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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended \_\_\_\_\_

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from October 31, 2013 to August 31, 2014

Commission file number **000-52138**

**LEXARIA CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**20-2000871**

(I.R.S. Employer Identification No.)

**#950-1130 WEST PENDER STREET, VANCOUVER, BRITISH  
COLUMBIA, CANADA**

(Address of principal executive offices)

**V6E 4A4**

(Zip Code)

Registrant's telephone number, including area code:

**604-602-1675**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
N/A

Name of Each Exchange On Which Registered  
N/A

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, Par Value \$0.001**  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes  No

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of Common Stock held by non-affiliates of the Registrant on February 28, 2014 was \$432,533 based on the average of the high and low bid and asked price of the Registrant's shares of common stock on the OTC Bulletin Board or \$0.05 on February 28, 2014. For purposes of this computation, all executive officers and directors have been deemed to be affiliates. Such determination should not be deemed to be an admission that such executive officers and directors are, in fact, affiliates of the Registrant.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

**34,444,890 common shares as of November 15, 2014**

DOCUMENTS INCORPORATED BY REFERENCE

None.

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## PART I

### Item 1. Business

This annual report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our consolidated financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to the shares in our common stock. References to “CAD\$” refers to Canadian dollars.

As used in this current report and unless otherwise indicated, the terms “we”, “us”, “our” and “our company” mean Lexaria Corp., and our wholly owned subsidiary, Lexaria CanPharm Corp., a Canadian corporation, unless otherwise stated.

#### *General Overview*

We were incorporated in the State of Nevada on December 9, 2004. We are an exploration and development oil and gas company currently engaged in the exploration for and development of petroleum and natural gas in North America. We maintain our registered agent's office and our U.S. business office at Nevada Agency and Transfer Company, 50 West Liberty, Suite 880, Reno, Nevada 89501. Our telephone number is (755) 322-0626.

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1675. We have an additional office located in Kelowna, British Columbia.

Effective June 23, 2009, we amended our Articles of Incorporation to effect a 1 new for 4 old share consolidation of our authorized and issued and outstanding common stock. As a result, our company’s authorized capital decreased from 75,000,000 shares of common stock with a par value of \$0.001 to 18,750,000 shares of common stock with a par value of \$0.001 and our then current issued and outstanding shares decreased from 24,369,500 shares of common stock to 6,092,370 shares of common stock.

Effective at the opening of trading on October 28, 2009, our shares of common stock began trading on Canadian National Stock Exchange under the trading symbol “LXX”.

Our common stock is quoted on the OTC Bulletin Board under the symbol “LXRP” and on the Canadian National Stock Exchange under the symbol “LXX”.

On December 21, 2009, our board of directors amended and restated our bylaws. The purpose of the amendment and restatement of the bylaws was for, among other things, removing certain outdated and redundant provisions that existed in our prior bylaws with respect to corporate governance, shareholder and director meeting procedures, and indemnification procedures. The changes to our prior bylaws include: (i) expanding certain provisions with respect to shareholders’ meetings including change of quorum requirements; (ii) amending certain provisions respecting appointment of directors, corporate governance and committees, and directors’ meetings; (iii) expanding certain provisions with respect to officers and their duties; (iv) changing certain provisions with respect to share certificates; and (vi) adding certain indemnification provisions.

On March 17, 2010, we increased our authorized share capital from 18,750,000 common shares to 200,000,000 common shares.

On August 7, 2014, our company's board of directors approved changing our year end from October 31 to August 31.

Our company is diverse in its pursuit of business opportunities in the medicinal marijuana sector and in oil and gas operations.

In March of 2014, our company began its entry into the medicinal marijuana business sector. On June 11, 2014 this change of business was approved by our company's shareholders during our Annual General Meeting held on June 11, 2014. Additionally, we were an oil and gas company engaged in the exploration for oil and natural gas in Canada and the United States. Our company's revenues have been generated from our business operations in Mississippi. Subsequent to year end, on November 13, 2014, our company sold all of our working interests in Belmont Lake, Mississippi.

#### ***Overview of Business over the Last Five Years***

Since we began operations in 2005, we have been focused exclusively on the exploration for and development of oil and gas assets located in North America. We participated in the drilling of a single well in Strachan Hills Alberta and eventually wrote down the value of that well to \$nil. We participated in the drilling of wells in Oklahoma where we successfully produced and sold oil and gas prior to selling our interest in the Oklahoma properties. We have participated in the drilling of oil and gas wells in Mississippi and remain focused there as our key area of interest with all our current assets within Amite and Wilkinson Counties, Mississippi.

On June 21, 2007, we acquired an assignment of a 10% gross working interest in an Area of Mutual Interest (AMI) formerly held by Brinx Resources Ltd, a non-related company, in up to 50 oil and gas wells to be drilled, and any future development prospects thereof associated, located in Mississippi, USA. Interests in seven wells previously drilled under the conditions of the AMI remain the property of Brinx Resources Ltd. and we are not a party to Brinx's interest in these wells, while the right to assume the 10% gross working interest in the remaining 43 wells and any future development prospects thereof, now belongs to our company. Because we already had a 40% gross working interest in this AMI, as a result of this transaction, we had a 50% gross working interest in the AMI.

On June 23, 2007, we acquired an assignment of a 10% gross working interest in 12 previously drilled oil and gas wells and any future development prospects thereof, formerly held by 0743868 BC Ltd., a non-related company. Since we already had a 20% gross working interest in these same 12 oil and gas wells and development prospects, as a result of this transaction we then had a 30% gross working interest in the 12 oil and gas wells and development prospects. We were obligated to make cash payments of US\$520,000 over approximately a one-year period to complete this transaction (\$200,000 paid as of October 31, 2007). Our company had made total of \$350,000 repayment and accrued \$18,016 interest expense since June 23, 2007 with ending balance of \$169,938 as at October 31, 2012.

On May 13, 2008 our company entered into an Assignment of Debt between 0743868 BC Ltd. (the "Assignor") and our president and shareholder of our company (collectively the "Assignees"). The Assignor agreed to accept US\$46,000 from our company in satisfaction of the outstanding amount and agreed to assign the Assignees all of the Assignor's right, title and interest in and to the US\$124,000 balance of the outstanding amount. As a result, the Assignor no longer has any claim against our company.

