohorts is obtained and reviewed. No safety issues or severe adverse effects observed.

Liminal BioSciences has also leveraged its lengthy experience in bioseparation technologies through its wholly-owned subsidiary Prometic BioProduction Inc. to isolate and purify biopharmaceuticals from human plasma. Our lead plasma-derived therapeutic

product is Ryplazim™ for which the Company expects to file a BLA with the US FDA in the first half of 2020 seeking approval to treat patients with congenital plasminogen deficiency. The Company also operates a contract development and manufacturing operation in the United Kingdom, deriving revenue through sales of affinity chromatography media, Prometic Bioseparations Ltd.

Liminal BioSciences has active business operations in Canada, the United States, Isle of Man and the United Kingdom.

Forward Looking Statement

This press release contains forward-looking statements about Liminal BioSciences' objectives, strategies and businesses that involve risks and uncertainties. Forward-looking information includes statements concerning, among other things, whether the Proposed Sale will be completed, the anticipated benefits of the Proposed Sale to the Company and its shareholders and whether the Company will receive the deferred payments under the Proposed Sale, the achievement of milestones, opportunities to partner or monetize assets from the plasma business, the terms of the Facility and the intended use of proceeds from the Facility.

These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Such risks and assumptions include, but are not limited to, Liminal BioSciences' ability to develop, manufacture, and successfully commercialize value-added pharmaceutical products, the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Liminal BioSciences' to take advantage of business opportunities in the pharmaceutical industry, uncertainties related to the regulatory process and general changes in economic conditions You will find a more detailed assessment of the risks that could cause actual events or results to materially differ from our current expectations in the Annual Information Form for the year ended December 31, 2018, under the heading

"Risks and Uncertainties related to Liminal BioSciences' Business". As a result, we cannot guarantee that any forward-looking statement will materialize. We assume no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

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Management Discussion & Analysis

for the quarter and the nine months ended September 30, 2019

This Management's Discussion and Analysis ("MD&A") is intended to help the reader to better understand Liminal BioSciences Inc.'s ("Liminal" or the "Company") operations, financial performance and results of operations, as well as the present and future business environment. This MD&A has been prepared as of November 11, 2019 and should be read in conjunction with Liminal condensed interim consolidated financial statements for the quarter and the nine months ended September 30, 2019. Additional information related to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com. All amounts are in thousands of Canadian dollars, except where otherwise noted.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of the results of operations and the financial condition may contain forward-looking statements about Liminal's objectives, strategies, financial condition, future performance, results of operations and businesses as of the date of this MD&A.

These statements are "forward-looking" because they represent Liminal expectations, intentions, plans and beliefs about the markets the Company operates in and on various estimates and assumptions based on information available to its management at the time these statements are made. Without limiting the generality of the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "intend", "could", "would", "estimate", "continue", "plan" or "pursue", or the negative of these terms, other variations thereof or comparable terminology, are intended to identify forward-looking statements although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes.

Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Such risks and assumptions include, but are not limited to, Liminal's ability to successfully pursue, and secure sufficient funds and resources to pursue, Research and Development ("R&D") projects to develop, successfully complete clinical studies in a timely manner, secure regulatory approval, manufacture, commercialize value-added pharmaceutical products, and our ability to take advantage of business opportunities in the pharmaceutical industry; reliance on key personnel, collaborative partners and third parties, our patents and proprietary technology, our ability to access capital, the use of certain hazardous materials, the availability and sources of raw materials, currency fluctuations, the value of our intangible assets, negative operating cash flows, legal proceedings, uncertainties related to the regulatory process, general changes in economic conditions and other risks related to Liminal's industry. More detailed assessment of the risks that could cause actual events or results to materially differ from our current expectations can be found in the Annual Information Form under the heading "Risks and Uncertainties Related to Liminal's Business".

Although Liminal has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Therefore, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place undue reliance on forward-looking statements.

As a result, Liminal cannot guarantee that any forward-looking statement will materialize. Liminal assumes no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

Liminal (TSX symbol: LMNL & OTCQX symbol: PFSCF) is a clinical-stage biotechnology company focused on the discovery and development of innovative medicines against novel biologic targets for diseases in patients with serious unmet needs. The Company's primary research focus has been based on our understanding of several orphan G protein-coupled receptors (GPR's) known as free fatty acid receptors (FFAR's). FFAR's are being evaluated as novel therapeutic targets for a variety of inflammatory, fibrotic and metabolic diseases in an emerging field known as immuno-metabolism. The Company is specifically focused on liver, respiratory and renal therapeutic areas, primarily in rare or orphan diseases.

Our lead small molecule, PBI-4050, is preparing to enter pivotal Phase 3 clinical studies for the treatment of Alström Syndrome, an ultrarare genetic condition of systemic fibrosis. The Company has also explored PBI-4050 in a number of other inflammatory, fibrotic and metabolic conditions in non-clinical and clinical studies. Our second small molecule drug candidate, PBI-4547 is in a Phase 1 clinical study. The study has been suspended while the pharmacokinetic ("PK") data for the first three cohorts is obtained and reviewed. No safety issues or severe adverse effects observed.

The Company also has a late stage plasma-derived therapeutic candidate, Ryplazim™ (plasminogen) ("Ryplazim™"), which leverages Liminal's experience in bioseparation technologies used to isolate and purify biopharmaceuticals from human plasma. The Company's primary goal with respect to this business is to address unmet medical needs with therapeutic proteins not currently commercially available, such as Ryplazim™. Liminal is currently preparing to submit an amendment to its Biologic License Application ("BLA") with the United States ("U.S.") Food and Drug Administration ("FDA") seeking approval to market Ryplazim™ to treat congenital plasminogen deficiency ("PLGD").

BUSINESS UPDATE

Financing

On November 4, 2019, Liminal announced the sale of 100% of their interest in Prometic Bioseparations Ltd ("PBL") to a syndicate of private investors, KKR & Co. Inc. under which Liminal will be entitled to receive up to GBP 45 million with up to GBP 32 million payable at closing of the transaction subject to closing adjustments, expected in the fourth quarter of 2019. Liminal will also be entitled to receive up to GBP 13 million in deferred payments based on the achievement of future annual PBL revenue thresholds.

The divestment was a result of Liminal's engagement of Lazard Frères & Co LLC. ("Lazard"), a global financial advisory and asset management firm, to review and execute two key strategic transactions for Liminal, one of which was to secure a commercial partnership for Ryplazim™ and the other was to effect the trade sale of some of Liminal's non-core assets, including PBL.

Initial cash proceeds resulting from this transaction will serve to further strengthen the Company's financial position and to fund the execution of its business plan through the undertaking of R&D in pursuit of advancing its small molecule drug discovery platform. PBL remains an important partner for the manufacture of our plasma-derived therapeutics and Liminal will continue to work together with PBL for the purpose of manufacturing activities for our lead plasma-derived therapeutic product, Ryplazim™, through a long-term supply agreement.

On November 11, 2019, the Company and SALP amended the April 23, 2019 loan agreement to include a non-revolving line of credit ("LOC") with a limit of up to $75.0 million, bearing a stated interest of 10%, payable quarterly, and maturing on April 23, 2024. The LOC limit available to draw upon will be automatically reduced by the amounts of net proceeds generated, upon the occurrence of all or any of the following transactions; the expected sale of the bioseparations operations, a licensing transaction for its product Ryplazim™ or equity raises. The Company's ability to draw on the LOC expires May 11, 2021.
The Company expects the availability of funds on demand from the LOC provided by our majority shareholder to allow the Company to facilitate the achievement of NASDAQ's listing criteria and provide the Company with greater flexibility for the execution of the Company's key priorities in order to maximize returns thereon for all of its stakeholders.

Company updates

On September 4, 2019 Liminal announced its intention to change its name from Prometic Life Sciences Inc. to Liminal BioSciences Inc. as part of a global rebrand in support of its new vision and values. A special meeting of shareholders was called on October 3rd, 2019 in Montreal, Quebec to request shareholder approval and, following support representing 87% of shareholders, the Company implemented the name change effective as of October 7, 2019.

The Toronto Stock Exchange ("TSX") has since accepted notice of the proposed change of name and the Company's common shares began trading under the symbol "LMNL" on the TSX on Monday, October 7th, 2019.

Therapeutic Indications

Liminal's current operations are primarily focused on the development of small molecule therapeutics against a group of free fatty acid receptors (FFAR1 to 4) and the related receptor, GPR84. The Company's research is focused on inflammatory, fibrotic and metabolic conditions in patients with liver, respiratory or renal disease, with an emphasis on rare or orphan diseases. The following provides more detail on each of these indications.

Fibrosis and Mechanism of Action

Following an injury, the body has the ability to repair damaged tissues. However, if an injury is chronic or recurrent in nature, healthy tissue regeneration may not be possible and will be replaced by aberrant fibrotic processes or fibrosis. Fibrosis is characterized by the excessive accumulation of extracellular matrix ("ECM") in damaged or inflamed tissues and is a common pathological outcome of many inflammatory and metabolic diseases. Numerous clinical conditions can lead to organ fibrosis and loss of organ function; in many cases persistent inflammation leads to the aberrant fibrotic response. The production of various profibrotic cytokines and growth factors by inflammatory cells such as macrophages results in the recruitment and activation of ECM-producing myofibroblasts. There is currently a major unmet need for therapies that can effectively target the pathophysiological pathways involved in fibrosis. Notable examples of medical conditions where fibrosis is central to loss of organ function include Alström Syndrome ("ALMS"), Nonalcoholic steatohepatitis ("NASH"), Idiopathic Pulmonary Fibrosis ("IPF") and Chronic kidney disease ("CKD").

Liminal has demonstrated, via pre-clinical R&D activities that the "up-regulation" of receptor GPR40 concomitant with the "down-regulation" of receptor GPR84 promotes the normal healing process as opposed to promoting the fibrotic process. Liminal's drug candidates have a dual mode-of-action as agonists ("stimulators") of GPR40 and antagonists ("inhibitors") of GPR84. A number of manuscripts have been submitted for publication now that the Company has filed a sufficiently broad range of patents to fully protect its portfolio of drug candidates that modulate these two receptors. The first manuscript entitled "A Newly Discovered Antifibrotic Pathway Regulated by Two Fatty Acid Receptors: GPR40 and GPR84" was published on February 16, 2018 in the American Journal of

Pathology. Other peer-reviewed articles recently published include manuscripts entitled "Fatty acid receptor modulator PBI-4050 inhibits kidney fibrosis and improves glycemic control" published in the Journal of Clinical Investigation on May 17, 2018 and "PBI-4050 reduces stellate cell activation and liver fibrosis through modulation of intracellular ATP levels and LKB1-AMPK-Mtor pathway" published on August 9, 2018 in the Journal of Pharmacology and Experimental Therapeutics.

The activity of our small molecules, such as PBI-4050, has been observed in over 30 different preclinical models performed by the Company and by other institutions using PBI-4050 in their own animal models, including Vanderbilt University, University of Ottawa, Université de Montréal, McMaster University and the Montreal Heart Institute. PBI-4050 has also completed three separate open-label, non-placebo-controlled phase 2 clinical studies supporting the translation of such results into biologic activity in humans. While the small molecule therapeutics segment has several promising drug candidates, management has thus far focused its efforts on the lead drug, PBI-4050, which has been tested in approximately 250 healthy volunteers and human subjects.

PBI-4050 Regulatory Designations

PBI-4050 has been granted Orphan Drug Designation by the FDA and the European Medicines Agency ("EMA") for the treatment of ALMS as well as for the treatment of IPF. PBI-4050 has also been granted a Promising Innovative Medicine ("PIM") designation in the U.K. by the Medicines and Healthcare products Regulatory Agency ("MHRA") for the treatment of IPF and ALMS. Additionally, PBI-4050 has also been granted rare pediatric disease designation by the FDA for the treatment of ALMS, which makes it potentially eligible to receive a priority review voucher ("PRV") upon regulatory approval by the FDA.

PBI-4050 Alström Syndrome

The Company's current focus is on the development of its lead drug, PBI-4050, for the treatment of ALMS. According to the National Organization for Rare Disorders ("NORD"), this severe fibrosis condition affects approximately 1,200 patients globally and therefore the clinical program under discussion with the regulatory agencies will be pursued by Liminal independently.

ALMS is a rare inherited autosomal recessive syndrome characterized by the onset of obesity in childhood or adolescence of type 2 diabetes, often with severe insulin resistance, dyslipidemia, hypertension and severe multi-organ fibrosis, involving the heart, liver, and kidney. The most common cause of death is heart failure with dilated cardiomyopathy due to progressive cardiac fibrosis, while fibrosis leading to liver failure is also responsible for a large number of deaths. ALMS is also characterized by a progressive loss of vision and hearing and by short stature. Liminal is currently investigating the effects of PBI-4050 in ALMS patients in an open label, Phase 2 clinical study in the U.K.

ALMS includes many of the features of metabolic syndrome, including obesity, Type 2 diabetes with insulin resistance, liver steatosis ("fatty liver"), and liver fibrosis. Non-alcoholic fatty liver disease ("NAFLD") is the manifestation of metabolic syndrome in the liver. Due to a worldwide obesity epidemic, NAFLD now affects 20 to 30% of the global population. Only a small minority of patients with NAFLD will develop more aggressive liver diseases with inflammation and fibrosis, such as NASH, however since the number of patients with NAFLD is so large, NASH has become the most common cause of severe liver disease worldwide. In ALMS, the progression of liver steatosis to fibrosis is much more aggressive than in "typical" metabolic syndrome patients.

The on-going ALMS study is an open-label, single-arm, phase 2 clinical study being conducted at Queen Elizabeth Hospital, Birmingham, which is the specialty center for ALMS in the U.K. The patients are treated with PBI-4050 (800 mg) once daily and undergo intensive investigation to document the effects of PBI-4050 on the progressive organ fibrosis, including magnetic resonance imaging of the liver and of the heart. Each patient is evaluated

against their individual results at study entry, as well as against their historical trend when available. The study initially enrolled 12 patients, eight of whom are continuing in the study. With continuing review of the study results, the Data Safety Monitoring Board ("DSMB") and the MHRA have agreed to multiple extensions of the study. All eight subjects have now completed more than 2 years of treatment with PBI-4050. In addition to preliminary evidence of clinical efficacy observed on liver fibrosis, the analysis of interim cardiac MRI data also indicates a reduction of cardiac fibrosis. PBI-4050's safety and tolerability profile has been observed in clinical data over this extended period without any serious drug related adverse events recorded.

The Company has met with the FDA and EMA to present the results of the study and to discuss the regulatory pathway and is now actively working with specialist ALMS centers and with ALMS patient advocacy groups in the U.S. and Europe with a plan to commence its PBI-4050 treatment of ALMS pivotal phase 3 study in 2020, following additional consultations with the FDA and EMA.

PBI-4050 Other Indications

In 2018, Liminal completed a Phase 2 clinical study of PBI-4050 in patients with IPF, as monotherapy and in combination with approved therapies.

In addition, the Company continues to explore other potential indications for PBI-4050 in future clinical studies.

Advancing analogue PBI-4547 into Clinical Development

PBI-4547 is part of a novel class compounds discovered by Liminal with primary activity against a group of GPCR's known as free fatty acid receptors ("FFAR's"). The target family has a dual mode of action on inflammation and fibrosis. We have observed activity in various inflammatory preclinical models with compounds targeting the class. The Company is currently evaluating multiple compounds in this class aimed at activity across several fibrotic and inflammatory conditions in respiratory, liver and kidney disease, with a primary focus on orphan conditions.

PBI-4547 is a novel, orally active small molecule that is a GPR84 antagonist, GPR40 (FFAR1)/GPR120 (FFAR4) agonist, and a partial activator of peroxisome proliferator-activated receptors (PPAR). PBI-4547 treatment significantly improved metabolic regulation of glucose and lipids, and reduced hepatic steatosis, ballooning and overall NAFLD (non-alcoholic fatty liver disease) score in high fat diet (HFD)-fed mice. Fatty acid oxidation and expression of mitochondrial uncoupling proteins were increased by PBI-4547 in the liver. Metabolomic profiling demonstrated that the metabolic dysregulation induced by HFD was abolished by PBI-4547. Preclinical studies suggest that PBI-4547 offers the potential as a novel therapy for NAFLD/NASH, metabolic syndrome and other liver diseases.