On May 14, 2008 our company entered into an unsecured Loan Agreement with each of our president and a shareholder of our company for \$62,000. The purpose of this Loan Agreement was to set out terms of the arrangement by which our company agreed to make a Loan of US\$124,000 at an interest rate of 16.8% and no set principal payments for one year available to our company. The purpose of the Loan Agreement was to provide our company with capital funds for oil and gas exploration and/or general corporate purposes. On October 27, 2008, the loan from our president in the amount of US\$62,000 was terminated in favour of an updated debt agreement.

On August 29, 2008, our company sold all of our working interests in our Owl Creek Project, located in Garvin County, Oklahoma, to an unrelated third party for net proceeds of \$206,021. The property sold included our company's 7.5% working interest in Ibill #2.

On October 27, 2008, our company entered into a Purchase Agreement with CAB Financial Services Ltd., Chris Bunka, and another shareholder of our company (“Purchasers”) for an aggregate amount of nine hundred thousand Canadian dollars CAD \$900,000. The Purchasers agreed to purchase an 18% interest bearing Promissory Note of our company subject to and upon the terms and conditions of the Purchase Agreement.

Our company’s obligations to repay the Promissory Note are secured by certain specified assets of our company pursuant to a Security Agreement. Also, as long as the Promissory Note is outstanding, the Purchasers may voluntarily convert the Promissory Note to shares of common stock of our company at the conversion price of \$0.45 per share. Additionally, in consideration for the Purchasers agreeing to purchase the Promissory Notes, our company agrees to issue Warrants to the Purchasers.

Each Warrant entitles the Purchaser to acquire shares of common stock of our company, and the number of Series A and B Warrants issuable shall be determined by the Purchase Amount divided by \$0.45, which Warrants shall have the following terms:

1. each Series A Warrant entitling the holder to purchase one-half of one Warrant Share for a term of one year from issuance and an exercise price of US \$0.45 per whole Warrant Share (the exercise price is subject to adjustment pursuant to the loan agreement);
2. each Series B Warrant entitling the holder to purchase one-half of one Warrant Share for a term of two years from issuance and exercise price of US \$0.90 per whole Warrant Share (the exercise price is subject to adjustment pursuant to the loan agreement); and
3. Mandatory conversion of the Warrants at the option of the Company upon the Company’s Common Stock closing at 200% of the applicable exercise price for twenty consecutive Trading Days.
4. Two whole Warrants and the exercise price are required to purchase one share of the Company.

On April 3, 2009, our company entered into an Asset Purchase Agreement with Delta Oil & Gas, Inc. and The Stallion Group to acquire additional interests in its existing core producing Mississippi oil and gas properties. Our company paid \$40,073 to acquire an additional two percent (2%) working interest in the proven Belmont Lake oil and gas field and an additional 10% working interest in potential nearby exploration wells, bringing our total gross working interest in the Belmont Lake oil and gas field to 32% and bringing our total gross working interest to 60% in the 38 wells that remain to be drilled of this original 50-well option with Griffin & Griffin Exploration in over 140,000 acres surrounding Belmont Lake in all directions.

On August 28, 2009, our company entered into four separate assignment agreements with Enertopia Corp., 0743608 BC Ltd., David DeMartini, and Murrayfield Ltd., three of which are people or companies with related management. Our company received from these four parties proceeds of \$371,609 to fund additional interests in a new well. As a result, our company has a 25.84% perpetual gross interest in the well (18.0% net revenue interest); as well as a 5.2% net revenue interest in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Enertopia Corp, a company with related management, acquired from our company a 6.16% perpetual gross interest in the 12-4 well; David DeMartini, a director of our company, acquired from our company a 5% gross interest in the non-consent interest in the 12-4 well; and 0743608 BC Ltd. a company owned by our president, acquired from our company a 11.6% gross interest in the non-consent interest in the 12-4 well.

On November 13, 2009, our company announced that our operator in Mississippi, Griffin & Griffin Exploration LLC, had declared force majeure on the Belmont Lake offset wells.

On May 31, 2010, we issued 499,893 units at a price of \$0.12 per share for a Settlement Agreement valued at \$59,987. Each unit consist one share of common stock and one share purchase warrant exercisable at \$0.20 per share for a period of two years.

On June 16, 2010, we signed a Settlement Agreement with a third party, who had originally participated in the August 28, 2009 opportunity in the non-consent interest for Belmont Lake 12-4. We returned \$144,063 to the third party and cancelled its participation.

On July 29, 2010, we agreed with our operators at Belmont Lake not to proceed to drill a horizontal 12-4 well. Rather, two of the three proposed vertical wells 12-2, 12-4, or 12-5 were proposed to be drilled in August 2010. To take best advantage of this opportunity, our company cancelled all previous agreements relating to August 28, 2009 with respect to Belmont Lake horizontal well 12-4 and entered into three separate assignment agreements, of which all three were with people or companies with related management. Our company received total proceeds of \$324,677 to fund additional interests in these wells. As a result, our company has a 32% perpetual gross interest in the wells (24.0% net revenue interest); as well as a 8% gross interest (6% net revenue interest) in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Emerald Atlantic LLC, a company owned by a director of our company, has acquired from our company a 8.74% gross interest in the non-consent interest in two of the three vertical wells; and 0743608 BC Ltd. a company owned by our president, has acquired from our company a 20.79% gross interest in the non-consent interest in the two of the three vertical wells; an advisor to our company has acquired from our company 2.46% gross interest in the non-consent interest in two of the three vertical wells.

On September 13, 2010, we entered into three separate assignment agreements with 0743608 BC Ltd, a company solely owned by a director of our company, Emerald Atlantic LLC, a company solely owned by a director of our company, and our Senior VP Business Development. (the "Assignees"), whereby the Assignees have paid a fee of US\$408,116 to earn a 24% share of our company's gross non-perpetual 32% interest in the three oil wells being drilled in Wilkinson County, Mississippi. This agreement replaces the one signed on August 28, 2009. As a result of the three assignment agreements, we receive at no cost to our company, a carried interest of 8% in these same rights and benefits. Our company assigns, transfers and sets over to the Assignees, all proportionate rights, interest and benefits in the Assigned Non Perpetual Interest held by or granted to the Assignor in and to the Participation Agreement between our company and Griffin but limited to a gross 500% revenue payout based on the total amount paid under the Initial Consideration and the Subsequent Consideration after which all rights, interests and benefits cease.

On October 21, 2010, we settled a portion of the debt in the amount of \$1,625 with CAB Financial Services by converting 65,000 warrants into 32,500 shares of common stock of our company pursuant to a Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share.

On October 21, 2010, we settled a portion of the debt, in th amount of \$2,166.65 with Christopher Bunka, our president by converting 86,667 warrants into 43,333 shares of common stock of our company pursuant to a Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share.

On November 16, 2010, we settled the debt incurred as a result of a consulting agreement, in the amount of \$9,376, to Mr. Tom Ihrke by issuing 40,761 restricted shares of common stock of our company at a price of \$0.23 per share.

On November 30, 2010, we closed the first tranche of a private placement offering of convertible debentures in the aggregate amount of \$450,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share of common stock at a price of \$0.40 per share from the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by certain of our assets.

On December 16, 2010, we closed the second tranche of a private placement offering of convertible debentures in the aggregate amount of \$170,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share of common stock at a price of \$0.40 per share from the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by certain of our assets.

On December 16, 2010, we entered into an assignment agreement with Emerald Atlantic LLC, a company solely owned by a director of our company, whereby the Emerald Atlantic has paid a fee of \$30,076 to earn 18% of a 4.423% share of our company's net revenue interest after field operating expenses for a well to be drilled in Wilkinson County.

On January 4, 2011, 132,600 warrants were exercised and we issued 66,300 shares of common stock of our company at an exercise price of CAD\$0.22 per share for total proceeds of CAD\$14,586. Of the 132,600 warrants exercised, 100,000 warrants were exercised by a director of our company.

On March 6, 2011, we accepted and received gross proceeds of \$21,250 for the exercise of 106,250 stock options by a director of our company at an exercise price of \$0.20 per stock option into 106,250 shares of our common stock.

On June 8, 2011, 1,500,000 warrants were exercised and we issued 1,500,000 shares of our common stock at an exercise price of \$0.20 per share for total proceeds of \$300,000. The warrants were exercised by a director of our company.

On June 28, 2011, 500,000 warrants were exercised and we issued 500,000 shares of our common stock at an exercise price of \$0.20 per share for total proceeds of \$100,000. The warrants were exercised by a director of our company.

On June 28, 2011, we paid down CAD\$100,000 of the debt on a secured loan agreement dated October 27, 2008, in the amount of CAD\$300,000 with CAB Financial. On July 10, 2009, \$40,000 of the debt was converted to equity. On October 21, 2010, we settled a portion of the debt in the amount of CAD \$1,625 with CAB Financial by converting 65,000 warrants into 32,500 shares of our common stock pursuant to a Purchase Agreement dated October 27, 2008 at a price of CAD\$0.05 per share.

On July 11, 2011, we granted 700,000 stock options to directors and officers of our company at an exercise price of \$0.35 per share, which options vest immediately and expire on July 11, 2016.

On July 13, 2011, 173,043 warrants were exercised and we issued 173,043 shares of our common stock at a price of \$0.20 per share for total proceeds of \$34,608.

On July 13, 2011, we completed an equity financing and issued 200,000 units at \$0.35 per unit, for gross proceeds of \$70,000. Each unit consists of one share of common stock and one share purchase warrant which entitles a holder to purchase an additional share of common stock at an exercise price of \$0.50 per share for a period of two years. All shares and warrants issued were restricted under applicable securities rules.

On July 15, 2011, we accepted and received gross proceeds of \$23,750 for the exercise of 118,750 stock options at an exercise price of \$0.20 per stock option and issued 118,750 shares of common stock of our company. All of the stock options were exercised by directors and/or officers of our company.

Lexaria entered into an Asset Purchase Agreement dated August 12, 2011, with Brinx Resources Ltd. to acquire 100% of its 10% gross working interest in the oil and gas interests located in Mississippi, USA. By acquiring the additional 10% working interest in Belmont Lake oil and gas field, Lexaria then had 42% working interest in Belmont Lake and retains its existing 60% working interest in the exploration wells on approximately 130,000 acres surrounding Belmont Lake in all directions. Lexaria has agreed to pay a total of US \$400,000 and issue 800,000 common shares of the Company at \$0.30 per share. A total of \$430,000 in cash was paid.

On December 1, 2011, we closed a private placement offering of convertible debentures in the aggregate amount of \$200,000. The convertible debentures mature on December 1, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of \$0.40 per share up to the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by our company's working interest and production in and only in two oil wells located at Belmont Lake, Mississippi, with carrying value of \$1M as of July 31, 2012. Two directors of our company, David DeMartini and CAB Financial Services Ltd., solely owned by our director, Christopher Bunka, subscribed to the convertible debentures with the amount of \$200,000.



On March 30, 2012, we entered into a loan agreement with Christopher Bunka, our president, chief executive officer and director, for a non-secured promissory note in the amount of \$50,000. Mr. Bunka agreed to purchase a non-secured 12% interest bearing promissory note of our company subject to and upon the terms and conditions of the agreement. The promissory note has a month to month term, which is still outstanding.

On November 22, 2012, we entered into an amendment to existing debt agreements totaling \$930,000, with maturity dates of month to month and December 1, 2012 with CAB Financial Services Ltd., David DeMartini, Emerald Atlantic LLC, and other debt holders of our company, whereby the various lenders have agreed to modify various terms of the earlier agreements and provide for a final debt repayment schedule ending in December 2013. Our company will repay the debt in twelve equal monthly principal payment, plus interest on the monthly declining balances. The interest rates of the amendment debt are the same as the existing debt agreement. These agreements were renegotiated in 2013.

On June 18, 2013, based on our 2010 Stock Option Plan, we granted 500,000 stock options to directors and officers, and a consultant of our company. The exercise price of the stock options is \$0.10, vest immediately and expire on June 18, 2018.

#### ***Our Current Business***

Our company was an oil and gas company engaged in the exploration for oil and natural gas in Canada and the United States. We were generating revenues from our business operations in Mississippi. Subsequent to year end, on November 26, 2014, we executed the sale of all or our working interests in Belmont Lake with a closing date of December 5, 2014. In March of 2014, we began our entry into the medicinal marijuana business. The change of business was approved our shareholders during our Annual General Meeting held on June 11, 2014.

Our working interests were in various oil and gas properties in Mississippi USA. All of our oil and gas assets were located in Wilkinson and Amite counties, Mississippi, where we had between 42% gross working interest and 60% gross working interests in producing oil and/or gas wells and in exploration wells yet to be drilled. Our Belmont Lake oil field discovered in December 2006 is located within the Palmetto Point area of Wilkinson county, Mississippi.