On September 9, 2019 the Company announced the first subject dosed in a Phase I clinical study of PBI-4547. The current clinical study is designed to assess the safety, tolerability and pharmacokinetics of single ascending doses of PBI-4547 in healthy subjects. A total of 40 adult participants will sequentially receive 1 of 5 doses of PBI-4547 or matching placebo, with each cohort of eight participants randomized in a 3:1 ratio to receive PBI-4547 or matching placebo. The study has been suspended while the PK data for the first three cohorts is obtained and reviewed. No safety issues or severe adverse effects observed.

Plasma-derived therapeutics

The plasma-derived therapeutics segment is achieved by leveraging our proprietary affinity ligand technology, which enables a highly efficient extraction and purification process of therapeutic proteins from human plasma.

Ryplazim™ is the first biopharmaceutical expected to be launched commercially pending the review and approval of its BLA by the FDA. Ryplazim™ has been granted Orphan Drug designation by both the FDA and the EMA for the treatment of PLGD deficiency and has also been granted Fast Track status by the FDA. Ryplazim™ has been granted a rare pediatric disease designation by the FDA for the treatment of PLGD which also makes it eligible to potentially receive a PRV upon regulatory approval. At this time the Company is seeking to secure a commercial partnership for Ryplazim™.

FINANCIAL PERFORMANCE

Amounts in tables are expressed in thousands of Canadian dollars, except per share amounts.

On July 5, 2019, the Company performed a thousand-to-one share consolidation of the Company's issued equity instruments including common shares, warrants, options and RSU. Any quantity relating to these instruments for 2018 and up to July 5, 2019 or any per unit price such as exercise prices, presented throughout this MD&A have been restated for the share consolidation. The weighted average number of shares outstanding used in the basic and diluted EPS have been retroactively adjusted to give effect to the share consolidation and the bonus element included in the Rights offering, as required by IAS 33, *Earnings per share*, and consequently the basic and diluted earnings per share presented in this MD&A have also been adjusted.

Results of operations

The consolidated statements of operations for the quarter and the nine months ended September 30, 2019 compared to the same periods in 2018 are presented in the following table.

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Revenues	$ 5,291	$ 12,330	$ (7,039)	$ 22,276	$ 36,777	$ (14,501)
Expenses						
Cost of sales and other production expenses	3,045	9,248	(6,203)	11,278	30,420	(19,142)
Research and development expenses	19,605	24,105	(4,500)	62,954	70,525	(7,571)
Administration, selling and marketing expenses	10,319	6,222	4,097	36,553	20,869	15,684
Loss (gain) on foreign exchange	116	(1,301)	1,417	(1,560)	768	(2,328)
Finance costs	1,906	5,927	(4,021)	12,815	15,502	(2,687)
Loss on extinguishments of liabilities	-	1,278	(1,278)	92,374	1,278	91,096
Change in fair value of financial instruments measured at fair value through profit or loss	-	-	-	(1,140)	-	(1,140)
Share of losses of an associate	-	22	(22)	-	22	(22)
Net loss before income taxes	$ (29,700)	$ (33,171)	$ 3,471	$ (190,998)	$ (102,607)	$ (88,391)
Income tax expense (recovery):						
Current	5	(3,934)	3,939	1,244	(3,935)	5,179
Deferred	2	(337)	339	2	(2,090)	2,092
	7	(4,271)	4,278	1,246	(6,025)	7,271
Net loss	$ (29,707)	$ (28,900)	$ (807)	$ (192,244)	$ (96,582)	$ (95,662)
Net loss attributable to:						
Owners of the parent	(29,602)	(28,472)	(1,130)	(191,355)	(92,413)	(98,942)
Non-controlling interests	(105)	(428)	323	(889)	(4,169)	3,280
	$ (29,707)	$ (28,900)	$ (807)	$ (192,244)	$ (96,582)	$ (95,662)
Loss per share						
Attributable to the owners of the parent						
Basic and diluted	$ (1.27)	$ (34.30)	$ 33.03	$ (14.05)	$ (111.74)	$ 97.69
Weighted average number of outstanding shares (in thousands)	23,313	830	22,483	13,619	827	12,792

Revenues

The following table provides the breakdown of total revenues by source for the quarter and the nine months ended September 30, 2019 compared to the corresponding periods in 2018:

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Revenues from the sale of goods	$ 4,970	$ 11,822	$ (6,852)	$ 21,117	$ 35,301	$ (14,184)
Revenues from the rendering of services	286	445	(159)	1,057	1,024	33
Rental revenue	35	63	(28)	102	452	(350)
	$ 5,291	$ 12,330	$ (7,039)	$ 22,276	$ 36,777	$ (14,501)

Total revenues for the quarter and the nine months ended September 30, 2019 decreased by $7.0 million and $14.5 million compared to the corresponding periods in 2018, respectively. Revenues in 2019 and 2018 were mainly driven by sales of product. Revenues from the sale of goods is composed of different product sales which volumes may vary significantly from quarter to quarter and year to year. The margins on the individual products also vary significantly.

The decrease of $14.2 million in the revenues from the sale of goods during the nine months ended September 30, 2019 compared to the corresponding period in 2018 is mainly due to a $19.3 million reduction in sales of excess normal source plasma inventory.

In 2018, the Company found itself in a position of having inventory it did not require in the short-term as a result of the change in production forecasts due to the delay of the BLA approval for Ryplazim™ and sold the excess. Since then, the Company reduced its plasma purchasing commitments and the sales of excess normal source plasma has been much lower in 2019 at $0.4 million for the nine months ended September 30, 2019 compared to $19.7 million for the same period in 2018. These sales occurred irregularly over the two years.

This decrease was partially offset by an increase in sales of specialty plasma collected at our plasma collection center by $2.5 million and in sales from our bioseparations products by $2.9 million compared to the nine months ended September 30, 2018.

The revenues from the sales of goods for the third quarter ended September 30, 2019 decreased by $6.9 million compared to the same period in 2018 principally due to the reduction in sales of excess normal source plasma by $5.6 million in addition to a reduction in bioseparations product sales.

Cost of sales and other production expenses

Cost of sales and other production expenses includes the cost of the inventory sold, as well as non-capitalizable overhead related to commercial inventory and inventory write-downs.

Cost of sales and other production expenses during the quarter and the nine months ended September 30, 2019 decreased by $6.2 million and $19.1 million compared to the corresponding periods in 2018, respectively mainly due to the varying volumes of normal source plasma sold. Margins were significantly higher during the nine months ended September 30, 2019 as sales of normal source plasma, generating low margins, represented a much lower portion of the total.

Research and development expenses

The R&D expenses for the quarter and the nine months ended September 30, 2019 compared to the same periods in 2018, broken down into its two main components, are presented in the following table:

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Manufacturing and purchase cost of therapeutics used for R&D activities	$ 9,471	$ 10,251	$ (780)	$ 30,452	$ 28,170	$ 2,282
Other research and development expenses	10,134	13,854	(3,720)	32,502	42,355	(9,853)
Total research and development expenses	$ 19,605	$ 24,105	$ (4,500)	$ 62,954	$ 70,525	$ (7,571)

R&D expenses include the cost to manufacture plasma-derived therapeutics and small molecule therapeutics for use in clinical trial studies, to supply clinical trial patients until commercially approved product is available, and for the development of our production processes for Ryplazim™ in preparation of filing an amended BLA. In 2018 and 2019, there was no commercial production of plasma-derived therapeutics as the focus was on addressing comments received by the FDA following their audit at the end of 2017 and therefore, the cost of manufacturing was classified as R&D expenses.

The plasma-derived therapeutics are produced at the Laval plant and the Winnipeg contract manufacturing organization ("CMO") while the small molecule therapeutics are manufactured by third party CMOs. The manufacturing and purchase cost of these therapeutics for the nine months ended September 30, 2019 increased by $2.3 million mainly due to the expensing of additional inventories that are expected to be used to supply clinical trial patients until commercially approved product is available and for engineering runs at the Winnipeg CMO manufacturing location, an increase in employee salaries due to an increase in headcount and an increase in share-based payments expense. These increases were partially offset by a reduction in the costs for small molecule therapeutics, as the Company did not need to purchase additional products and the lower rental costs included in R&D due to the impact of the adoption of IFRS 16 in 2019.

The manufacturing and purchase cost of therapeutics used for R&D activities decreased by $0.8 million during the quarter ended September 30, 2019 compared to the same period in 2018 mainly due to the timing of the expensing of inventories relating to the manufacturing of Ryplazim™.

The decrease of $9.9 million in other R&D during the nine months ended September 30, 2019 compared to the corresponding period in 2018 is mainly due to the reduction in spending with third parties on clinical and pre-clinical studies and the validation of analytical assays and in-process controls in the manufacturing of Ryplazim™ amounting to $9.2 million. Clinical trial expenses declined as trials undertaken in previous years were completed or nearing their completion with only one new clinical trial, a phase 1 trial for PBI-4547 having started in 2019, as the Company is limiting its spending until it raises sufficient funds to commence more expensive trials. Spending on pre-clinical studies declined for the same reasons. Salaries decreased by $3.3 million due to reduction of headcount accompanied by a reduction of general operating expenses. These decreases were partially offset by the increase in share-based compensation, explained below, of $4.3 million compared to the comparative period in 2018.

The decrease of $3.7 million in other R&D expenses during the quarter ended September 30, 2019 compared to the corresponding period in 2018 is mainly due to reduction in salaries, pre-clinical and clinical studies in both the plasma-derived therapeutics and small molecule segments as well as a reduction in spending relating to the validation of analytical assays and in-process controls in the manufacturing of Ryplazim™.

Administration, selling and marketing expenses

The increase of $15.7 million in Administration, selling and marketing expenses during the nine months ended September 30, 2019 is mainly attributable to the increase in employee compensation expense of $13.4 million which includes an increase in share-based payments expense of $11.3 million, as well as legal and audit fees of $2.1 million. This was partially offset by a decrease in consultant fees relating to marketing of products. Legal and audit fees have increased as a result of the number of complex transactions incurred during 2019 and preparation for a NASDAQ filing.

The increase of $4.1 million in Administration, selling and marketing expenses during the quarter ended September 30, 2019 compared to the corresponding period in 2018 is mainly attributable to the increase in share-based payments expense of $1.6 million and to the increase in legal and audit fees of $1.6 million.

Share-based payments expense

Share-based payments expense represents the expense recorded as a result of stock options and restricted stock units ("RSU") issued to employees and board members. This expense has been recorded as follows in the consolidated statements of operations:

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Cost of sales and other production expenses	$ 7	$ 80	$ (73)	$ 95	171	(76)
Research and development expenses	402	495	(93)	6,174	1,287	4,887
Administration, selling and marketing expenses	2,222	582	1,640	12,791	1,525	11,266
	$ 2,631	$ 1,157	$ 1,474	$ 19,060	2,983	16,077

Share-based payments expense increased by $1.5 million and $16.1 million during the quarter and the nine months ended September 30, 2019, compared to the corresponding periods in 2018, respectively.

During 2019, the Company made significant changes to its long-term equity incentive plan to ensure alignment with performance and building shareholder value, and attraction and retention of key employees to drive the Company's future growth. The following important changes were made:

- the cancellation in June and August 2019 of the outstanding options for active employees in return for the issuance of new vested options having an exercise price reflecting the share price at the time of the grant;
- the modification of the outstanding performance-based restricted share units into time-vesting RSU; and
- the issuance of the annual stock option grant to employees and executives. The vesting terms have been changed from those set in the recent years, especially at the executive level; a portion of the executive grants vested immediately while the overall vesting period was extended up to a period of 6 years.

Some of these changes triggered an immediate or accelerated recognition of share-based compensation expense resulting in a significant impact on the results during the quarter ended June 30, 2019. Further details of these changes and their accounting impact are provided in note 16 to the condensed interim financial statements for the quarter and the nine months ended September 30, 2019.

Finance costs

Finance costs decreased during the quarter and nine months ended September 30, 2019 by $4.0 million and $2.7 million compared to the corresponding periods in 2018, respectively. These decreases reflect the lower level of debt during 2019 following the April 23, 2019 debt restructuring discussed further, compared to the same periods of 2018.

The adoption of the new lease standard, IFRS 16, Leases ("IFRS 16"), at the beginning of 2019, under which lease liabilities are recognized in the consolidated statement of financial position for the discounted value of the future lease payments at initial adoption and with interest expense recognized over the term of each lease, is contributing to the increase of finance costs in 2019. The new standard was adopted using the modified retrospective approach and as such, the 2018 figures are not restated. Previously, the embedded interest component in each lease payment was recognized as part of the lease expense included in the various functions presented in the statement of operations such as Cost of sales and other production expenses, R&D and Administration, selling and marketing. The interest expense on the lease liabilities was $1.8 million and $5.5 million for the quarter and the nine months ended September 30, 2019, respectively and are partially offsetting the decline in interest expense from the long-term debt.

Loss on extinguishments of liabilities

Loss on extinguishments of liabilities was $nil and $92.4 million for the quarter and the nine months ended September 30, 2019, respectively principally as a result of the Company concluding a debt restructuring agreement on April 23, 2019 with its major creditor, Structured Alpha LP ("SALP"). The debt was reduced to $10.0 million plus interest due, in exchange for the issuance of 15,050,312 common shares. The difference between the adjustment to the carrying value of the loan of $141.5 million and the amount recorded for the shares issued of $228.9 million was recorded as a loss on extinguishment of a loan of $87.4 million, this amount essentially representing the immediate recognition of the accreted interest that would have otherwise been recognized as finance costs over the years until the maturity of the long-term debt. Legal fees related to the debt restructuring of $0.6 million were also recognized as part of the loss on extinguishments of liabilities.

The shares issued in relation to the debt restructuring contained trading restrictions and accordingly, the Company determined that their quoted price did not fairly represent the value of the shares issued. As such, the issued shares were recorded at fair value using a market approach under a level 2 fair value measurement of $15.21 per share, resulting in a value of the shares issued of $228,915. The fair value was based on a share issuance for cash on the same date with a non-related party.

The portion of the loan that was not settled was modified into an interest-bearing loan at 10% stated interest, payable quarterly. The modification of the terms was treated as an extinguishment of the previous loan and the reissuance of a new loan for accounting purposes. The difference between the carrying amount of the extinguished loan of $4.7 million and the fair value of the new loan of $8.5 million was recorded as a loss on debt extinguishment of $3.9 million. The new loan has a higher fair value mainly because it is an interest-bearing loan with regular interest payments while the previous loan contained implicit interest in the face value payment due upon maturity and such interest was being accreted over the life of the loan. The expense represents an immediate recognition of a portion of the unrecognized interest expense on the old loan.

As part of the cost to complete the debt restructuring, the 168,735 warrants held by SALP (Warrants #1, 2, 8 and 9) were cancelled and replaced with an equivalent number of Warrants #10 that will be exercisable at an exercise price of $15.21 per common share and expire on April 23, 2027. The increase in the fair value of the replacement warrants compared to those cancelled of $0.4 million was recorded as part of the loss on extinguishment of liabilities.

Change in fair value of financial instruments measured at fair value through profit or loss

In November 2018, the Company issued Warrants #9 to SALP as part of a financing transaction. The warrants didn't meet the definition of an equity instrument and were treated as a derivative which was measured at recurring fair value. The change in fair value from December 31, 2018 to April 23, 2019 was a gain of $1.4 million. As part of the debt restructuring, Warrants #9 were subsequently cancelled.

Income taxes

Current income tax expense during the quarter and the nine months ended September 30, 2019, increased by $3.9 million and $5.2 million compared to the corresponding periods in 2018, respectively. The increase during the quarter and the nine months ended September 2019 is mainly explained by the fact that the Company is no longer eligible for certain R&D tax credits in the U.K. following the change in control that resulted after the debt restructuring in April 2019 and therefore no income tax recovery has been recorded during the current year. In addition, during the nine months ended September 30, 2019, the company recorded an income tax expense of $1.2 million following the utilization of previously unrecognized non-refundable Federal R&D tax credits which were recognized in reduction of R&D expenses.

Deferred income tax recovery in 2019 was almost reduced to $nil as the Company no longer recognizes deferred tax assets in regards to the losses attributed to it as a partner in NantPro Biosciences, LLC since 2019 since there is no longer a balance of deferred tax liabilities against which such deferred tax assets can be recognized.

Non-controlling interest

The non-controlling interest for the quarter and the nine months ended September 30, 2019 compared to the same periods in 2018, broken down into its two main components, are presented in the following table:

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Consolidated statements of operations :						
Prometic Bioproduction Inc.	$ -	$ -	$ -	$ -	$ (926)	$ 926
Pathogen Removal and Diagnostic Technologies Inc.	(13)	(21)	8	(621)	(634)	13
NantPro Biosciences, LLC	(92)	(407)	315	(268)	(2,609)	2,341
Total non-controlling interests	$ (105)	$ (428)	$ 323	$ (889)	$ (4,169)	$ 3,280

The decrease in the non-controlling interests share in the losses of $3.3 million is mainly explained by the significant reduction in the activity related to IVIG in NantPro Biosciences, LLC. The company also acquired the full ownership of Prometic Bioproduction Inc. in April 2018 which explains why there is no longer any non-controlling interest recognized for this subsidiary in the consolidated statements of operations since that date.

Net loss

The net loss increased by $95.7 million during the nine months ended September 30, 2019 compared to the corresponding period of 2018. This is mainly driven by the increase of the loss on extinguishment of liabilities of $91.1 million caused by the debt restructuring that occurred during the second quarter of 2019 and the increase in the share-based payments expense of $16.1 million and was partially offset by the decrease in Other R&D expenses. The net loss increased slightly by $0.8 million during the quarter ended September 30, 2019 compared to the corresponding period of 2018, mostly explained by the reduction in finance costs and R&D expenses, mainly offset by increases in Administration, selling and marketing and the reduction in current income tax recoveries relating to the U.K. R&D tax credits.

Adjusted EBITDA analysis

The Adjusted EBITDA for the quarters and the nine months ended September 30, 2019 and 2018 are presented in the following table:

	Quarter ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Net loss	$ (29,707)	$ (28,900)	$ (807)	$ (192,244)	$ (96,582)	$ (95,662)
Adjustments to obtain Adjusted EBITDA						
Loss (gain) on foreign exchange	116	(1,301)	1,417	(1,560)	768	(2,328)
Finance costs	1,906	5,927	(4,021)	12,815	15,502	(2,687)
Loss on extinguishments of liabilities	-	1,278	(1,278)	92,374	1,278	91,096
Change in fair value of financial instruments measured at fair value through profit or loss	-	-	-	(1,140)	-	(1,140)
Share of losses of an associate	-	22	(22)	-	22	(22)
Income tax recovery	7	(4,271)	4,278	1,246	(6,025)	7,271
Depreciation and amortization	2,535	1,345	1,190	7,467	4,056	3,411
Share-based payments expense	2,631	1,157	1,474	19,060	2,983	16,077
Adjusted EBITDA	$ (22,512)	$ (24,743)	$ 2,231	$ (61,982)	$ (77,998)	$ 16,016

Adjusted EBITDA is a non-GAAP measure that is not defined or standardized under IFRS and it is unlikely to be comparable to similar measures presented by other companies. The Company believes that Adjusted EBITDA provides additional insight regarding cash used in operating activities on an on-going basis. It also reflects how management

analyzes performance and compares that performance against other companies. In addition, we believe that Adjusted EBITDA is a useful measure as some investors and analysts use EBITDA and similar measures to compare Liminal against other companies. Adjusted EBITDA adjusts Net loss for the elements presented in the table above.

The comparability of the 2019 Adjusted EBITDA figures compared to those of 2018 have been impacted by the adoption of IFRS 16. The effect of the adoption of IFRS 16 is discussed further in this MD&A under the section changes in accounting policies. Since the lease component costs of lease agreements are now captured in the statement of operations as depreciation of right-of-use assets, this is why the depreciation expense is higher in 2019, and the interest component is now captured in financing costs, the effect of IFRS 16 is to improve Adjusted EBITDA as these items are excluded from the computation. The 2018 comparative Adjusted EBITDA figures have not been changed for IFRS 16.

The increase of $16.0 million on the total Adjusted EBITDA for the nine months ended September 30, 2019 compared to the corresponding period in 2018 is mainly as a result of the increase in margin from sales of goods of $5.0 million and the reduction in R&D, excluding share-based payments expense of $12.5 million. This was partially offset by the increase in Administration, selling and marketing, excluding share-based payments expense of $4.4 million. The removal of the depreciation of right-of-use assets of $3.7 million and the interest expense on the lease liabilities of $5.5 million in the nine months ended September 30, 2019 are other factors explaining the difference, noting however that the comparison is limited as the accounting for leases is very different in each period.

The increase of $2.2 million on the total Adjusted EBITDA for the quarter ended September 30, 2019 compared to the corresponding period in 2018 is mainly due to the decrease in R&D expenses that exceeded the increase in Administration, selling and marketing cost. The removal of the depreciation of right-of-use assets of $1.3 million and the interest expense on the lease liabilities of $2.0 million also contributed to the improvement.

Segmented information analysis

For the nine months ended September 30, 2019 and 2018

The profit (loss) for each segment and the net loss before income taxes for the total Company for the nine months ended September 30, 2019 and 2018 are presented in the following tables.

For the nine months ended September 30, 2019	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ 33	$ 3,714	$ 18,423	$ 106	$ 22,276
Intersegment revenues	-	7	191	(198)	-
Total revenues	33	3,721	18,614	(92)	22,276
Cost of sales and other production expenses	-	2,140	9,190	(52)	11,278
Manufacturing and purchase cost of therapeutics used for R&D activities	54	30,596	-	(198)	30,452
R&D - Other expenses	10,357	16,916	5,229	-	32,502
Administration, selling and marketing expenses	3,376	5,912	2,378	24,887	36,553
Segment profit (loss)	$ (13,754)	$ (51,843)	$ 1,817	$ (24,729)	$ (88,509)
Gain on foreign exchange					(1,560)
Finance costs					12,815
Loss on extinguishments of liabilities					92,374
Change in fair value of financial instruments measured at fair value through profit or loss					(1,140)
Net loss before income taxes					$ (190,998)
Other information					
Depreciation and amortization	$ 573	$ 5,501	$ 931	$ 462	$ 7,467
Share-based payment expense	4,257	3,828	264	10,711	19,060

For the nine months ended September 30, 2018	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 21,148	$ 15,523	$ 106	$ 36,777
Intersegment revenues	-	21	319	(340)	-
Total revenues	-	21,169	15,842	(234)	36,777
Cost of sales and other production expenses	-	22,067	8,553	(200)	30,420
Manufacturing and purchase cost of therapeutics used for R&D activities	1,751	26,565	-	(146)	28,170
R&D - Other expenses	11,647	25,694	5,013	1	42,355
Administration, selling and marketing expenses	2,770	8,317	2,243	7,539	20,869
Segment profit (loss)	$ (16,168)	$ (61,474)	$ 33	$ (7,428)	$ (85,037)
Loss on foreign exchange					768
Finance costs					15,502
Losses on extinguishments of liabilities					1,278
Share of losses of an associate					22
Net loss before income taxes					$ (102,607)
Other information					
Depreciation and amortization	$ 350	$ 2,724	$ 727	$ 255	$ 4,056
Share-based payment expense	579	789	190	1,425	2,983

As mentioned previously, the amounts for depreciation and amortization expense during 2019 have increased for all segments since the adoption of IFRS 16 captures part of the lease cost as depreciation of right-of-use assets.

Small molecule therapeutics segment

The segment loss for small molecule therapeutics was $13.8 million during the nine months ended September 30, 2019 compared $16.2 million during the corresponding period of 2018, representing a decrease of segment loss of $2.4 million mainly due to a reduction in the purchases of therapeutics manufactured by third parties used for clinical trials and pre-clinical research, as no purchases were required so far in 2019 and a reduction in the clinical trials and pre-clinical research expenditures. The expenses incurred in 2019 have declined since prior year studies have been completed or near completion and the new phase 1 clinical study for its second small molecule anti-fibrotic compound PBI-4547, only started recently dosing patients. These decreases were partially offset by an increase in share-based payment expense of $3.7 million as a result of the various changes made to the long-term equity incentive plans discussed previously.

Plasma-derived therapeutic segment

The revenues for the Plasma-derived therapeutics segment are usually generated from the sales of specialty plasma to third parties. However, in 2018 and to a much smaller extent in 2019, revenues have also been generated from the sale of excess normal source plasma to third parties as a result of the change in production forecasts due to the delay of the BLA approval for Ryplazim™. Revenues were $3.7 million in the nine months ended September 30, 2019 compared to $21.1 million in the comparative period of 2018, representing a decrease of $17.4 million mainly due to $19.3 million reduction in sales of normal source plasma in 2019, offset by an increase of $2.5 million in sales of specialty plasma products. The normal source plasma was sold at a value slightly above its carrying amount while the other specialty plasma products generate higher margins. Other production costs that are not capitalizable into inventories and also included in the Cost of sales and other production expenses line were higher in 2018.

The manufacturing cost of plasma-derived therapeutics to be used in clinical trials and for the development of our production processes was higher during the nine months ended September 30, 2019 at $30.6 million compared to $26.6 million during the corresponding period of 2018, representing an increase of $4.0 million. The increase is mainly due to the expensing of additional inventories that are now expected to be used to supply clinical trial patients until commercially approved product is available and for engineering runs at the Winnipeg CMO, an increase in employee

salaries due to an increase in headcount and an increase in share-based payments expense. This was partially offset by lower rental costs included in R&D due to the impact of the adoption of IFRS 16.

Other R&D expenses were $16.9 million during the nine months ended September 30, 2019 compared to $25.7 million during the corresponding period of 2018, representing a decrease of $8.8 million. The decrease is mainly due to the reduction in the spending on clinical trials, pre-clinical research and the validation of analytical assays and in-process controls in the manufacturing of Ryplazim™ of $6.3 million over the comparative period. This reflects the completion of the IVIG primary immunodeficiencies phase 3 clinical trial and the postponement of work on the development of new proteins. Wages and other payroll benefits expenses decreased by $3.1 million mainly due to a reduction in headcount. These reductions are also reflective of the segment's focus on Ryplazim™, whereas several proteins were being developed in the past. These decreases were partially offset by an increase in the share-based payment expenses recognized in Other R&D expenses of $2.5 million.

Administration, selling and marketing expenses decreased by $2.4 million mainly due to a reduction of spending related to the preparation of the commercial launch in the current period compared to the same period in 2018. Also, the administrative support that the segment receives from the head office decreased in the nine months ended September 30, 2019 as the segment focused almost solely on the refiling of the BLA.

The segment loss for the nine months ended September 30, 2019 was $51.9 million compared to $61.5 million for the corresponding period of 2018, representing a decrease of $9.6 million. This decrease was mainly driven by the overall reduction of R&D expenses and Administration, selling and marketing expenses.

Bioseparations segment

The revenues for the Bioseparations segment are generated mainly from sales of goods and the provision of resin development services to external customers and to the Plasma-derived therapeutics segment. Revenues for the segment increased by $2.8 million for the nine months ended September 30, 2019 compared to the corresponding period of 2018 as external revenues increased. The contribution of those sales increased by $2.1 million in the current period compared to the corresponding period in 2018.

Due to the increase in sales, the Bioseparations segment generated a profit of $1.8 million in the nine months ended September 30, 2019 compared to breaking-even during the nine months ended September 30, 2018.

For the quarters ended September 30, 2019

The loss for each segment and the net loss before income taxes for the total Company for the quarters ended September 30, 2019 and 2018 are presented in the following tables:

For the quarter ended September 30, 2019	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 791	$ 4,464	$ 36	$ 5,291
Total revenues	-	791	4,464	36	5,291
Cost of sales and other production expenses	-	477	2,574	(6)	3,045
Manufacturing and purchase cost of therapeutics used for R&D activities	34	9,474	-	(37)	9,471
R&D - Other expenses	3,799	4,809	1,526	-	10,134
Administration, selling and marketing expenses	1,153	1,902	728	6,536	10,319
Segment loss	$ (4,986)	$ (15,871)	$ (364)	$ (6,457)	$ (27,678)
Loss on foreign exchange					116
Finance costs					1,906
Net loss before income taxes					$ (29,700)
Other information					
Depreciation and amortization	$ 210	$ 1,878	$ 289	$ 158	$ 2,535
Share-based payment expense	470	358	25	1,778	2,631

For the quarter ended September 30, 2018	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 6,187	$ 6,107	$ 36	$ 12,330
Intersegment revenues	-	7	-	(7)	-
Total revenues	-	6,194	6,107	29	12,330
Cost of sales and other production expenses	-	5,536	3,758	(46)	9,248
Manufacturing and purchase cost of therapeutics used for R&D activities	-	10,273	-	(22)	10,251
R&D - Other expenses	4,166	8,071	1,616	1	13,854
Administration, selling and marketing expenses	958	2,598	741	1,925	6,222
Segment loss	$ (5,124)	$ (20,284)	$ (8)	$ (1,829)	$ (27,245)
Gain on foreign exchange					(1,301)
Finance costs					5,927
Losses on extinguishments of liabilities					1,278
Share of losses of an associate					22
Net loss before income taxes					$ (33,171)
Other information					
Depreciation and amortization	$ 93	$ 932	$ 232	$ 88	$ 1,345
Share-based payment expense	254	293	66	544	1,157

Small molecule therapeutics segment

The segment loss for Small molecule therapeutics of $5.0 million for quarter ended September 30, 2019 remained consistent compared to the corresponding period in 2018. The decrease in pre-clinical and clinical studies expenditures was partially offset by a slight decrease in R&D tax credit and an increase in administration expense.

Plasma-derived therapeutic segment

Sales of normal source and specialty plasma to third parties made up the Plasma-derived therapeutics segment revenues in the quarters ended September 30, 2019 and 2018. Revenues from the segment were lower by $5.4 million during the quarter ended September 30, 2019 compared to the corresponding period of 2018 mainly due to a reduction in

sales of excess normal source plasma of $5.6 million. The decrease in sales did not impact the segment profitability significantly during the quarter ended September 30, 2019, as the margins on such sales are low.

The segment loss decreased by $4.4 million for the quarter ended September 30, 2019 compared to the corresponding period in 2018, mainly due to $3.3 million reduction in the Other R&D expenses as a result of the winding down of clinical activity for the IVIG clinical trial for the pediatric cohort, with dosing of patients completed since the beginning of 2019 and data analysis completed during the third quarter, and due to a reduction in employee compensation costs. Manufacturing cost for the therapeutics used for R&D activities decreased by $0.8 million mainly due to the timing of expensing of inventories. All manufacturing for the quarter ended September 30, 2019 or 2018 were for non-commercial purposes and therefore any cost expensed was classified under Manufacturing and purchase cost of therapeutics used for R&D activities. Contributing to the general decline in expenses was the impact of the adoption of IFRS 16, where the financing component of leases are included in financing costs in 2019 and are no longer included in the measurement of the segment's results.

Administration, selling and marketing expenses declined by $0.7 million during the quarter ended September 30, 2019 compared to the corresponding period in 2018 mainly reflecting the reduction in administrative support the segment receives from the head office and reduced marketing expenses.

Bioseparations segment

Revenues for the segment decreased by $1.6 million for the quarter ended September 30, 2019 compared to the corresponding period of 2018 due to a decrease in revenue from sales of goods to external customers. The contribution of those sales decreased by $0.5 million in the current period compared to the corresponding period in 2018, resulting in a segment loss of $0.4 million during the quarter ended September 30, 2019 compared to a break even for the during the corresponding period in 2018.

Cash flow analysis

The consolidated statements of cash flows for the nine months ended September 30, 2019 and the comparative period in 2018 are presented below.

	Nine months ended September 30,		
	2019	2018	Change
Cash flows used in operating activities	$ (63,935)	$ (56,992)	$ (6,943)
Cash flows from financing activities	120,844	59,727	61,117
Cash flows used in investing activities	(3,656)	(4,731)	1,075
Net change in Cash and cash equivalents during the year	53,253	(1,996)	55,249
Net effect of currency exchange rate on cash	(281)	183	(464)
Cash and cash equivalents, beginning of the period	7,389	23,166	(15,777)
Cash and cash equivalents, end of the period	$ 60,361	$ 21,353	$ 39,008

Cash flows used in operating activities increased by $6.9 million during the nine months ended September 30, 2019 compared to the same period in 2018. The cash flow used in operating activities before change in non-working capital decreased by $11.2 million while the change in non-cash working capital spending increased by $18.2 million. The increase is mainly due to a significant increase in payments to suppliers as the Company caught up on its payments of past due invoices following the receipt of funding during the quarter ended June 30, 2019. This was partially offset by lower operating expenses and by the fact that under IFRS 16, the cash disbursements pertaining to leases are now part of cash flows from financing activities.