Our company's business plan is to focus on seeking to produce, cultivate and distribute medical marijuana in Canada under the new Federal Government of Canada's MMPR; or through the use of cannabidiol (CBD) extracted from Agricultural Hemp and to investigate opportunities in the US legal regulated medical marijuana sector where possible; and to investigate generally, opportunities in alternative health sectors. To achieve sustainable and profitable growth, our company intends to control the timing and costs of our projects wherever possible.

#### **During the past fiscal year we experienced the following significant corporate developments:**

On **November 4, 2013**, we closed a private placement of 500,000 units at a price of \$0.06 per unit for gross proceeds of \$30,000. Each unit consists of one common stock and one share purchase warrant which entitles a holder to purchase one common stock at a price of \$0.10 per warrant share for a period of thirty six month following the close.

On **November 13, 2013**, we refinanced and extended repayment terms on all debt that was otherwise due to mature in December 2013 with CAB Financial Services Ltd., David DeMartini, Emerald Atlantic LLC, and other debt holders of our company. Per the Amendment Agreements, a) the loan repayment schedule was converted, with an effective date of December 1, 2013, to a new one year term loan with monthly interest payments at 18% on any declining balance, in arrears and all principal amounts not paid before are then due in full on December 1, 2014; b) the first payment of interest shall be due on January 1, 2014; c) our company will make 10 monthly principal payments, each of which is 1/10th of the principal amount owing at the time the agreement goes into effect, beginning on March 1, 2014 and repeating on the first day of each month thereafter until all the principal is paid; d) our company grants to the lenders new collateral specifically limited to the lender's pro-rata portion (the original initial balance owing to the lender shall form the numerator and \$930,000 shall form the denominator) of our company's portion of the net revenue from the new 12-7 well required to keep the terms of the agreement in good standing at any given monthly due date.

On **December 4, 2013**, we entered into a loan agreement and promissory note with Chris Bunka, a director and officer of our company. The principal amount of the note is CAD\$51,507.50. The entering into of the loan agreement and promissory note provides that the principal and interest on the debt be payable for a period of fifteen months. The note has an interest rate of 15% per annum and a monthly principal payment of \$4,292 starting after the third month.

On **December 6, 2013**, the Company announced that a new well in Belmont Lake Field, the 12-7 well, had been drilled to total depth and sidewall core analysis indicated approximately 20 feet of true vertical depth oil bearing pay. Due to adverse weather conditions, the well had not yet been completed nor put into production.

On **March 5, 2014**, we entered into a three year joint venture agreement (“JV Agreement”) with Enertopia Corp. and Robert McAllister. Whereas Enertopia Corp. and Robert McAllister will source opportunities in the medical marijuana business, and the terms and conditions on which the parties will form a joint venture to jointly participate in, or offer specific opportunities within the business (the "Joint Venture"), and Robert McAllister will join the Lexaria Corp. advisory board for the term of this JV Agreement.

The parties will contribute the following as their initial contributions to the business:

- a) Our company, as our initial contribution, will pay to Enertopia 1,000,000 common restricted shares as compensation for entering the Joint Venture and for Enertopia to initiate and during the term of the JV Agreement continue to provide to our company opportunities to build our business.
- b) Our company agrees to additionally pay Enertopia a finder’s commission, received at the sole election of Enertopia in either cash or in common restricted shares of our company, within a range of 2% - 5% of the value (less of taxes) of any future business acquisition, joint venture or transaction that our company accepts and closes for the life of the JV Agreement.
- c) Our company, as its initial contribution, will pay to Robert McAllister 500,000 common restricted shares as compensation for entering the Joint Venture and for Robert McAllister to initiate and during the term of the JV Agreement continue to provide to our company opportunities to build our business.
- d) Our company agrees to additionally award Robert McAllister 500,000 stock options to buy common shares of our company, with terms to be specified and ratified by shareholder and regulatory approvals, as compensation for joining and serving as chairperson of our company’s marijuana business advisory board for the term of the JV Agreement.

On **March 10, 2014**, we entered into a social media/web marketing agreement with Stuart Gray. The term of this agreement began on the date of execution of the agreement for a period of 12 months. The consideration for services is \$60,000 payable in common shares of our company. Upon execution of the agreement, we issued 150,000 common shares of our company at a price of \$0.42 for the for the term of the agreement.

On **March 12, 2014**, we entered into 12 month marketing agreement for \$50,000 with Agora Internet Relations Corp. payable in common shares of our company. The first quarter payment of \$12,500 was made by issuing 20,833 common shares of our company at a price of \$0.60 per share. On August 5, 2014, we made our second quarter payment to Agora of \$13,125 by issuing 82,031 common shares of our company at a market price of \$0.16 per share.

On **March 21, 2014**, we closed a private placement of 10,600,000 units at a price of \$0.12 per unit for gross proceeds of \$1,272,000. Each unit consists of one common share and one share purchase warrant which entitles the holder to purchase one common share at a price of \$0.25 per warrant share for a period of 18 months following the close. A cash finders’ fee for \$16,800 was paid to Cannacord Genuity, Leede Financial Markets and PI Financial Corp.; and a stock finders’ fee of 819,999 common shares of our company were issued to Canacord Genuity and Wolverton Securities.

On **March 25, 2014** the Company received \$17,500 for the exercise of 50,000 stock options at \$0.35 into 50,000 common shares of the Company.

On **March 25, 2014**, Jason Springett joined our company as an advisor and we granted 50,000 stock options with an exercise price of \$0.60, vesting immediately and expiring on March 25, 2019.

On **April 1, 2014**, our company entered into a 90 day agreement with Ken Faulkner as a Corporate Development Manager. We granted 100,000 stock options with an exercise price of \$0.50, vesting immediately and expiring on April 1, 2019.

On **April 1, 2014**, we converted \$193,333 of the debt outstanding into 552,380 units of our company at a price of \$0.35. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase one common share at a price of \$0.40 for a period of 12 months after the conversion.

On **April 10, 2014**, we entered into Letter of Intent ("**LOI**") with Enertopia Corporation with regard to the co-ownership by our company and Enertopia of a prospective medical marijuana business under the Marijuana for Medical Purposes Regulations ("MMPR"). Pursuant to the LOI, we issued 500,000 common shares to Enertopia. Within 10 days, Enertopia shall contribute \$45,000 and our company shall contribute \$55,000 to the business. Upon the execution of this LOI, our company and Enertopia shall structure a joint venture for legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes under the MMPR. At such time, the parties will be deemed to have formed a joint venture for the operation, management and further development of the business. Our company will pay 55% of all costs to earn a 49% net ownership interest in the business and Enertopia will pay 45% of all costs to earn a 51% ownership interest in the business. A total of 500,000 common shares of our company shall be issued to Enertopia and held in escrow by our company's solicitors until such date as the License (as hereinafter defined) has been obtained by Enertopia. In the event a license is not obtained within 12 months of the date of the definitive agreement the 500,000 common shares of our company will be cancelled and returned to treasury.