Cash flows from financing activities increased by $61.1 million during the nine months ended September 30, 2019 compared to the same period in 2018 mainly due to the equity financings on April 23, 2019 that raised gross proceeds of $75.0 million and the Rights Offering that raised $39.4 million in June 2019. This increase was partially offset by the

decrease in proceeds from debt and warrant issuances on the credit facility during the nine months ended September 30, 2019 by $46.0 million compared to the same period in 2018. An additional offset is the fact that all lease payments, interest and principal, are now included as part of cash flows from financing activities whereas in 2018, only payments on leases classified as finance leases under the previous standard, which is a small portion the Company's leases, were presented under this caption, increasing the disbursements by $6.9 million.

Cash flows used in investing activities remained low and stable when comparing both periods as the Company was limiting its investments in capital and intangible assets.

Subsequent event

On November 4, 2019, the Company announced the signing of a binding share purchase agreement whereby it would sell its bioseparation operations to a third party for proceeds of up to GBP 32.0 million upon closing of the transaction with subsequent contingent consideration payments depending on revenue milestones. This transaction is expected to close during the fourth quarter of 2019. The bioseparations segment includes three subsidiaries and upon conclusion of this transaction, the Company would sell the two most important subsidiaries. The Company expects to record a gain on the sale of those two subsidiaries. The sale of these subsidiaries represents all of the revenues from the Bioseparations segment as presented in the segmented information analysis section of the MD&A. Following the closing of the share purchase agreement, the Company no longer expects to generate any revenues from this segment. The Company is currently assessing the other impacts of this transaction on its financial statements.

On November 11, 2019, the Company and SALP amended the April 23, 2019 loan agreement to include a non-revolving line of credit ("LOC") with a limit of up to $75.0 million, bearing a stated interest of 10%, payable quarterly, and maturing on April 23, 2024. The LOC limit available to draw upon will be automatically reduced by the amounts of net proceeds generated, upon the occurrence of all or any of the following transactions; the expected sale of the bioseparations operations, a licensing transaction for its product Ryplazim™ or equity raises. The Company's ability to draw on the LOC expires May 11, 2021.

Liquidity and contractual obligations

At September 30, 2019, the Company had a positive working capital position of $55.9 million. The working capital position is expected to increase subsequent to September 30, 2019,following the closing of the sale of the bioseparations operations and this would provide, in management's best estimate, a cash runway sufficient to fund its operating activities and meet its contractual obligations for a period exceeding 12 months. The working capital position gives the Company the latitude to continue maintaining its operating activities at a low spending level while taking steps to further transition the Company to its new focus on the small molecule segment. As part of this process, the Company is pursuing a number of financing initiatives to extend its cash runway to a point where it will be able to undertake additional research projects to further develop its small molecule portfolio.

Potential sources of funding include the key ones identified below:

- The Company is in ongoing discussions with potential licensees for its drug pipeline. Any such discussions may lead to the conclusion of a licensing transaction which could generate a combination of licensing, milestone and royalty revenues;
- The monetization of non-core assets; and
- The Company is currently planning and taking steps to prepare itself for a NASDAQ listing that would be completed within the earliest timeline possible. Assuming favorable market conditions, financing from this exchange could occur.

On November 11, 2019, the Company and SALP amended the April 23, 2019 loan agreement to include a non-revolving line of credit ("LOC") with a limit of up to $75.0 million, bearing a stated interest of 10%, payable quarterly, and maturing on April 23, 2024. The LOC limit available to draw upon will be automatically reduced by the amounts of net proceeds generated, upon the occurrence of all or any of the following transactions; the expected sale of the bioseparations operations, a licensing transaction for its product Ryplazim™ or equity raises. The Company's ability to draw on the LOC expires May 11, 2021.

The Company expects the availability of funds on demand from the LOC provided by our majority shareholder to allow the Company to facilitate the achievement of NASDAQ's listing criteria and provide the Company with greater flexibility for the execution of the Company's key priorities in order to maximize returns thereon for all of its stakeholders.

Despite the improved liquidity situation of the Company since April 2019, Liminal is an R&D stage enterprise and until the Company can generate a sufficient amount of product revenue to finance its cash requirements, management expects, as required, to finance future cash needs primarily through a combination of public or private equity offerings, debt financings, strategic collaborations, business and asset divestitures, and grant funding.

Financial obligations

The timing and expected contractual outflows required to settle the financial obligations of the Company recognized in the consolidated statement of financial position at September 30, 2019 are presented in the table below:

		Contractual Cash flows				
	Carrying amount	**Payable within 1 year**	**2 - 4 years**	**5 years**	**Later than 5 years**	**Total**
Accounts payable and accrued liabilities	$ 19,936	$ 19,936	$ -	$ -	$ -	$ 19,936
Long-term portion of royalty payment obligations	3,068	-	3,389	26	265	3,680
Lease liabilities	42,932	9,820	26,548	7,593	45,896	89,857
Long-term portion of other employee benefit liabilities	286	-	286	-	-	286
Long-term debt	8,613	1,341	3,025	10,569	-	14,935
	$ 74,835	$ 31,097	$ 33,248	$ 18,188	$ 46,161	$ 128,694

Commitments

The Company's commitments have remained essentially unchanged from those disclosed in the MD&A for the year ended December 31, 2018. The minimum lease payments under lease agreements are now included on the statement of financial position under lease liabilities following the adoption of IFRS 16. As of December 31, 2018, the Company had $75.0 million of lease commitments compared to contractual cash flows of $89.9 million relating to lease liabilities included in the financial obligations as at September 30, 2019 following the adoption of IFRS 16. The increase is mainly due to the inclusion of lease payments beyond minimum commitments when the Company believes it is reasonably certain it will exercise its options to extend the lease period for certain leases even though it has not yet exercised the renewal option.

Summary of quarterly results

The following table presents selected quarterly financial information for the last eight quarters:

Quarter ended	Revenues	Net loss attributable to the owners of the parent	
		Total	Per share basic & diluted
September 30, 2019	$ 5,291	$ (29,602)	$ (1.27)
June 30, 2019	8,752	(133,617)	(8.12)
March 31, 2019	8,233	(28,136)	(33.26)
December 31, 2018	10,597	(102,953)	(124.04)
September 30, 2018	12,330	(28,472)	(34.30)
June 30, 2018	20,155	(32,270)	(38.97)
March 31, 2018	4,292	(31,671)	(38.44)
December 31, 2017	6,596	(38,279)	(46.57)

Revenues during the quarter ended December 31, 2017 were $6.6 million, of which the majority was driven by product sales and service revenues from the Bioseparation segment. Research and development and administration, selling and marketing expense were $28.2 million and $8.8 million respectively. The $5.0 million increase in R&D costs compared to the previous quarter is mainly due to higher expense relating to cost of therapeutics for clinical trials, an increase in the external cost incurred in running the trials and higher salary and benefit expenses. Administration, selling and marketing expenses were slightly higher by $1.1 million principally due to higher salary and benefit expenses. During the quarter, the Company recognized a bad debt expense of $20.5 million, effectively offsetting the milestone and licensing revenues earned during the previous quarter.

Revenues were $4.3 million during the quarter ended March 31, 2018 of which $3.8 million came from product sales. Cost of sales and other production expenses were high reflecting lower margins on the products sold during the period and an inventory write-off on a portion of the plasma held in inventory to net realisable value in advance of a sales transaction to take place during the following quarter but for which the selling price had been settled in advance. R&D expenses at $22.4 million were lower by $5.8 million and Administration, selling and marketing expenses also declined by $1.1 million compared to the previous quarter. Financing cost increased to $4.2 million reflecting the higher debt level and the higher borrowing cost of the Credit Facility.

Revenues during the quarter ended June 30, 2018 were $20.2 million, of which the majority was driven by a $14.0 million sale of excess plasma inventory. Sales of product from the Bioseparations segment made up most of the remaining revenues reflecting strong sales for that segment. Cost of sales and other production expenses were $16.4 million, R&D expenses at $24.0 million increased slightly over the previous quarter while Administration, selling and marketing expense decreased slightly to $6.9 million. Financing cost increased to $6.3 million reflecting the continuous increase in the debt level and the higher borrowing cost of the Credit Facility.

Revenues during the quarter ended September 30, 2018 were $12.3 million, which were equally driven by sales from Plasma-derived therapeutics and Bioseparations segments. Sales from the Plasma-derived segment included excess normal source plasma inventory in the amount of $5.7 million. Cost of sales and other production expenses were $9.2 million. R&D expenses at $24.1 million were similar to the previous quarter while Administration, selling and marketing expenses decreased slightly to $6.2 million. Financing cost at $5.9 million, continued to increase reflecting the higher debt level as the Company continued to draw on the Credit Facility.

Revenues during the quarter ended December 31, 2018 were $10.6 million, which was driven by strong sales from the Bioseparations segment and another sale of excess normal source plasma inventory of $3.1 million in Plasma-derived therapeutics segment. Cost of sales and other production expenses were $7.6 million. R&D expenses decreased slightly to $21.1 million while Administration, selling and marketing expenses increased to $8.8 million, impacted by severance

expenses. Financing cost increased to $6.6 million reflecting the higher debt level and the higher borrowing cost of the Credit Facility. During the quarter, a gain on extinguishment of liabilities of $34.9 million was recorded as a result of the modifications to the Company's long-term debt, namely the extension of the maturity date. Impairments, mainly pertaining to IVIG assets totalling $150.0 million were recognized following changes to the strategic plans which will delay the commercialisation of IVIG significantly.

Revenues were $8.2 million during the quarter ended March 31, 2019, of which $7.8 million came from product sales, and were lower than those recorded in the previous three quarters as there was no sale of normal source plasma. R&D expenses at $19.2 million were $1.9 million lower and finance costs at $7.4 million increased slightly by $0.8 million compared to the previous quarter. Both of these expenses were affected by the adoption of IFRS 16 which caused the implicit interest component of the leases to be recorded in finance costs. Administration, selling and marketing decreased by $3.0 million from its higher level in December 2018 which included significant termination benefits. Finally, foreign exchange gains recorded during the period contributed to the reduction.

Revenues were $8.8 million during the quarter ended June 30, 2019 and were mainly generated from our Bioseparations segment. R&D expenses at $24.2 million were $5.0 higher and Administration, selling and marketing expenses at $18.6 million were $11.0 higher. Increase is mainly driven by an increase of $4.4 million of the share-based payment expenses recognized in R&D expenses and $8.9 million recognized in Administration, selling and marketing expenses over the previous quarter as the Company made various changes to its long-term equity incentive plans to ensure competitiveness of the plans. Finance cost decreased by $3.8 million as the long-term debt declined significantly on April 23, 2019 as part of the debt restructuring which resulted in a loss on extinguishment of liabilities of $92.3 million. The net loss for the quarter ended June 30, 2019 was $133.7 million which represents an increase of $104.9 million from the previous quarter. The increase was driven by the loss on extinguishment of liabilities and the increase in share-based payment expense.

Revenues were $5.3 million during the quarter ended September 30, 2019 and were mainly generated from our Bioseparations segment. R&D expenses at $19.6 million declined by $4.6 million and Administration, selling and marketing expenses at $10.3 million were $8.3 million lower than the previous quarter. These decreases are mainly driven by a decrease of $4.7 million and $7.5 million in the share-based payment expenses recognized in R&D and in Administration, selling and marketing expenses, respectively as such expenditures returned to more normalized levels following the important impact of the changes to the long-term equity incentive plans during the quarter ended June 30, 2019. Finance cost decreased by $1.7 million as the long-term debt declined significantly on April 23, 2019 as part of the debt restructuring, resulting in a full quarter of diminished interest expenses for the third quarter of 2019.

Outstanding share data

The Company is authorized to issue an unlimited number of common shares. At November 10, 2019, 23,313,164 common shares, 2,116,516 options to purchase common shares, 17,817 restricted share units and 173,012 warrants to purchase common shares were issued and outstanding.

Transactions between related parties

In February 2019, the Company ceased to have significant influence over its investment in ProThera Biologics, Inc. ("ProThera") and as such, transactions between the two parties are no longer considered related party transactions since ProThera is no longer an associate.

SALP is a related party to the Company since November 14, 2018 and, as such, all the transactions that the Company concluded with them since that date are considered a related party transaction.

In April 2019, the Company and SALP concluded a debt restructuring agreement whereby the entirety of the principal on the Credit Facility plus a portion of the interest due, the entirety of the First and Second Original Issue Discount loans and the majority of the Third OID loan would be repaid by Liminal by the issuance of common shares, at a conversion price, rounded to the nearest two decimals, of $15.21 per common share. The agreement also included a cancellation of warrants previously held by SALP and the issuance of new warrants. Concurrently with this transaction, SALP participated in a private placement for shares of the Company for gross proceeds to the Company of $25.0 million. The details of these transactions are included in the condensed interim consolidated financial statements for the quarter and the nine months ended September 30, 2019.

In addition, during the quarter and the nine months ended September 30, 2019 the Company paid interest on the loan with its parent, SALP, in the amount of $255 and $3,287, respectively. The Company also recorded professional fee expenses, incurred by the parent and recharged to the Company, during the quarter and the nine months ended September 30, 3019 of $337. At September 30, 2019, $337 was payable to SALP by the Company.

Changes in accounting policies

The accounting policies used in the consolidated financial statements are consistent with those applied by the Company in its December 31, 2018 audited annual consolidated financial statements except for the element described below.

IFRS 16, Leases

IFRS 16 replaces IAS 17, Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. The cumulative effect of initially applying the standard is recognized at the date of initial application. The current and long-term portions of operating and finance lease inducements and obligations presented in the statement of financial position at December 31, 2018, reflect the accounting treatment under IAS 17 and related interpretations.

The Company elected to use the transitional practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under IAS 17 and IFRIC 4, *Determining whether an arrangement contains a lease* at the date of initial application. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

The Company also elected to record right-of-use assets for leases previously classified as operating leases under IAS 17 based on the corresponding lease liability, adjusted for prepaids or liabilities existing at the date of the transition that relate to the lease. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average discount rate applied to the total lease liabilities recognized on transition was 18.54%. For leases that were previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of adoption was established as the carrying amount of the lease asset classified in capital assets and the finance lease obligation at December 31, 2018. These assets and liabilities are grouped under right-of-use assets and lease liabilities as of January 1, 2019 and IFRS 16 applies to these leases as of that date.

In addition, the Company elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases for which it is not required to recognize a right-of-use asset and a corresponding lease liability. The Company also elected to not apply IFRS 16 when the underlying asset in a lease is of low value.

The Company has elected, for the class of assets related to the lease of building space, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The table below shows which line items of the consolidated statement of financial position were affected by the adoption of IFRS 16 and the impact. There was no net impact on the deficit.

	As reported as at December 31, 2018	Adjustments for the transition to IFRS 16	Balance as at January 1, 2019
Assets			
Prepaids	$ 1,452	$ (84)	$ 1,368
Capital assets	41,113	(1,043)	40,070
Right-of-use assets	-	39,149	39,149
Liabilities			
Accounts payable and accrued liabilities	$ 31,855	$ (2,499)	$ 29,356
Current portion of lease liabilities	-	8,575	8,575
Long-term portion of lease liabilities	-	34,126	34,126
Long-term portion of operating and finance lease inducements and obligations	1,850	(1,850)	-
Other long-term liabilities	5,695	(330)	5,365

Prior to adopting IFRS 16, total minimum operating lease commitments as at December 31, 2018 were $75.0 million. The decrease between the total of the minimum lease payments set out in Note 29 of the audited annual consolidated financial statements for the year ended December 31, 2018 and the total lease liabilities recognized on adoption of $42.7 million was principally due to the effect of discounting on the minimum lease payments. The amount also decreased slightly due to the fact that certain costs that are contractually committed under lease contracts, but which do not qualify to be accounted for as a lease liability, such as variable lease payments not tied to an index or rate, were previously included in our lease commitment table whereas they are not included in the calculation of the lease liabilities. These impacts were partially offset by the inclusion of lease payments beyond minimum commitments relating to reasonably certain renewal periods that had not yet been exercised as at December 31, 2018 which effect is to increase the liability. Right-of-use assets at transition have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent relating to that lease.

The consolidated statement of operations was impacted as the recording of depreciation of the right-of-use assets continues to be recorded in the same financial statement line items as it was previously while the implicit financing component of leasing agreements is now recorded under finance costs. The impact is not simply in the form of a reclass but also in terms of measurement, which are very much affected by the discount rates used and whether the Company has included renewal periods when calculating the lease liability.

The consolidated cash flow statement was also impacted since the cash flows attributable to the lease component of the lease agreements are now shown as payments of principal and interest on lease liabilities which are now part of cash flows from financing activities.

Management is not able to quantify these differences since it did not restate the 2018 consolidated financial statements and therefore does not have the comparative data.

With the adoption of IFRS 16, the Company has adopted new accounting policies for the accounting of leases, including policies regarding the right-of-use assets, lease liabilities, short-term leases and low value leases. Details are provided in note 2 of the condensed interim consolidated financial statements for the quarter and the nine months ended September 30, 2019.

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23")

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 – *Income Taxes* are applied where there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019 and was adopted by the Company on that date. The Company assessed the impact of this Interpretation and concluded that it had no impact on the amounts recorded in its consolidated statements of financial position on the date of adoption.

New standards and interpretations not yet adopted

There are no new standards not yet adopted by the Company that are pertinent to its operations.

Significant judgments and critical accounting estimates

The preparation of the interim consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. As a result of the application of IFRS 16 and IFRIC 23, the Company has modified its disclosure on significant judgments and estimates. The other significant accounting judgments and critical accounting estimates applied by the Company, disclosed in the consolidated financial statements for the year ended December 31, 2018, remain unchanged.

Leases - The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that this option will not be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of up to fifteen years. Judgement is applied in evaluating whether it is reasonably certain to exercise the option to renew. That is, all relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The renewal period is included as part of the lease term for a manufacturing plant lease which it estimates it is reasonably certain to exercise due to the importance of this asset to its operations, the limited availability on the market of a similar asset with similar rental terms and the related cost of moving the production equipment to another facility.

Uncertainty over income tax treatments

R&D tax credits for the current period and prior periods are measured based on its best estimate and judgment at the amount the Company expects to receive from the tax authorities as at the reporting date, either in the form of income tax refunds or refundable grants. However, there are uncertainties as to the interpretation of the tax legislation and regulations, in particular regarding what constitutes eligible R&D activities and expenditures, as well as the amount and timing of recovery of these tax credits. In order to determine whether the expenses incurred are eligible for R&D tax credits, the Company must use judgment and may resort to complex techniques, which makes the recovery of tax credits uncertain. As a result, there may be a significant difference between the estimated timing and amount recognized in the consolidated financial statements in respect of tax credits receivable and the actual amount of tax credits received as a result of the tax administrations' review of matters that were subject to interpretation. The amounts recognized in the consolidated financial statements are based on the best estimates of the Company and in its best possible judgment, as noted above.

Financial instruments

Use of financial instruments

The financial instruments that are used by the Company result from its operating and investing activities, namely in the form of accounts receivables and payables, and from its financing activities resulting usually in the issuance of long-term debt. The Company does not use financial instruments for speculative purposes and has not issued or acquired derivative financial instruments for hedging purposes.

Impact of financial instruments in the consolidated statements of operations

The following line items in the consolidated statement of operations for the quarter and the nine months ended September 30, 2019 include income, expense, gains and losses relating to financial instruments:

- loss on extinguishments of liabilities
- change in fair value of financial instruments measured at fair value through profit or loss
- finance costs; and
- foreign exchange gains and losses.

Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed. The management of the financial risks are the same as those described in the December 31, 2018 MD&A.

Risk factors

For a detailed discussion of risk factors which could impact the Company's results of operations and financial position, other than those risks pertaining to the financial instruments, please refer to the Company's Annual Information Form filed on www.sedar.com

Disclosure controls and procedures and internal controls over financial reporting

No changes were made to the Company's internal controls over financial reporting during the nine months ended September 30, 2019 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands of Canadian dollars) (Unaudited)

		September 30, 2019		December 31, 2018
ASSETS (note 13)				
Current assets				
Cash and cash equivalents	**$**	**60,361**	$	7,389
Accounts receivable (note 3)		**5,924**		11,882
Income tax receivable		**7,601**		8,091
Inventories (note 4)		**9,435**		12,028
Prepaids		**2,350**		1,452
Total current assets		**85,671**		40,842
Long-term income tax receivable		**114**		117
Other long-term assets (note 5)		**2,395**		411
Capital assets (note 6)		**37,439**		41,113
Right-of-use assets (note 7)		**37,186**		-
Intangible assets (note 8)		**18,972**		19,803
Deferred tax assets		**605**		606
Total assets	**$**	**182,382**	$	102,892
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10)	**$**	**19,936**	$	31,855
Deferred revenues		**368**		507
Current portion of lease liabilities (note 11)		**9,022**		-
Warrant liability (note 12)		**-**		157
Current portion of long-term debt (note 13)		**408**		3,211
Total current liabilities		**29,734**		35,730
Long-term portion of deferred revenues		**83**		170
Long-term portion of lease liabilities (note 11)		**33,910**		-
Long-term portion of operating and finance lease inducements and obligations		**-**		1,850
Other long-term liabilities (note 14)		**3,354**		5,695
Long-term debt (note 13)		**8,613**		122,593
Total liabilities	**$**	**75,694**	$	166,038
EQUITY				
Share capital (note 16a)	**$**	**932,951**	$	583,117
Contributed surplus (note 16b)		**40,562**		21,923
Warrants (note 16c)		**95,856**		95,296
Accumulated other comprehensive loss		**(2,884)**		(1,252)
Deficit		**(952,634)**		(755,688)
Equity (deficiency) attributable to owners of the parent		**113,851**		(56,604)
Non-controlling interests (note 17)		**(7,163)**		(6,542)
Total equity (deficiency)		**106,688**		(63,146)
Total liabilities and equity	**$**	**182,382**	$	102,892

Subsequent event (note 23)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars except for per share amounts) (Unaudited)

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Revenues (note 18)	**$ 5,291**	$ 12,330	**$ 22,276**	$ 36,777
Expenses				
Cost of sales and other production expenses (note 4)	**3,045**	9,248	**11,278**	30,420
Research and development expenses	**19,605**	24,105	**62,954**	70,525
Administration, selling and marketing expenses	**10,319**	6,222	**36,553**	20,869
Loss (gain) on foreign exchange	**116**	(1,301)	**(1,560)**	768
Finance costs	**1,906**	5,927	**12,815**	15,502
Loss on extinguishments of liabilities (notes 13,16)	**-**	1,278	**92,374**	1,278
Change in fair value of financial instruments measured at fair value through profit or loss (note 12)	**-**	-	**(1,140)**	-
Share of losses of an associate (note 9)	**-**	22	**-**	22
Net loss before income taxes	**$ (29,700)**	$ (33,171)	**$ (190,998)**	$ (102,607)
Income tax expense (recovery) (note 19):				
Current	**5**	(3,934)	**1,244**	(3,935)
Deferred	**2**	(337)	**2**	(2,090)
	7	(4,271)	**1,246**	(6,025)
Net loss	**$ (29,707)**	$ (28,900)	**$ (192,244)**	$ (96,582)
Net loss attributable to:				
Owners of the parent	**(29,602)**	(28,472)	**(191,355)**	(92,413)
Non-controlling interests (note 17)	**(105)**	(428)	**(889)**	(4,169)
	$ (29,707)	$ (28,900)	**$ (192,244)**	$ (96,582)
Loss per share				
Attributable to the owners of the parent Basic and diluted (note 20)	**$ (1.27)**	$ (34.30)	**$ (14.05)**	$ (111.74)
Weighted average number of outstanding shares (in thousands)	**23,313**	830	**13,619**	827

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of Canadian dollars) (Unaudited)

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Net loss	**$ (29,707)**	$ (28,900)	**$ (192,244)**	$ (96,582)
Other comprehensive income				
Items that may be subsequently reclassified to profit and loss:				
Change in unrealized foreign exchange differences on translation of financial statements of foreign subsidiaries	**(544)**	(677)	**(1,632)**	(242)
Total comprehensive loss	**$ (30,251)**	$ (29,577)	**$ (193,876)**	$ (96,824)
Total comprehensive loss attributable to:				
Owners of the parent	**(30,146)**	(29,149)	**(192,987)**	(92,655)
Non-controlling interests	**(105)**	(428)	**(889)**	(4,169)
	$ (30,251)	$ (29,577)	**$ (193,876)**	$ (96,824)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands of Canadian dollars) (Unaudited)

	Equity (deficiency) attributable to owners of the parent							
	Share capital $	Contributed surplus $	Warrants $	Foreign currency translation reserve $	Deficit $	Total $	Non-controlling interests $	Total equity (deficiency) $
Balance at January 1, 2018	575,150	16,193	73,944	(1,622)	(541,571)	122,094	21,447	143,541
Net loss	-	-	-	-	(92,413)	(92,413)	(4,169)	(96,582)
Foreign currency translation reserve	-	-	-	(242)	-	(242)	-	(242)
Issuance of shares (note 16a)	5,589	-	-	-	-	5,589	-	5,589
Share-based payments expense (note 16b)	-	2,983	-	-	-	2,983	-	2,983
Exercise of stock options (note 16b)	1,073	(438)	-	-	-	635	-	635
Shares issued pursuant to restricted share unit plan (note 16b)	30	(30)	-	-	-	-	-	-
Issuance of warrants (note 16c)	-	-	11,731	-	-	11,731	-	11,731
Share and warrant issuance cost	-	-	-	-	(40)	(40)	-	(40)
Effect of changes in the ownership of a subsidiary and funding arrangements on non-controlling interests (note 17)	-	-	-	-	(17,887)	(17,887)	14,258	(3,629)
Balance at September 30, 2018	581,842	18,708	85,675	(1,864)	(651,911)	32,450	31,536	63,986
Balance at January 1, 2019	**583,117**	**21,923**	**95,296**	**(1,252)**	**(755,688)**	**(56,604)**	**(6,542)**	**(63,146)**
Net loss	**-**	**-**	**-**	**-**	**(191,355)**	**(191,355)**	**(889)**	**(192,244)**
Foreign currency translation reserve	**-**	**-**	**-**	**(1,632)**	**-**	**(1,632)**	**-**	**(1,632)**
Issuance of shares (note 16a)	**349,834**	**-**	**-**	**-**	**-**	**349,834**	**-**	**349,834**
Share-based payments expense (note 16b)	**-**	**19,060**	**-**	**-**	**-**	**19,060**	**-**	**19,060**
Share-based compensation paid in cash (note 16b)	**-**	**(421)**	**-**	**-**	**-**	**(421)**	**-**	**(421)**
Issuance of warrants (note 16c)	**-**	**-**	**560**	**-**	**-**	**560**	**-**	**560**
Share issuance cost (note 16a)	**-**	**-**	**-**	**-**	**(5,323)**	**(5,323)**	**-**	**(5,323)**
Effect of funding arrangements on non-controlling interests (note 17)	**-**	**-**	**-**	**-**	**(268)**	**(268)**	**268**	**-**
Balance at September 30, 2019	**932,951**	**40,562**	**95,856**	**(2,884)**	**(952,634)**	**113,851**	**(7,163)**	**106,688**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars) (Unaudited)

Nine months ended September 30,		**2019**		2018
Cash flows used in operating activities				
Net loss for the period	**$**	**(192,244)**	$	(96,582)
Adjustments to reconcile net loss to cash flows used in operating activities :				
Finance costs and foreign exchange		**11,083**		16,007
Change in operating inducements and obligations		**-**		(1,009)
Carrying value of capital and intangible assets disposed		**193**		479
Share of losses of an associate (note 9)		**-**		22
Change in fair value of financial instruments measured at fair value through profit or loss (note 12)		**(1,140)**		-
Loss on extinguishments of liabilities (notes 13, 16a)		**92,374**		1,278
Deferred income taxes		**2**		(2,090)
Share-based payments expense (note 16b)		**18,639**		2,983
Depreciation of capital assets (note 6)		**2,840**		3,104
Depreciation of right-of-use assets (note 7)		**3,666**		-
Amortization of intangible assets (note 8)		**961**		952
		(63,626)		(74,856)
Change in non-cash working capital items		**(309)**		17,864
	$	**(63,935)**	$	(56,992)
Cash flows from financing activities				
Proceeds from share issuances (note 16a)		**118,785**		-
Proceeds from debt and warrant issuances (notes 13, 16c)		**19,859**		65,815
Repayment of principal on long-term debt (note 13)		**(741)**		(1,855)
Repayment of interest on long-term debt (note 13)		**(3,287)**		(3,903)
Exercise of options (note 16b)		**-**		635
Payments of principal on lease liabilities (note 11)		**(5,709)**		-
Payment of interest on lease liabilities (note 11)		**(1,365)**		-
Debt, share and warrants issuance costs		**(6,698)**		(782)
Payments of principal under finance leases		**-**		(183)
	$	**120,844**	$	59,727
Cash flows used in investing activities				
Additions to capital assets		**(3,082)**		(2,886)
Additions to intangible assets		**(1,158)**		(1,069)
Acquisition of convertible debt		**-**		(967)
Release of restricted cash		**64**		-
Interest received		**520**		191
	$	**(3,656)**	$	(4,731)
Net change in cash during the period		**53,253**		(1,996)
Net effect of currency exchange rate on Cash and cash equivalents		**(281)**		183
Cash and cash equivalents, beginning of period		**7,389**		23,166
Cash and cash equivalents, end of period	**$**	**60,361**	$	21,353
Comprising of:				
Cash		**37,114**		21,353
Cash equivalents		**23,247**		-
	$	**60,361**	$	21,353

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Nature of operations

Liminal BioSciences Inc. ("Liminal" or the "Company"), formerly Prometic Life Sciences Inc., is incorporated under the Canada Business Corporations Act and is a publicly traded clinical stage biotechonology company (TSX symbol: LMNL, formerly PLI; OTCQX symbol: PFSCF) focused on the discovery and development of innovative medicines against novel biologic targets for diseases in patients with serious unmet needs. The Company's primary research focus in the Small molecule therapeutics segment, has been based on its understanding of several orphan G protein-coupled receptors (GPR's) known as free fatty acid receptors (FFAR's). FFAR's are being evaluated as novel therapeutic targets for a variety of inflammatory, fibrotic and metabolic diseases in an emerging field known as immuno-metabolism. The Company is specifically focused on liver, respiratory and renal therapeutic areas, primarily in rare or orphan diseases. The Plasma-derived therapeutics segment leverages Liminal's experience in bioseparation technologies used to isolate and purify biopharmaceuticals from human plasma. The Company's primary goal with respect to this second platform is to address unmet medical needs with therapeutic proteins not currently commercially available, such as Ryplazim™ (plasminogen) ("Ryplazim™"). The Bioseparations segment provides access to its proprietary bioseparation technologies to enable pharmaceutical companies in their production of non-competing biopharmaceuticals.

On July 5, 2019, the Company performed a one thousand-to-one share consolidation of the Company's common shares, stock options, restricted share units and warrants. The quantities and per unit prices presented in these condensed interim consolidated financial statements have been retroactively adjusted to give effect to the share consolidation.

On October 7, 2019, Prometic Life Sciences Inc. changed its name to Liminal BioSciences Inc. and the Company's TSX stock symbol became LMNL.

The Company's head office is located at 440, Boul. Armand-Frappier, suite 300, Laval, Québec, Canada, H7V 4B4. Liminal has Research and Development ("R&D") facilities in the Canada, U.K. and the U.S., manufacturing facilities in Canada and the Isle of Man and business development activities in Canada, the U.S, Europe and Asia.

Structured Alpha LP ("SALP") has been Liminal's parent company since the April 23, 2019 debt restructuring (note 13). Thomvest Asset Management Ltd. is the general partner of SALP and the ultimate controlling parent of Liminal is The 2003 TIL Settlement. Prior to this date, Liminal did not have a controlling parent.

The unaudited condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB") on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The financial condition of the Company has improved significantly since April 2019 following the completion of several transactions including the debt restructuring that took place on April 23, 2019 thereby reducing the long-term debt down to $10.0 million (note 13) and the receipt of gross proceed from equity issuances, both through private placements and the rights offering of $114.4 million (note 16). These transactions contributed to the Company having a positive working capital position, i.e. the current assets net of current liabilities, of $55.9 million at September 30, 2019. The working capital position is expected to increase subsequent to September 30, 2019, following the expected closing of the sale of the bioseparations operations (note 23). Finally, on November 11, 2019, the Company has entered into a loan agreement with SALP which makes available a line of credit of up to $75.0 million (note 23) which could be used if needed.