Concurrently with the execution of our LOI with Enertopia, on April 10, 2014, we entered into a letter of intent with Jeff Paikin, and a corporation controlled by Mr. Paikin. Pursuant to the letter of intent, our company and Enertopia may jointly acquire a conditional lease as joint lessees of approximately 30,000 square feet of warehouse space located in the municipality of Burlington, Ontario. We also acquired the first right of refusal to lease an additional 45,000 square feet. The Lease was conditional for a period of 60 days in order to allow our company and Enertopia to confirm that the zoning applicable to the leased premises allows for us to establish a legal marijuana growing operation. In exchange for the lessor holding the leased premises for us for the 60 day conditional period, we issued 55,000 common shares at a deemed price of \$0.40 to Mr. Paikin. If the Municipality did not grant the required zoning approval for this location during the conditional period, the agreement was to terminate without further obligation on the parties. If the zoning was approved, we were to pay base rent and expenses of CAD\$8.25 per square foot per year for a minimum term of 5 years. The lease would thereafter be renewable at our option for 3 successive 5 year periods. On August 1, 2014, we signed an extension on the letter of intent, that was executed on April 10, 2014 on behalf of a corporation to be incorporated by our company and Enertopia Corporation (Lessee) and Mr. Jeff Paikin of 1475714 Ontario Inc. (Lessor), which sets out the Lessee's and Lessor's shared intent to enter into a lease agreement for warehouse space in the building located at Burlington, Ontario. On August 5, 2014, as per the terms of the letter of intent, we issued 91,662 common shares at a deemed price of \$0.30 per share.

On **April 14, 2014**, the company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the company issued 110,000 common shares at a deemed price of \$0.39. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,650,000 common shares of the company. On July 14, 2014, the company issued 165,000 common shares at a deemed price of \$0.30.

On **April 24, 2014**, we entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance we issued 110,000 common shares at a deemed price of \$0.32. The consulting agreement was amended on June 18, 2014, pursuant to which Mr. Kent can be eligible to receive up to a total of 1,650,000 common shares of our company. On July 14, 2014, we issued 165,000 common shares at a deemed price of \$0.30.

On **April 24, 2014**, we entered into a one year consulting contract with Don Shaxon as Ontario operations manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance we issued 110,000 common shares at a deemed price of \$0.32. The consulting agreement was amended on June 18, 2014, pursuant to which Mr. Shaxon can be eligible to receive up to a total of 1,650,000 common shares of our company. On July 14, 2014, we issued 165,000 common shares at a deemed price of \$0.30.

On **April 24, 2014**, we entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as human resources manager. Upon signing of the contract of acceptance we issued 110,000 common shares at a deemed price of \$0.32. The consulting agreement amended on June 18, 2014, pursuant to which Mr. Boone can be eligible to receive up to a total of 1,650,000 common shares of our company. On July 14, 2014, we issued 165,000 common shares at a deemed price of \$0.30.

On **April 24, 2014**, we entered into a one year consulting contract with Jason Springett as master grower for Ontario operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance we issued 110,000 common shares at a deemed price of \$0.32. The Consulting agreement was amended on June 18, 2014, pursuant to which Mr. Springett can be eligible to receive up to a total of 1,650,000 common shares of our company. On July 14, 2014, we issued 165,000 common shares at a deemed price of \$0.30.

On **April 24, 2014**, we entered into a one year consulting contract with 2342878 Ontario Inc., wholly owned company by Chris Hornung as assistant manager. Upon signing of the contract of acceptance we issued 110,000 common shares at a deemed price of \$0.32. On July 14, 2014, we accepted Mr. Hornung's resignation. Subsequent to year end, 110,000 common shares of the Company were returned back to treasury.

On **May 5, 2014**, we entered into a one year consulting contract as Security Consultant with Bmullan and Associates, a company wholly owned by Brian Mullan. Upon signing of the contract of acceptance we issued 55,000 common shares at a deemed price of \$0.30. Based on the milestones listed in the contract, Mr. Mullan or his company can be eligible to receive up to a total of 275,000 common shares of our company. On July 14, 2014, we issued 55,000 common shares at a deemed price of \$0.30.

On **May 27, 2014**, we entered into a letter of intent with Armprior Bay Property Limited with the intent of entering into a lease agreement in Ontario to lease space to be approximately 24,000 square feet with an option to lease a further 22,000 square feet within 2 years, and an additional 49,000 square feet for a total of 95,000 square feet. The lease shall be conditional for a period of up to 180 days in order to obtain approval from the appropriate municipal authorities for zoning of a legal marijuana production facility.

On **May 28, 2014**, our company and Enertopia entered into a definitive agreement to develop a joint business for the production, manufacture, propagation, import/export, testing, research and development of marijuana in the Province of Ontario under the MMPR. Pursuant to the Agreement, ownership, revenues, and liability related to the the Joint Venture is 51% to Enertopia and 49% to Lexaria. Expenses incurred by the joint venture shall be allocated 45% to Enertopia and 55% to Lexaria. Enertopia shall be responsible for management of the joint venture for as long as it maintains majority ownership. To date, Lexaria and Enertopia have contributed \$55,000 and \$45,000 to the joint venture, respectively. The joint venture has identified a production location in Burlington, Ontario and received municipal approval for the site in July, 2014. We intend to engage an architect to design the production facility upon acceptance of our application. Construction is anticipated to cost approximately \$3,000,000; Lexaria will be responsible for \$1,650,000 of this cost. The joint venture is unable to estimate at this time when a production license might be granted by Health Canada, however it is seeking assurances from Health Canada prior to commencement of construction.

On **May 29, 2014**, the Company received gross proceeds of \$5,000 for the exercise of 50,000 stock options at \$0.10 into 50,000 common shares of the Company.