Despite the improved liquidity situation, Liminal is an R&D stage enterprise and until the Company can generate a sufficient amount of product revenue to finance its cash requirements, management expects, as required, to finance future cash needs primarily through a combination of public or private equity offerings, debt financings, strategic collaborations, business and asset divestitures, and grant funding.

2. Significant accounting policies

a) Accounting framework

These unaudited condensed interim consolidated financial statements ("interim financial statements") for the quarter and the nine months ended September 30, 2019 have been prepared in accordance with IAS 34, *Interim financial reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. These interim financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS and which can be found at www.sedar.com.

These interim financial statements were approved for issue on November 11, 2019 by the Company's Audit, Risk and Finance committee as delegated by the Board of Directors.

b) Adoption of new accounting standards

The accounting policies used in these interim financial statements are consistent with those applied by the Company in its December 31, 2018 audited annual consolidated financial statements except for the amendments to certain accounting standards which are relevant to the Company and were adopted by the Company as of January 1, 2019 as described below.

IFRS 16, Leases ("IFRS 16")
IFRS 16 replaces IAS 17, *Leases* ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. The cumulative effect of initially applying the standard is recognized at the date of initial application. The current and long-term portions of operating and finance lease inducements and obligations presented in the statement of financial position at December 31, 2018, reflect the accounting treatment under IAS 17 and related interpretations.

The Company elected to use the transitional practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under IAS 17 and IFRIC 4, *Determining whether an arrangement contains a lease* at the date of initial application. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

The Company also elected to record right-of-use assets for leases previously classified as operating leases under IAS 17 based on the corresponding lease liability, adjusted for prepaids or liabilities existing at the date of the transition that relate to the lease. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average discount rate applied to the total lease liabilities recognized on transition was 18.54%. For leases that were previously classified as finance leases

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of adoption was established as the carrying amount of the lease asset classified in capital assets and the finance lease obligation at December 31, 2018. These assets and liabilities are grouped under right-of-use assets and lease liabilities as of January 1, 2019 and IFRS 16 applies to these leases as of that date.

In addition, the Company elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases for which it is not required to recognize a right-of-use asset and a corresponding lease liability. The Company also elected to not apply IFRS 16 when the underlying asset in a lease is of low value.

The Company has elected, for the class of assets related to the lease of building space, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The table below shows which line items of the consolidated financial statements were affected by the adoption of IFRS 16 and the impact. There was no net impact on the deficit.

	As reported as at December 31, 2018	Adjustments for the transition to IFRS 16	Balance as at January 1, 2019
Assets			
Prepaids	$ 1,452	$ (84)	$ 1,368
Capital assets (note 6)	41,113	(1,043)	40,070
Right-of-use assets (note 7)	-	39,149	39,149
Liabilities			
Accounts payable and accrued liabilities (note 10)	$ 31,855	$ (2,499)	$ 29,356
Current portion of lease liabilities (note 11)	-	8,575	8,575
Long-term portion of lease liabilities (note 11)	-	34,126	34,126
Long-term portion of operating and finance lease inducements and obligations	1,850	(1,850)	-
Other long-term liabilities (note 14)	5,695	(330)	5,365

Prior to adopting IFRS 16, the total minimum operating lease commitments as at December 31, 2018 were $74,977. The decrease between the total of the minimum lease payments set out in Note 29 of the audited annual consolidated financial statements for the year ended December 31, 2018 and the total lease liabilities recognized on adoption of $42,701 was principally due to the effect of discounting on the minimum lease payments. The amount also decreased slightly due to the fact that certain costs that are contractually committed under lease contracts, but which do not qualify to be accounted for as a lease liability, such as variable lease payments not tied to an index or rate, were previously included in the lease commitment table whereas they are not included in the calculation of the lease liabilities. These impacts were partially offset by the inclusion of lease payments beyond minimum commitments relating to reasonably certain renewal periods that had not yet been exercised as at December 31, 2018 which effect is to increase the liability. Right-of-use assets at transition have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent relating to that lease.

The consolidated statement of operations for the quarter and nine months ended September 30, 2019 was impacted by the adoption of IFRS 16 as the recording of depreciation of the right-of-use assets continues to be recorded in the same financial statement line items as it was previously while the implicit financing component of leasing agreements is now recorded under finance costs. The impact is not simply in the form of a reclassification but also in terms of measurement, which are very much affected by the discount rates used and whether the Company has included renewal periods when calculating the lease liability.

The consolidated cash flow statement for the quarter and nine months ended September 30, 2019 was also impacted since the cash flows attributable to the lease component of the lease agreements are now shown as payments of principal and interest on lease liabilities which are now part of cash flows from financing activities.

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23")
IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 – *Income Taxes* are applied where there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019 and was adopted by the Company on that date. The Company assessed the impact of this Interpretation and concluded that it had no impact on the amounts recorded in its consolidated statements of financial position on the date of adoption.

c) Accounting policies not disclosed in the December 31, 2018 consolidated financial statements

Following the adoption of IFRS 16, the Company has established the following accounting policies pertaining to leases that are applicable as of January 1, 2019.

Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Company recognises a right-of-use asset at the commencement date of a lease which is when the date at which the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of a lease, the Company recognizes a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of a lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of a lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment whether the underlying asset will be purchased.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases of 12 months or less. It also applies the lease of low-value assets recognition exemption for lease that are considered of low value i.e. below seven thousand dollars. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Cash equivalents

Cash and cash equivalents comprise deposits in banks and highly liquid investments having an original maturity of 90 days or less when issued.

d) Significant judgments and critical accounting estimates

The preparation of the interim consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. As a result of the application of IFRS 16 and IFRIC 23, the Company has modified its disclosure on significant judgments and estimates. The other significant accounting judgments and critical accounting estimates applied by the Corporation, disclosed in the consolidated financial statements for the year ended December 31, 2018, remain unchanged.

Leases

Leases - The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that this option will not be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of up to fifteen years. Judgement is applied in evaluating whether it is reasonably certain to exercise the option to renew. That is, all relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The renewal period is included as part of the lease term for a manufacturing plant lease which it estimated it is reasonably certain to exercise due to the importance of this asset to its operations, the limited availability on the market of a similar asset with similar rental terms and the related cost of moving the production equipment to another facility.

Uncertainty over income tax treatments

R&D tax credits for the current period and prior periods are measured at the amount the Company expects to recover, based on its best estimate and judgment, of the amounts it expects to receive from the tax authorities as at the reporting date, either in the form of income tax refunds or refundable grants. However, there are uncertainties as to the interpretation of the tax legislation and regulations, in particular regarding what constitutes eligible R&D activities and expenditures, as well in regards to the amount and timing of recovery of these tax credits. In order to determine whether the expenses it incurs are eligible for R&D tax credits, the Company must use judgment and may resort to complex techniques, which makes the recovery of tax credits uncertain. As a result, there may be a significant difference between the estimated timing and amount recognized in the consolidated financial statements in respect of tax credits receivable and the actual amount of tax credits received as a result of the tax administrations' review of matters that were subject to interpretation. The amounts recognized in the consolidated financial statements are based on the best estimates of the Company and in its best possible judgment, as noted above.

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

3. Accounts receivable

		September 30, 2019		December 31, 2018
Trade receivables	**$**	**2,218**	$	7,051
Tax credits and government grants receivable		**1,986**		3,737
Sales taxes receivable		**1,373**		774
Other receivables		**347**		320
	$	**5,924**	$	11,882

4. Inventories

		September 30, 2019		December 31, 2018
Raw materials	**$**	**3,633**	$	5,428
Work in progress		**3,491**		3,740
Finished goods		**2,311**		2,860
	$	**9,435**	$	12,028

Inventories sold in the amount of $2,743 and $9,949 were recognized as cost of sales and other production expenses during the quarter and the nine months ended September 30, 2019, ($8,302 and $26,638 during the quarter and the nine months ended September 30, 2018). Inventory write-downs of $108 and $575, also included in cost of sales and other production expenses, were recorded during the quarter and nine months ended September 30, 2019 ($547 and $2,222 during the quarter and nine months ended September 30, 2018).

5. Other long-term assets

		September 30, 2019		December 31, 2018
Restricted cash	**$**	**172**	$	245
Long-term deposits		**168**		142
Tax credits receivable		**2,032**		-
Equity investments in scope of IFRS 9		**23**		24
	$	**2,395**	$	411

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

6. Capital assets

	Land and Buildings	Leasehold improvements	Production and laboratory equipment	Furniture and computer equipment	Total
Cost					
Balance at December 31, 2018	$ 4,567	$ 16,034	$ 38,885	$ 3,786	$ 63,272
Impact of adopting IFRS 16 [1)]	-	-	(1,170)	-	(1,170)
Balance at January 1, 2019	4,567	16,034	37,715	3,786	62,102
Additions	-	207	470	169	846
Disposals	-	(5)	(78)	(14)	(97)
Effect of foreign exchange differences	-	(534)	(376)	(34)	(944)
Balance at September 30, 2019	**$ 4,567**	**$ 15,702**	**$ 37,731**	**$ 3,907**	**$ 61,907**
Accumulated depreciation					
Balance at December 31, 2018	$ 414	$ 4,421	$ 15,071	$ 2,253	$ 22,159
Impact of adopting IFRS 16 [1)]	-	-	(127)	-	(127)
Balance at January 1, 2019	414	4,421	14,944	2,253	22,032
Depreciation expense	146	590	1,629	475	2,840
Disposals	-	(2)	(77)	(14)	(93)
Effect of foreign exchange differences	-	(141)	(149)	(21)	(311)
Balance at September 30, 2019	**$ 560**	**$ 4,868**	**$ 16,347**	**$ 2,693**	**$ 24,468**
Carrying amounts					
At September 30, 2019	**$ 4,007**	**$ 10,834**	**$ 21,384**	**$ 1,214**	**$ 37,439**
At January 1, 2019	4,153	11,613	22,771	1,533	40,070
At December 31, 2018	4,153	11,613	23,814	1,533	41,113

[1)] The balance of fixed assets capitalized as finance lease assets under IAS 17 where transferred to right-of-use assets upon adoption of IFRS 16 (note 2).

As at September 30, 2019, there are $7,408 and $3,678 of production and laboratory equipment and leasehold improvements, respectively, net of government grants, that are not yet available for use and for which depreciation has not started ($8,322 and $6,610 as of December 31, 2018).

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

7. Right-of-use assets

	Buildings	Production and laboratory equipment	Other	Total
Cost				
Transfer from capital assets on adoption of IFRS 16 (note 6)	$ -	$ 1,170	$ -	$ 1,170
Initial recognition of assets under operating leases on adoption of IFRS 16	37,552	460	94	38,106
Balance at January 1, 2019	37,552	1,630	94	39,276
Additions	1,880	-	49	1,929
Effect of foreign exchange differences	(236)	-	-	(236)
Balance at September 30, 2019	**$ 39,196**	**$ 1,630**	**$ 143**	**$ 40,969**
Accumulated depreciation				
Transfer from capital assets on adoption of IFRS 16 (note 6)	$ -	$ 127	$ -	$ 127
Balance at January 1, 2019	-	127	-	127
Depreciation expense	3,190	444	32	3,666
Effect of foreign exchange differences	(9)	(1)	-	(10)
Balance at September 30, 2019	**$ 3,181**	**$ 570**	**$ 32**	**$ 3,783**
Carrying amounts				
At September 30, 2019	**$ 36,015**	**$ 1,060**	**$ 111**	**$ 37,186**
At January 1, 2019	37,552	1,503	94	39,149

8. Intangible assets

	Licenses and other rights	Patents	Software	Total
Cost				
Balance at January 1, 2019	$ 160,782	$ 6,997	$ 3,286	$ 171,065
Additions	-	508	412	920
Disposals	-	(524)	(39)	(563)
Effect of foreign exchange differences	(30)	(136)	(14)	(180)
Balance at September 30, 2019	**$ 160,752**	**$ 6,845**	**$ 3,645**	**$ 171,242**
Accumulated amortization				
Balance at January 1, 2019	$ 147,356	$ 2,838	$ 1,068	$ 151,262
Amortization expense	309	320	332	961
Disposals	-	(365)	(9)	(374)
Impairments	-	535	-	535
Effect of foreign exchange differences	(24)	(82)	(8)	(114)
Balance at September 30, 2019	**$ 147,641**	**$ 3,246**	**$ 1,383**	**$ 152,270**
Carrying amounts				
At September 30, 2019	**$ 13,111**	**$ 3,599**	**$ 2,262**	**$ 18,972**
At December 31, 2018	13,426	4,159	2,218	19,803

9. Investment in an associate

In February 2019, the Company decided that it was no longer part of its strategy to pursue the development of Inter-alpha Inhibitor proteins and has undertaken discussions with ProThera Biologics, Inc. ("ProThera") to terminate the various corporate and commercial agreements it has in place with ProThera. The Company determined that, from that point on, it no longer had significant influence over ProThera and therefore changed its accounting for its investment in ProThera's common shares as an investment in an associate to that of a financial asset at fair value through profit and loss. The fair value of such financial asset was evaluated at $nil

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

both in February 2019 and at the current financial position date. Consequently, any future transactions between the Company and ProThera will no longer be disclosed as a related party transaction.

10. Accounts payable and accrued liabilities

		September 30, 2019		December 31, 2018
Trade payables	**$**	**11,438**	$	21,097
Wages and benefits payable		**5,793**		1,975
Current portion of operating and finance lease inducements and obligations		**-**		5,844
Current portion of settlement fee payable		**114**		102
Current portion of royalty payment obligations (note 14)		**56**		68
Current portion of license acquisition payment obligation (note 14)		**1,324**		1,363
Current portion of other employee benefit liabilities (note 14)		**1,211**		1,406
	$	**19,936**	$	31,855

11. Lease liabilities

Transfer of finance leases from operating and finance lease inducements and obligations	$	846
Initial recognition of lease liabilities under operating leases on adoption of IFRS 16		41,855
Balance at January 1, 2019	$	42,701
Additions		2,328
Interest expense		5,460
Payments		(7,074)
Effect of foreign exchange differences		(483)
Balance at September 30, 2019	$	42,932
Less current portion of lease liabilities		9,022
Long-term portion of lease liabilities	$	33,910

Interest expense on lease liabilities for the quarter and nine months ended September 30, 2019 was $1,821 and $5,460, respectively and is included as part of finance costs in the consolidated statement of operations.

12. Warrant liability

As consideration for the modification of the terms of the loan agreements on November 14, 2018, the Company had a commitment to issue warrants ("Warrants #9") to the holder of the long-term debt on or before March 20, 2019. The exact number of warrants to be issued was based on the number of warrants necessary to increase the ownership of the holder of the long-term debt to 19.99% on a fully diluted basis at the date of issuance.

On February 22, 2019, the Company further amended the fourth loan agreement with the addition of two tranches, one of US$10 million and another one of US$5 million, that were drawn on February 22, 2019 and March 22, 2019 respectively. As consideration for the modification to the fourth loan agreement, the Company amended the terms applicable at the time of issuance of Warrants #9 to reduce the originally agreed exercise price from $1,000.00 to $156.36 per preferred share and to issue the Warrants #9 concurrently with the modification. Accordingly, the Company issued 19,402 warrants on February 22, 2019. Each warrant entitles the holder to acquire one preferred share (note 16c) at a price of $156.36 per preferred share and will expire on February 22, 2027. The Warrants #9 did not meet the definition of an equity instrument since the underlying preferred shares qualify as a liability instrument, and therefore they were accounted for as a financial instrument carried at fair value through profit or loss.

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The change in fair value of the warrant liability between December 31, 2018, when it was valued at $157 and prior to its modification on February 22, 2019, in the amount of $218 was recorded in the consolidated statement of operations. The Company recorded the increase in fair value of the warrants of $1,137 resulting from the reduction of the exercise price of Warrants #9 on February 22, 2019 against the two additional tranches of the credit facility, treating the increase as financing fees. The changes in fair value of the warrant liability between February 22, 2019, after the modification, and March 31, 2019 was an increase of $11 and a decrease in fair value of $1,369 (a gain) between March 31, 2019 to April 23, 2019. Both variations were recorded in the consolidated statements of operations. The estimated fair value of these warrants at April 23, 2019 was $153.

As part of the debt restructuring agreement on April 23, 2019 (note 13), all the outstanding warrants belonging to the holder of the debt, including the Warrants #9, were cancelled and replaced by new warrants (note 16c). The cancellation and the issuance of new warrants was treated as a modification. Following this modification, the Warrants #9 no longer meet the definition of a liability instrument and the Company reclassified the fair value of the Warrants #9 as of April 23, 2019 of $153 from warrant liability to warrants classified as equity.

The fair value of Warrants #9 on the various dates was calculated using a Black-Scholes option pricing model with the assumptions provided in the table below. In order to estimate the fair value of the underlying preferred share, the Company used the market price of Liminal's common shares at the measurement date, discounted for the fact that the preferred shares are illiquid. The value of the discount was calculated using a European put option model to sell a common share of Liminal at the price of $1,000.00 or $156.36 per share in 20 years.

	April 23, 2019	February 22, 2019	December 31, 2018
Underlying preferred share fair value	32.43	152.15	130.00
Number of warrants issued on February 22, 2019	19,402	19,402	14,088
Volatility	55.6%	48.1%	44.5%
Risk-free interest rate	1.66%	1.84%	2.82%
Remaining life until expiry	7.8	8.0	7.9
Expected dividend rate	-	-	-

13. Long-term debt

The transactions during the nine months ended September 30, 2019 and the carrying value of the long-term debt at September 30, 2019 were as follows:

		2019
Balance at January 1	$	125,804
Stated and accreted interest		7,561
Drawdown on Credit Facility		18,677
Repayment of principal through share issuance		(141,536)
Repayment of principal with cash		(741)
Repayment of stated interest		(3,287)
Extinguishment of loan - April 23, 2019 loan modification		(4,667)
Recognition of loan - April 23, 2019 loan modification		8,521
Foreign exchange revaluation on Credit Facility balance		(1,311)
Balance at September 30	$	9,021

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

At September 30, 2019, the carrying amount of the debt comprised the following loans:

		September 30, 2019
Loan with the parent having a principal of $10,000 maturing on April 23, 2024 with an effective interest rate of 15,05% 1)	$	8,613
Non-interest bearing government term loan having a principal amount of $329 repayable in equal monthly installments of $82 until January 31, 2020 with an effective interest rate of 8.8%		408
	$	9,021
Less current portion of long-term debt		(408)
Long-term portion of long-term debt	$	8,613

1) The Loan with the parent is secured by all the assets of the Company and requires that certain covenants be respected including maintaining an adjusted working capital ratio.

On February 22, 2019, the Company amended the fourth loan agreement ("Credit Facility") with the addition of two tranches of US$10 million and US$5 million which the Company drew on February 22 and March 22, 2019, respectively. Those two tranches bear interest at an annual rate of 8.5% payable quarterly. Concurrently with the amendment, the Company agreed to reduce the exercise price of Warrants #9 from $1,000.00 to $156.36 per preferred share and to immediately issue those warrants (note 12). The incremental fair value of the warrant liability of $1,137 due to this change was recognized as deferred financing fees related to the additional two tranches received. The Company recorded the credit facility draws on February 22, 2019 and March 22, 2019 at its fair value at the transaction date less the associated transaction costs and financing fees of $45 and $1,137 respectively, for a net amount of $18,677.

On April 23, 2019, the Company entered into a debt restructuring agreement with the long-term debt holder whereby the entirety of the principal on the Credit Facility plus a portion of the interest due, the entirety of the First and Second Original Issue Discount ("OID") loans and the majority of the Third OID loan would be repaid by Liminal by the issuance of common shares, at a conversion price, rounded to the nearest two decimals, of $15.21 per common share. Consequently, the US$95 million of principal plus interest due on the Credit Facility was reduced to $663 and the aggregate face value of the three OID loans was reduced by $99,552 to $10,000 with the remaining balance of the Third OID loan modified into an interest-bearing loan at a stated interest 10% payable quarterly. This resulted in the reduction of the long-term debt recorded on the consolidated statement of financial position by $141,536. The Company issued 15,050,312 common shares on that date which were recorded in share capital at a value of $228,915. The difference between the carrying amount of the debt converted into common shares and the increase in the value of the share capital is recognized as a loss on extinguishment of a loan of $87,379. The balance of interest due on the credit facility of $663 was paid in cash. Since November 14, 2018, all transactions with SALP are considered related party transactions however following the issuance of the common shares to SALP as a result of the debt restructuring, SALP obtained control over the Company and since then, is Liminal's controlling parent.

Pursuant to the debt restructuring, the Company cancelled the warrants previously held by SALP and replaced them with new warrants having an exercise price rounded to the nearest two decimals of $15.21 per common share, expiring on April 23, 2027 (note 16c). The incremental fair value of the replacement warrants was recognized in warrants equity and as part of the loss on the debt extinguishment together with the legal fees incurred to finalize all the related legal agreements.

The modification in terms of the remaining balance of the Third OID loan of $10,000 was accounted for as an extinguishment of the long-term debt and the re-issuance of a new interest-bearing loan ("Loan with the parent"). The difference between the carrying amount of the loan extinguished of $4,667 and the fair value of the new Loan with the parent of $8,521 recognized was recorded as a loss on debt extinguishment of $3,854.

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

The fair value of the modified loan was determined using a discounted cash flow model with a market interest rate of 15.1%.

As a result of this transaction and the extinguishments of debt that occurred earlier in the year following payments made to suppliers by the issuance of equity (note 16a), the consolidated statement of operations for the quarter and the nine months ended September 30, 2019, includes a loss on extinguishment of liabilities of $92,374 detailed as follows:

Loss on extinguishment of liabilities due to April 23, 2019 loan modification		
Comprising the following elements:		
Debt to equity conversion	$	87,379
Expensing of financing fees on loan extinguishment		653
Extinguishment of previous loan		(4,667)
Recognition of modified loan		8,521
Expensing of increase in the fair value of the warrants (note 16c)		408
Loss on extinguishment of liabilities due to April 23, 2019 loan modification	$	92,294
Loss on extinguishment of liabilities to suppliers (note 16a)		80
Loss on extinguishments of liabilities	$	92,374

As at September 30, 2019, the Company was in compliance with all of its covenants under its long-term debt agreement.

14. Other long-term liabilities

		September 30, 2019		December 31, 2018
Royalty payment obligations	**$**	**3,124**	$	3,077
License acquisition payment obligation		**1,324**		2,726
Other employee benefit liabilities		**1,497**		2,399
Other long-term liabilities		**-**		330
	$	**5,945**	$	8,532
Less:				
Current portion of royalty payment obligations (note 10)		**(56)**		(68)
Current portion of license acquisition payment obligation (note 10)		**(1,324)**		(1,363)
Current portion of other employee benefit liabilities (note 10)		**(1,211)**		(1,406)
	$	**3,354**	$	5,695

15. Contractual obligations

The following table presents the contractual maturities of the financial liabilities as of September 30, 2019:

		Contractual Cash flows				
	Carrying amount	**Payable within 1 year**	**2 - 4 years**	**5 years**	**Later than 5 years**	**Total**
Accounts payable and accrued liabilities	$ 19,936	$ 19,936	$ -	$ -	$ -	$ 19,936
Long-term portion of royalty payment obligations	3,068	-	3,389	26	265	3,680
Lease liabilities	42,932	9,820	26,548	7,593	45,896	89,857
Long-term portion of other employee benefit liabilities	286	-	286	-	-	286
Long-term debt [1)]	8,613	1,341	3,025	10,569	-	14,935
	$ 74,835	$ 31,097	$ 33,248	$ 18,188	$ 46,161	$ 128,694

[1)] Under the terms of the Loan with the parent (note 13), the holder of Warrants #10 may decide to cancel a portion of the principal value of the loan as payment upon the exercise of these warrants. The maximum repayment due on the loan has been included in the above table.

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

16. Share capital and other equity instruments

On July 5, 2019, the Company performed a one thousand-to-one share consolidation of the Company's common shares, stock options, restricted share units and warrants. The quantities and per unit prices presented throughout the interim financial statements, including this note, have been retroactively adjusted to give effect to the share consolidation.

a) Share capital

	September 30, 2019			September 30, 2018		
	Number		Amount	Number		Amount
Issued common shares	**23,313,164**	**$**	**932,951**	718,068	$	582,242
Share purchase loan to a former officer	**-**		**-**	-		(400)
Issued and fully paid common shares	**23,313,164**	**$**	**932,951**	718,068	$	581,842

Changes in the issued and outstanding common shares during the nine months ended September 30, 2019 and 2018 were as follows:

	September 30, 2019			September 30, 2018		
	Number		Amount	Number		Amount
Balance - beginning of period	**720,306**	**$**	**583,117**	710,549	$	575,150
Issued to acquire assets	**4,420**		**1,326**	1,113		1,960
Issued to acquire non-controlling interest (note 17)	**-**		**-**	4,712		3,629
Exercise of stock options (note 16b)	**-**		**-**	1,677		1,073
Shares issued pursuant to a restricted share units plan (note 16b)	**-**		**-**	17		30
Shares issued pursuant to debt restructuring	**15,050,312**		**228,915**	-		-
Shares issued for cash	**7,536,654**		**118,648**	-		-
Shares released from escrow	**-**		**400**	-		-
Shares issued in payment to suppliers	**1,472**		**545**	-		-
Balance - end of period	**23,313,164**	**$**	**932,951**	718,068	$	581,842

2019

In November 2018, the Company entered into an "At-the-Market" ("ATM") Equity Distribution Agreement ("EDA") under which the Company is able, at its discretion and from time to time, subject to conditions in the EDA, to offer common shares through ATM issuances on the TSX or any other marketplace for aggregate proceeds not exceeding $31 million. This agreement provides that common shares are to be sold at market prices prevailing at the time of sale. In the nine months ended September 30, 2019, the Company issued a total of 12,865 common shares at an average price of $327.55 per share under the ATM for aggregate gross proceeds of $4,214, less transaction costs of $248 recorded in deficit, for total net proceeds of $3,966.

On January 29, 2019, the Company issued 4,420 common shares in settlement of second payment due for the license acquisition payment obligation and recorded $1,326 in share capital based on the market value of the shares on that date.

On February 25 and 27, 2019, the Company issued a total of 1,472 common shares in payment for amounts due to certain suppliers. This transaction was accounted for as an extinguishment of liabilities and the difference between the carrying value of the accounts payable of $465 and the amount recorded for the shares issued of $545, which were valued at the market price of the shares on their date of issuance, was recorded as a loss on extinguishment of liabilities of $80.

As part of the settlement agreement concluded in April 2019 with the former CEO of the Company, common shares held in escrow as security for a share purchase loan of $400 to the former CEO were released and the

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

loan extinguished in exchange for the receipt of a payment of $137, representing the fair value of the shares at the time of the settlement.

On April 23, 2019, the Company issued 15,050,312 common shares as part of the debt restructuring (note 13). The shares issued in relation with the debt restructuring contained trading restrictions and accordingly, the Company determined that their quoted price did not fairly represent the value of the shares issued. As such, the issued shares were recorded at fair value using a market approach under a level 2 fair value measurement of $15.21 per share, resulting in a value of the shares issued of $228,915. The fair value was based on a share issuance for cash on the same date with a non-related party. The difference between the adjustment to the carrying value of the loan of $141,536 and the amount recorded for the shares issued of $228,915 was recorded as a loss on extinguishment of a loan of $87,379.

Concurrently, the Company closed two private placements for 4,931,161 common shares at a subscription price rounded to the nearest two decimals of $15.21 for gross proceeds of $75,000, less transaction costs of $4,802 recorded in deficit, for total net proceeds of $70,198. SALP's participation in the private placement was for gross proceeds to the Company of $25.0 million.

In May 2019, the Company announced a Rights Offering to the holders of its common shares at the close of business on May 21, 2019 to subscribe for up to 0.02 common shares (20 common share on a pre-consolidated basis) for a subscription price rounded to the nearest two decimals of $15.21 per common share. The Right Offering was subject to a proration to ensure that no more than $75,000 was raised. In June 2019, the Company issued 2,592,628 common shares for gross proceeds of $39,434 as part of the Right Offerings less transactions costs of $271 recorded in deficit, for total net proceeds of $39,163.

2018

On January 29, 2018, the Company issued 742 common shares in partial payment for the acquisition of a license and 371 common shares to acquire an option to buy production equipment. Based on the $1760 share price on that date, the values attributed to the shares issued were $1,960.

On April 27, 2018, the Company reacquired the non-controlling shareholders' 13% interest in Prometic Bioproduction Inc. in exchange for the issuance of 4,712 common shares of the Company. Based on the $770 share price on that date, the value attributed to the shares issued was $3,629 (note 17).

b) Contributed surplus (Share-based payments)

Stock options

Changes in the number of stock options outstanding during the nine months ended September 30, 2019 and 2018 were as follows:

	September 30, 2019			September 30, 2018		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Balance - beginning of period	**21,625**	**$**	**1,464.49**	14,256	$	1,782.70
Granted	**2,118,810**		**34.33**	143		770.00
Forfeited	**(9,585)**		**258.46**	(291)		1,947.04
Exercised	**-**		**-**	(1,681)		376.10
Cancelled	**(11,084)**		**1,256.73**	-		-
Expired	**(1,984)**		**1,129.64**	(48)		340.00
Balance - end of period	**2,117,782**	**$**	**40.49**	12,379	$	1,963.74

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

2019

On January 24, 2019, 1,622 stock options were granted at an exercise price of $300.00 and vesting on December 31, 2019. On June 4, 2019, 1,794,224 stock options were granted to key management at a strike price of $36.00 of which 248,825 stock options vested immediately and the remaining vest over a period up to six years. On June 19, 2019, 251,714 stock options were issued at a strike price of $27.00 of which 60,717 stock options vested immediately and the remaining vest over a period up to four years. The weighted average grant date fair value of the stock options issued in 2019 was $13.17.

In June and August 2019 the Company cancelled the options that were issued prior to June 2019, as the exercise price of these options were so above the market price at the time, that it was highly unlikely that they would ever be exercised. In compensation for their agreement to the cancellation, key management and employees, received the new options granted to them in June 2019 discussed above. Consequently, 11,084 stock options with a weighted average exercise price of $1,256.73 were cancelled. There was no exercise of stock options in 2019.

2018

During the nine months ended September 30, 2018, 1,681 stock options were exercised resulting in cash proceeds of $635 and a transfer from contributed surplus to share capital of $438. The weighted average share price on the date of exercise of the options during the nine months ended September 30, 2018 was $1,040.00.

The Company uses the Black-Scholes option pricing model to calculate the fair value of options at the date of grant. The weighted average inputs into the model and the resulting grant date fair values during the nine months ended September 30, 2019 and 2018 were as follows:

	September 30, 2019	September 30, 2018
Expected dividend rate	-	-
Expected volatility of share price	45.0%	63.8%
Risk-free interest rate	1.4%	2.1%
Expected life in years	7.3	6.9
Weighted average grant date fair value	$ 13.17	$ 548.98

All stock options granted in 2018 and 2019 had a contractual life of 10 years.

At September 30, 2019, options issued and outstanding by range of exercise price are as follows:

Range of exercise price	**Number outstanding**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
$11.99 - $27.00	314,970	9.8	$ 23.60	60,567	$ 27.00
$36.00	1,794,224	9.7	36.00	274,715	36.00
$390.00 - $3190.00	8,588	6.2	1598.03	6,587	1,763.05
	2,117,782	9.7	$ 40.49	341,869	$ 67.68

A share-based payment compensation expense of $2,351 and $9,576 was recorded for the options for the quarter and the nine months ended September 30, 2019, respectively ($806 and $2,128 for the quarter and the nine months ended September 30, 2018). The portion of this compensation pertaining to key management personnel is $2,127 and $7,564 for the quarter and the nine months ended September 30, 2019 ($181 and $894 for the quarter and nine months ended September 30, 2018).