On **June 11, 2014**, the Company held its Annual and Special Meeting of Shareholders for the following purposes:

1. To elect Chris Bunka, Bal Bhullar, and Nicolas Baxter as directors of the Company for the ensuing year and until their successors are elected;
2. To ratify MNP LLP our independent registered public accounting firm for the fiscal year ending October 31, 2014 and to allow directors to set the remuneration;
3. To approve a change of business of the Company;
4. To conduct an advisory vote on the compensation of our Company's Named Executive Officers (the "Say-on-Pay Proposal");
5. To conduct an advisory vote on the frequency of future advisory votes on the compensation on our Company's Named Executive Officers (the "Say-When-on-Pay Proposal");

6. To approve the adoption of the Company's 2014 stock option plan; and
7. To transact such other business as may properly come before the Meeting or any adjournment of the postponement thereof.

All proposals were approved by the shareholders. The proposals are described in detail in the Company's definitive proxy statement filed with the Securities and Exchange Commission on May 20, 2014.

On **June 11, 2014**, our shareholders approved and adopted our company's 2014 Stock Option Plan which permits our company to grant up to an aggregate of 3,500,000 options to acquire shares of our common stock, to directors, officers, employees and consultants of our company.

On **July 24, 2014**, the Company granted 100,000 stock options to Ron Struthers, 500,000 stock options to Robert McAllister, and 25,000 stock options to Taven White with an exercise price of \$0.25, vesting immediately and expiring on July 24, 2019.

On **August 5, 2014**, the Company made its second quarter payment to Agora Internet Relations Corp. of \$13,125 by issuing \$82,031 common shares of the Company at a market price of \$0.16 per share.

On **August 12, 2014**, we closed a private placement by issuing 1,251,333 units at a price of US\$0.15 per unit for gross proceeds of US\$187,700 ("Unit"). Each Unit consists of one common share of our company and one full non-transferable share purchase warrant ("Warrant"). Each Warrant will be exercisable into one further share (a "Warrant Share") at a price of US\$0.25 per Warrant Share for a period of 18 months following closing. The Warrants are subject to an early acceleration provision pursuant to which, in the event that our company's common shares at any time after 6 months and 1 day have elapsed from the closing of the offering, has been at or above CDN\$0.60 for a period of 20 consecutive trading days, our company may, within 5 days thereafter issue to the subscribers a written notice advising of the accelerated expiry of the Warrants. Such written notice shall identify in reasonable detail the particulars of the acceleration event and identify the date (the "Warrant Accelerated Expiry Date") set for accelerated expiry, which in no event shall be less than 30 days after the mailing date of the written notice. For greater certainty, all Warrants shall expire and be of no further force or effect as of 4:30 pm (Pacific Time) on the Warrant Accelerated Expiry Date.

Subsequent to year end, on September 22, 2014, the Company closed a private placement by issuing 305,200 units at a price of US\$0.15 per unit for gross proceed of US\$45,780. Each Unit consists of one common share of our company and one full non-transferable share purchase warrant ("Warrant"). Each Warrant will be exercisable into one further share (a "Warrant Share") at a price of US\$0.25 per Warrant Share for a period of 18 months following closing. The Warrants are subject to an early acceleration provision pursuant to which, in the event that our company's common shares at any time after 6 months and 1 day have elapsed from the closing of the offering, has been at or above CDN\$0.60 for a period of 20 consecutive trading days, our company may, within 5 days thereafter issue to the subscribers a written notice advising of the accelerated expiry of the Warrants. Such written notice shall identify in reasonable detail the particulars of the acceleration event and identify the date (the "Warrant Accelerated Expiry Date") set for accelerated expiry, which in no event shall be less than 30 days after the mailing date of the written notice. For greater certainty, all Warrants shall expire and be of no further force or effect as of 4:30 pm (Pacific Time) on the Warrant Accelerated Expiry Date.

Subsequent to year end, on November 12, 2014, the Company has signed an agreement with PoViva and acquired 51% of PoViva with an initial consideration of US\$50,000.

Subsequent to year end, on November 26, 2014 a Purchase and Sale Agreement was entered into between Lexaria Corporation, and Cloudstream Belmont Lake, LP for the purchase and sale of oil and gas working interests, net revenue interests and other interests in Belmont Lake, Mississippi for total consideration of \$1,400,000. The scheduled closing date of the Purchase and Sale Agreement is December 5, 2014. For additional details in regards to the purchase and sale, refer to the full copy of the Purchase and Sale Agreement attached hereto as an exhibit to this current report.

#### **Our Planned Medical Marijuana Production Operations**

On June 7, 2013 the Government of Canada implemented new legislation, the Marijuana for Medical Purposes Regulations (MMPR), concerning the production and sale of medical marijuana. The MMPR permit the licensing of commercial growers beginning April 1, 2014, while eliminating existing regulations permitting the production of medical marijuana on a personal-use basis. The revised regulations create conditions for a commercial industry in Canada that is responsible for medical marijuana production and distribution, by eliminating small-scale, personal-use production. Commercial growers are now able to submit applications to Health Canada for the production of medical marijuana and, if licensed, supply patients who qualify for the product at a price that would be established by market forces and at the discretion of producers.

In light of the MMPR, our company, together with our joint venture partner, is seeking to finance and build a licensed medical marijuana production facility in Canada, and to grow, cultivate and distribute medical marijuana in Canada under the MMPR. In that regard we are engaged in a joint venture with Eneptopia Corp. Our joint ventures is seeking to obtain a production license under the MMPR, to build a production facility, and to cultivate and distribute medical marijuana.

#### **Regulation of Medical Marijuana Production Applicable to our Planned Production Facilities**

On July 30, 2001, the Government of Canada implemented the Marijuana Medical Access Regulations (MMAR) pursuant to subsection 55(1) of the *Controlled Drugs and Substances Act*, which defines the circumstances and the manner in which marijuana can be used in Canada for medical purposes. The MMAR and regulations thereunder granted access to marijuana for Canadians suffering from symptoms (pain, muscle spasms, nausea, and weight loss) related to multiple sclerosis, cancer, HIV, spinal cord injury, epilepsy, arthritis or other debilitating symptoms as determined by a medical doctor. The MMAR was administered by Health Canada, the federal agency responsible for national public health. Under the MMAR, licensed patients were permitted to grow their own marijuana or to designate someone grow it for them. Growers under the MMAR were not regulated by Health Canada beyond the allocation of a personal-use production license.

On June 7, 2013, the Canadian regulations concerning the production and sale of medical marijuana were amended with the introduction of the MMPR which permit the licensing of commercial growers beginning April 1, 2014, while eliminating provisions for its production on a personal-use basis. Applications for personal-use production ceased to be processed by Health Canada as of October 1, 2013 and, individuals authorized to possess medical marijuana under the MMAR were directed to transition to the new licensed producer regime. This transition by existing MMAR licensees is subject to several legal appeals, discussed below.

The revised regulations create conditions for a commercial industry that is responsible for medical marijuana production and distribution, by eliminating small-scale, personal-use production. Commercial growers are now able to submit applications to Health Canada for the production of medical marijuana and, if licensed, supply patients who qualify for the product at a price that would be established by market forces and at the discretion of producers.

Currently, the MMPR only permits the sale of dried marijuana; the production of concentrated or edible forms (oils, resins, teas or infusions) is not permitted. On March 21, 2014, the Court of Appeal of the Province of British Columbia ruled in the case of *R v. Owen Edward Smith* that the MMPR's restriction on the production of edible marijuana products for medicinal purposes is unconstitutional. The court has given Health Canada 12 months to appeal or rewrite the current MMPR system to allow for other forms of marijuana consumption other than dried marijuana.

Other relevant requirements for applicants and licensed producers under the MMPR include the following:

- production facilities may only be located indoors (greenhouses are also acceptable);
- production facilities must meet specified advanced security requirements to prevent and detect unauthorized access;
- producers may not operate storefronts;
- producers may not wholesale products except to other licensed producers; they must sell directly to authorized consumers or, if requested, to their physicians;
- producers are required to notify their local government, local police force and local fire officials of their intention to apply to Health Canada, so that local authorities are aware of their proposed location and activities. Producers are also required to communicate with local authorities whenever there is a change in the status of their license;

- producers must comply with all federal, provincial/territorial and municipal laws and by-laws, including municipal zoning by-laws;
- there are no applicable federal fees payable in respect of the application or maintenance of the license to produce marijuana under the MMPR;
- producer must have an employee designated as a quality assurance person who is responsible for assuring the quality of the dried marijuana, before it is made available for sale. This employee must have the training, experience and technical knowledge related to the proposed licensed activities and the requirements of the MMPR; and
- applicants must submit a detailed description of their proposed record keeping methods. This must include a description of the process that will be used for recording transactions relating to licensed activities, including maintaining appropriate records of transactions and dealings with both suppliers and clients.

Other aspects of the MMPR relevant to our business include the following:

- The MMPR do not contain any limitations on the conditions for which a health care practitioner can support the use of marijuana for medical purposes;
- The MMPR does not impose a limit on the number of production licenses;
- There are no restrictions under the new *MMPR* on the daily amount of marijuana that may be prescribed, there is an individual possession cap of the lesser of 150 grams or 30 times the daily amount. For example, if an individual has a daily amount of 2 grams per day, their possession cap would be 60 grams.

#### **Our Planned Production Facilities**

Each of our joint venture production facilities is planned as a state of the art indoor growing operation designed to meet or exceed the standards for safety and security provided for in the MMPR. Each of our planned facilities will be equipped for indoor, in-soil and/or hydroponic marijuana cultivation of preparation in accordance with the specifications of the MMPR and will accommodate each step required in the production of medical marijuana. Facilities will include:

- temperature and humidity control systems;
- automated irrigation systems;
- automated grow lighting;
- ventilation and air quality control systems;
- drying and curing room;
- product testing laboratory facilities;
- packaging room;
- storage vault;
- information technology and security control room; and
- administrative offices.

#### **Production Facility Staffing Requirements**

We anticipate that each of our planned facilities will require personnel acting in the following capacities:

- marijuana cultivation expert to oversee production activities;
- production assistants to provide support in all aspects of the cultivation and processing;
- information technology specialist to manage electronic records, inventory and sales;
- designated quality assurance specialist to monitor production standards and conduct routine product testing;
- financial controller/accountant;
- sales representative ; and
- operations manager/executive to oversee the entirety of the joint venture operations.

We intend to fulfill our staffing requirements through the engagement of both full and part-time employees and consultants.

## Marijuana Cultivation at our Planned Production Facilities

We intend to cultivate our medical marijuana using state of the art organic indoor growing techniques which will be customized to optimize the quality, yield and desired potency of medicinal marijuana produced. On average, the indoor production cycle of marijuana from planting to harvest is 3 to 5 months in duration. However, the use of certain varieties and growing techniques can shorten the production cycle to as little as 6 weeks or lengthen it to as long as 8 months. An initial harvest grown from seed stock (rather than from planting a clone/trimming) will typically require an additional three to four months growing time. Each of our planned facilities will grow several varieties requiring varying production times. Each of our planned facilities will follow the following cultivation procedures:

- **Varietal Selection:** marijuana varieties are selected based on a variety of considerations, including patient demand, consumer availability, yield, growth time, and cannabidiol and tetrahydrocannabinol content (see paragraph below entitled “*The Use of Marijuana for Medical Purposes*”);
- **Seed Procurement:** seeds are obtained from a range of Canadian and international suppliers approved by Health Canada;
- **Germination:** seeds are germinated in peat, soil, or water until sprouted (approximately 1 week)
- **Planting:** plants for production are grown from sprouted seeds or from clippings taken from a “mother” plant;
- **Seedling Maturation:** seedlings are matured under fluorescent lighting until they develop roots and cotyledons (seed leaves) and develop identifiable sex characteristics. Male plants are separated for breeding and female plants cultivated for consumption. (4 to 6 weeks).
- **Vegetative Phase:** Most varieties enter a vegetative phase upon developing identifiable sex characteristics. The vegetative phase is characterized by the downward expansion of root systems, leaf and stem growth. Certain varieties (auto-flowering hybrids) omit the vegetative stage and pass directly from seedling to pre-flowering. The length of the vegetative stage varies widely between varieties and depends significantly on the growing techniques selected. The duration of the vegetative phases is manipulated to obtain the desired results in terms of plant size and flowering time. (1 month to 3 months ).
- **Pre-Flowering:** Following the vegetative stage, plants enter a pre-flowering phase during which plant development increases dramatically and the structure for flowering develops (approximately 2 weeks).
- **Flowering:** Following pre-flowering, plants enter a flowering phase during which the smoke-able bud/flowers develop. The flowering phase varies from about 6 to 22 weeks.
- **Harvesting:** When flowers(buds) achieve the desired size and maturity they are harvested and dried on metal racks.
- **Quality Control:** Dried buds are weighed and tested for contaminants, mold, potency and chemical composition.
- **Storage:** Unsatisfactory product is quarantined and destroyed, which product meeting the required specification is vacuum sealed and labelled.

We anticipate that the initial harvest from each of our planned facilities will occur within 6 to 8 months from completion of facility construction.