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

Restricted share units ("RSU")

Changes in the number of RSU outstanding during the nine months ended September 30, 2019 and 2018 were as follows:

	September 30, 2019	September 30, 2018
Balance - beginning of period	**18,355**	9,877
Granted	**12,564**	-
Expired	**-**	(455)
Forfeited	**(401)**	(41)
Released	**-**	(10)
Paid in cash	**(8,396)**	-
Cancelled	**(4,305)**	-
Balance - end of period	**17,817**	9,371

2019

On January 31, 2019, the Company granted 12,564 RSU at a grant price of $300.00 and a one-year vesting period. On May 30, 2019, the Company decided to vest the 12,564 RSU and the employees were given the choice to receive the then current value of the shares in cash or to receive the shares at a later date. As a result, 8,396 RSU were released and paid in cash resulting in a reduction to contributed surplus of $421.

On May 7, 2019 the 12,886 performance-based RSU pertaining to the "2017-2019" cycle and the "2018-2020" cycle were modified by removing the performance conditions and converting them into time-vesting RSU. The quantity modified into time-vesting units was equivalent to the 100% achievement range whereby in the past, the outcome of the performance conditions could go from zero to 150%. In the past, the Company has always reported the quantity of RSU outstanding as the maximum number of shares that could be issued under the plan. This change resulted in the cancellation of 4,305 units.

At September 30, 2019, 8,315 vested RSU and 9,502 unvested RSU were outstanding. Share-based payment compensation expense of $280 and $9,484 was recorded during the quarter and the nine months ended September 30, 2019, respectively. The portion of this compensation related to key management personnel is $243 and $6,745 for the quarter and the nine months ended September 30, 2019.

2018

At September 30, 2018, 1,874 vested RSU and 7,497 unvested RSU were outstanding. During the nine months ended September 30, 2018, 10 vested RSU were released and an equivalent number of shares were issued out of treasury resulting in a transfer from contributed surplus to share capital of $30. A share-based payment compensation expense of $351 and $856 were recorded during the quarter and the nine months ended September 30, 2018, respectively. The portion of this compensation related to key management personnel is $368 and $851 for the quarter and the nine months ended September 30, 2018, respectively.

Share-based payment expense

The total share-based payment expense, comprising the above-mentioned expenses for stock options and RSU, has been included in the consolidated statements of operations for the quarter and the nine months ended September 30, 2019 and 2018 as indicated in the following table:

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Cost of sales and other production expenses	**$ 7**	$ 80	**$ 95**	$ 171
Research and development expenses	**402**	495	**6,174**	1,287
Administration, selling and marketing expenses	**2,222**	582	**12,791**	1,525
	$ 2,631	$ 1,157	**$ 19,060**	$ 2,983

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

c) Warrants

The following table summarizes the changes in the number of warrants outstanding during the nine months ended September 30, 2019 and 2018:

	September 30, 2019			September 30, 2018		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Balance of warrants - beginning of period	**153,611**	**$**	**1,028.35**	121,671	$	2,109.21
Issued for cash	**19,402**		**156.36**	-		-
Issued to acquire assets	**-**		**-**	4,000		3,000.00
Cancelled - loan modification	**(168,735)**		**872.51**	-		-
Issued - loan modification	**168,735**		**15.21**	-		-
Expired	**(278)**		**6,390.00**	-		-
Balance of warrants - end of period	**172,735**	**$**	**84.33**	125,671	$	2,137.56
Balance of warrants exercisable - end of period	**170,735**	**$**	**50.17**	121,671	$	2,109.21

2019

On February 22, 2019, pursuant to modifying the fourth loan agreement (note 13), the Company issued 19,402 warrants, Warrants #9, having an exercise price of $156.36. Warrants #9 do not meet the definition of an equity instrument since the underlying preferred shares qualify as a liability instrument, and therefore they must be accounted for as a financial instrument carried at fair value through profit or loss (note 12).

On April 23, 2019, as part of the debt restructuring (note 13), 168,735 warrants (Warrants #1, 2, 8 and 9) were cancelled and replaced with an equivalent number of new warrants, Warrants #10, that will be exercisable at an exercise price of $15.21 per common share and expire on April 23, 2027. The increase in the fair value of the replacement warrants compared to those cancelled was $408 at the date of the modification and was recorded in shareholders' equity – warrants with the corresponding expense recorded as part of the loss on extinguishment of liabilities due to the debt restructuring.

2018

On January 29, 2018, the Company issued 4,000 warrants to acquire common shares, as consideration for a license. The warrants have an exercise price of $3,000.00 per share and expire after five years. The first 2,000 warrants become exercisable after one year while the second 2,000 warrants become exercisable after two years. The fair value of the warrants and consequently the value of the license is $1,743 and was determined using a Black-Scholes option pricing model.

On November 30, 2017, pursuant to entering into a non-revolving credit facility agreement, the Company issued the Seventh Warrants to the holder of the long-term debt. Further details concerning the credit facility are provided in note 13. The Seventh Warrants consist of 54,000 warrants from which 10,000 warrants were exercisable as of the date of the agreement and the remaining 44,000 warrants become exercisable as and if the Company draws upon the credit facility in increments of US$10 million; 5,000 warrants become exercisable for each US$10 million drawn on the first US$40 million tranche of the credit facility and 6,000 warrants become exercisable for each US$10 million drawn on the second US$40 million tranche of the credit facility. Each warrant gives the holder the right to acquire one common share at an exercise price of $1,700.00. The warrants expire on June 30, 2026. Although the warrants are issued and outstanding in the warrant table above, for accounting purposes, these warrants will be recognized and measured at the time they become exercisable.

As the Company drew an amount of US$10 million on the Credit Facility on each of January 22, February 23, April 30, August 2, September 21, and November 22, 2018, the amounts received were allocated to the debt and the Warrants #7 that vested upon the draw, based on their fair value at the time of the drawdown. The

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

aggregate value of the proceeds attributed to the warrants that became exercisable on those dates was $11,159, which was recorded in equity.

On November 14, 2018 an agreement was signed between the Company and the holder of the long-term debt to extend the maturity of the three OID loans and the Credit Facility (note 13). As part of the cost for the debt modification, the Company proceeded on November 30, 2018 to cancel 100,117 existing warrants (Warrants #3 to 7) and replace them with 128,057 new warrants (Warrants #8), each giving the holder the right to acquire one common share at an exercise price of $1000.00 per share, paid either in cash or in consideration of the lender's cancellation of an equivalent amount of the face value of an OID loan. The warrants expire on November 30, 2026. A payment of $10 was received from the holder of the long-term debt as part of this transaction. The increase in the fair value of the replacement warrants compared to those cancelled was $8,440 at the date of the modification. This value in addition to the payment received was recorded in shareholders' equity – warrants and the corresponding debit was recorded against the gain on extinguishment of liabilities relating to the debt modification.

As at September 30, 2019, the following warrants were outstanding:

Number	Expiry date	Exercise price
4,000	January 2023	3,000.00
168,735	April 2027	15.21
172,735		$ 84.33

17. Non-controlling interests

The interests in the subsidiaries for which the Company currently holds less than 100 % interest are as follows:

Name of subsidiary	Segment activity	Place of incorporation and operation	Proportion of ownership interest held by the group	
			2019	2018
Pathogen Removal and Diagnostic Technologies Inc.	Bioseparations	Delaware, U.S.	**77%**	77%
NantPro Biosciences, LLC	Plasma-derived therapeutics	Delaware, U.S.	**73%**	73%

The non-controlling interest ("NCI") in Prometic Bioproduction Inc.'s owned 13% of the common shares until April 2018, when the Company acquired these shares. Until that time, the NCI in Prometic Bioproduction Inc. was attributed its share of the operating results and the financial position of the entity.
The losses allocated to the NCI in the consolidated statements of operations, per subsidiary are as follows:

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Consolidated statements of operations :				
Prometic Bioproduction Inc.	**$ -**	$ -	**$ -**	$ (926)
Pathogen Removal and Diagnostic Technologies Inc.	**(13)**	(21)	**(621)**	(634)
NantPro Biosciences, LLC	**(92)**	(407)	**(268)**	(2,609)
Total non-controlling interests	**$ (105)**	$ (428)	**$ (889)**	$ (4,169)

The NantPro Biosciences, LLC ("NantPro") non-controlling interest's share in the funding of the subsidiary by Liminal was $268 for the nine months ended September 30, 2019 ($2,609 for the nine months ended September 30, 2018) and has been presented in the consolidated statements of changes in equity. The share of the NCI in the NantPro statement of financial position is $Nil at September 30, 2019 and December 31, 2018.

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

The share of the NCI in Pathogen Diagnostic Technologies Inc. statement of financial position represents an asset on the Company's consolidated statement of financial position of $7,163 at September 30, 2019 and $6,542 at December 31, 2018, respectively.

18. Revenues

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Revenues from the sale of goods	**$ 4,970**	$ 11,822	**$ 21,117**	$ 35,301
Revenues from the rendering of services	**286**	445	**1,057**	1,024
Rental revenue	**35**	63	**102**	452
	$ 5,291	$ 12,330	**$ 22,276**	$ 36,777

19. Income taxes

As a result of the conversion of the parent's debt into shares of Liminal, more than 50% of the issued shares of Liminal are now owned by a single shareholder. The tax rules in the jurisdictions in which Liminal operates create restrictions that will have an impact on how some of the losses are available to shelter taxable income generated in taxation years ending after this change of ownership. Management continues to evaluate the practical implications of the application of these rules in each jurisdiction as well as looking at alternatives to mitigate the implications related to their application.

20. Basic and diluted earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for any bonus element.

The number of average basic and diluted shares outstanding for all the periods presented in the consolidated statements of operations have been adjusted in order to reflect the effect of the bonus element of the Rights Offering that occurred in June 2019 and the share consolidation that took place on July 5, 2019 (note 16).

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

21. Segmented information

The Company's three operating segments are Small molecule therapeutics, Plasma-derived therapeutics and Bioseparations.

a) Revenues and expenses by operating segments:

For the quarter ended September 30, 2019	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 791	$ 4,464	$ 36	$ 5,291
Total revenues	-	791	4,464	36	5,291
Cost of sales and other production expenses	-	477	2,574	(6)	3,045
Manufacturing and purchase cost of therapeutics used for R&D activities	34	9,474	-	(37)	9,471
R&D - Other expenses	3,799	4,809	1,526	-	10,134
Administration, selling and marketing expenses	1,153	1,902	728	6,536	10,319
Segment loss	$ (4,986)	$ (15,871)	$ (364)	$ (6,457)	$ (27,678)
Loss on foreign exchange					116
Finance costs					1,906
Net loss before income taxes					$ (29,700)
Other information					
Depreciation and amortization	$ 210	$ 1,878	$ 289	$ 158	$ 2,535
Share-based payment expense	470	358	25	1,778	2,631

For the quarter ended September 30, 2018	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 6,187	$ 6,107	$ 36	$ 12,330
Intersegment revenues	-	7	-	(7)	-
Total revenues	-	6,194	6,107	29	12,330
Cost of sales and other production expenses	-	5,536	3,758	(46)	9,248
Manufacturing and purchase cost of therapeutics used for R&D activities	-	10,273	-	(22)	10,251
R&D - Other expenses	4,166	8,071	1,616	1	13,854
Administration, selling and marketing expenses	958	2,598	741	1,925	6,222
Segment loss	$ (5,124)	$ (20,284)	$ (8)	$ (1,829)	$ (27,245)
Gain on foreign exchange					(1,301)
Finance costs					5,927
Losses on extinguishments of liabilities					1,278
Share of losses of an associate					22
Net loss before income taxes					$ (33,171)
Other information					
Depreciation and amortization	$ 93	$ 932	$ 232	$ 88	$ 1,345
Share-based payment expense	254	293	66	544	1,157

(In thousands of Canadian dollars, except for per share amounts) (Unaudited)

For the nine months ended September 30, 2019	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ 33	$ 3,714	$ 18,423	$ 106	$ 22,276
Intersegment revenues	-	7	191	(198)	-
Total revenues	33	3,721	18,614	(92)	22,276
Cost of sales and other production expenses	-	2,140	9,190	(52)	11,278
Manufacturing and purchase cost of therapeutics used for R&D activities	54	30,596	-	(198)	30,452
R&D - Other expenses	10,357	16,916	5,229	-	32,502
Administration, selling and marketing expenses	3,376	5,912	2,378	24,887	36,553
Segment profit (loss)	$ (13,754)	$ (51,843)	$ 1,817	$ (24,729)	$ (88,509)
Gain on foreign exchange					(1,560)
Finance costs					12,815
Loss on extinguishments of liabilities					92,374
Change in fair value of financial instruments measured at fair value through profit or loss					(1,140)
Net loss before income taxes					$ (190,998)
Other information					
Depreciation and amortization	$ 573	$ 5,501	$ 931	$ 462	$ 7,467
Share-based payment expense	4,257	3,828	264	10,711	19,060

For the nine months ended September 30, 2018	Small molecule therapeutics	Plasma-derived therapeutics	Bioseparations	Reconciliation to statement of operations	Total
External revenues	$ -	$ 21,148	$ 15,523	$ 106	$ 36,777
Intersegment revenues	-	21	319	(340)	-
Total revenues	-	21,169	15,842	(234)	36,777
Cost of sales and other production expenses	-	22,067	8,553	(200)	30,420
Manufacturing and purchase cost of therapeutics used for R&D activities	1,751	26,565	-	(146)	28,170
R&D - Other expenses	11,647	25,694	5,013	1	42,355
Administration, selling and marketing expenses	2,770	8,317	2,243	7,539	20,869
Segment profit (loss)	$ (16,168)	$ (61,474)	$ 33	$ (7,428)	$ (85,037)
Loss on foreign exchange					768
Finance costs					15,502
Losses on extinguishments of liabilities					1,278
Share of losses of an associate					22
Net loss before income taxes					$ (102,607)
Other information					
Depreciation and amortization	$ 350	$ 2,724	$ 727	$ 255	$ 4,056
Share-based payment expense	579	789	190	1,425	2,983

b) Revenues by location

	Quarter ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Switzerland	**$ 2,244**	$ 1,365	**$ 8,070**	$ 4,639
United States	**1,157**	7,847	**6,626**	22,073
Sweden	**1,269**	1,188	**3,315**	1,188
The Netherlands	**5**	374	**1,482**	1,114
Canada	**197**	249	**1,478**	1,256
United Kingdom	**332**	123	**1,034**	465
South Korea	**1**	-	**3**	2,657
Austria	**-**	631	**-**	2,733
Other countries	**86**	553	**268**	652
	$ 5,291	12,330	**$ 22,276**	$ 36,777

Revenues are attributed to countries based on the location of customers.

The Company derives significant revenues from certain customers. During the nine months ended September 30, 2019, there were three customers in the Bioseparations segment who accounted for 64% (37%, 15% and 12% respectively) and one customer in the Plasma-derived therapeutics segment who accounted for 11% of total revenues. For the nine months ended September 30, 2018, there was two customers in the Plasma-derived therapeutics segment who accounted for 54% (38% and 16% respectively) of total revenues and two customers in the Bioseparations segment who accounted for 24% (13% and 11% respectively) of total revenues.

22. Related party transactions

During the quarter and the nine months ended September 30, 2019 the Company paid interest on the loan with its parent, SALP, in the amount of $255 and $3,287, respectively. The Company also recorded professional fee expenses, incurred by the parent and recharged to the Company, during the quarter and the nine months ended September 30, 3019 of $337. At September 30, 2019, $337 was payable to SALP by the Company.

23. Subsequent event

On November 4, 2019, the Company announced the signing of a binding share purchase agreement whereby it would sell its bioseparation operations to a third party for proceeds of up to GBP 32.0 million upon closing of the transaction with subsequent contingent consideration payments depending on revenue milestones. This transaction is expected to close during the fourth quarter of 2019. The bioseparations segment includes three subsidiaries and upon conclusion of this transaction, the Company would sell the two most important subsidiaries. The Company expects to record a gain on the sale of those two subsidiaries. The sale of these subsidiaries represents all of the revenues from the Bioseparations segment as presented in note 21. Following the closing of the share purchase agreement, the Company no longer expects to generate any revenues from this segment. The Company is currently assessing the other impacts of this transaction on its financial statements.

On November 11, 2019, the Company and SALP amended the April 23, 2019 loan agreement to include a non-revolving line of credit ("LOC") with a limit of up to $75.0 million, bearing a stated interest of 10%, payable quarterly, and maturing on April 23, 2024. The LOC limit available to draw upon will be automatically reduced by the amounts of net proceeds generated, upon the occurrence of all or any of the following transactions; the expected sale of the bioseparations operations, a licensing transaction for its product Ryplazim™ or equity raises. The Company's ability to draw on the LOC expires May 11, 2021.