## Sales and Distribution by our Planned Production Facilities

### *Patient Eligibility and Registration*

The sales and distribution procedures of each of our planned facilities will follow the procedures required by the MMPR for the purchase and sale of medical marijuana in Canada. Patients seeking to obtain medical marijuana must consult with and obtain a detailed prescription (medical document) from a health care practitioner with prescribing authority, usually a physician. Medical documents must contain identification information of the patient and physician, the period of use (no more than 1 year without re-evaluation) and the prescribed daily dose/quantity.

Patients with the requisite medical document may then register with the licensed producer of their choice. A list of licensed producers is maintained and published by Health Canada. Patients seeking to register with any of our planned production facilities will complete and submit by mail a registration form available on that facility’s website, together with copies of medical documents and identification documents.



### *Ordering and Order Fulfillment*

Once registered with one of our planned facilities, patients will be able to order prescribed quantities from that facility. Orders will be accepted by telephone. Upon receipt of an order, the prescribed marijuana will be weighed, packaged in pharmaceutical grade, child proof containers, and labelled with designation of origin, producer name, weight, active ingredient percentage, and warning labels.

We will ship orders by courier only. The MMPR does not allow for storefront or retail distribution centres.

### **Production License Application Process Applicable to our Joint Venture**

Prior to engaging in the production of medical marijuana, each of our joint ventures must successfully complete the licensing application process administered by Health Canada. The Health Canada process for becoming a licensed producer involves a multi-stage application and review including the following stages:

- Step 1: Preliminary Screening
- Step 2: Enhanced Screening
- Step 3: Security Clearance
- Step 4: Review
- Step 5: Ready to build letter (if required by applicant)
- Step 6: Pre-license inspection
- Step 7: Licensing

To date, Health Canada has not provided estimated or guaranteed process times for any application stage. According to Health Canada, as at August 25, 2014, it had received 1,009 formal production license applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 14 production licenses have been granted to 13 different producers with only 2 licenses granted during the summer of 2014. Due to the slow progress, uncertain timing, and apparent backlog of production license application reviews by Health Canada, we are currently unable to determine with any accuracy when any of our applications under review will be processed.

### **Current Litigation Affecting MMPR Regulatory Regime**

#### *Allard Case*

On March 21, 2014, an injunction was granted by the Federal Court of Canada to four appellants, including Neil Allard, who are appealing the regulations which came in to effect on April 1, 2014. The injunction provides that Authorizations to Possess [ATPs] medical marijuana granted under the MMAR that were valid on March 21, 2014 and associated Personal Use Production Licenses and Designated Production Licenses valid on September 30, 2013 remain valid under the terms of those authorizations, with the exception that the amount of marijuana that can be possessed under the ATP is now limited to 150 grams. The impact of the order is that approximately 37,500 licensees under the MMAR will be permitted to continue production and consumption of marijuana under the MMAR until such time as additional court rulings are made. The court order has no effect on the implementation of the MMPR going forward and no new licenses will be granted under the MMAR. On March 31, 2014, the Federal Government announced its intention to appeal the March 21, 2014 order.

#### *Owen Smith Case*

On August 14, 2014, the British Columbia Court of Appeal ruled the Government of Canada's restriction on edible marijuana products is unconstitutional. Currently, the MMPR permits only dried marijuana to be produced and sold for medicinal use. Owen Smith, who challenged the law, argued some patients want to consume their marijuana medicine in butters, brownies, cookies and teas etc. Smith claimed the right to administer the drug in other forms is fundamental, but that was denied by federal regulations. In a two-to-one decision, the court ruled the law does infringe on the constitutional rights of those who require other forms of cannabis to treat illnesses.

In its ruling, the Court of Appeal suspended the effect of its judgement for one year in order to allow the Parliament of Canada time to amend the regulations. The Government of Canada had appealed the decision from Supreme Court of British Columbia where the trial judge ordered the word “dried,” and the definition of “dried marijuana” to be deleted from the MMPR.

On October 1, 2014 the Federal Government filed a notice to appeal the decision to the Supreme Court of Canada to determine whether medical marijuana patients have a constitutional right to edible medical marijuana products, such as cannabis oils, butters, teas and lotions. No date has been set for the hearing.

### **Market for Medical Marijuana in Canada**

It is estimated by Health Canada that the overall market for medical marijuana in Canada under the new MMPR will be approximately \$1.3 billion per year by 2024 (source: Health Canada/Canadian Broadcasting Corporation). As at May, 2014, there were 37,400 medical marijuana users recognized by Health Canada and Health Canada projects that the number of licensed users will increase to over 450,000 by 2024. Health Canada formerly sold medical marijuana, produced on contract by Prairie Plant Systems (formerly the only licensed producer in Canada), for \$5 a gram. It is estimated that the price per gram under the new licensing system will average \$7.60 per gram as producers set prices without interference from government (source Health Canada/Canadian Broadcasting Corporation).

Despite these estimates MMJ market is relatively new and largely unproven. The adoption rate of commercial MMJ by qualified patients is difficult to determine but a portion (approximately 13%) of the qualified patient population is already conditioned to purchasing government contracted producers under the old system (source: Health Canada). Furthermore, we anticipate that the convenience of a wide selection of MMJ strains delivered directly to patients in a discrete and concealed package will be attractive. Healthcare practitioners are key stakeholders as they will be signing and providing the medical documentation needed for patients to register with commercial producers. Regulations under the MMPR are not significantly different for healthcare practitioners already familiar with the process under the former MMAR. Licensed producers are held responsible for quality of the product provided as the MMPR outlines strict rules for quality assessment and control, cleanliness, manufacturing, and pesticide use. Security and diversion to the black market remain a concern but MMPR outlines strict rules for segregation of duties and security clearances, background checks for employees and officers, tracking of product in and out of the premises, and camera surveillance.

### **The Use of Marijuana for Medical Purposes (source Cantech Letter: Canada’s Medical Marijuana Industry: A Top Down Look)**

The marijuana or cannabis plant, aka cannabis sativa, contains more than 80 cannabinoids, a group of chemical compounds which includes delta9-tetrahydrocannabinol (THC) and cannabidiol (CBD). Research has shown that THC and CBD influence different regions of the central nervous system and have different effects on cannabis users [Borgwardt, Biol Psychiatry, 2008]. Most of the psychoactive effects associated with the use of cannabis are caused by THC, whereas CBD has been shown to have anti-anxiety, anti-nausea, anti-inflammatory, and anti-psychotic effects [Bergamaschi, Curr Drug Saf., 2011; Niesink, Front Psychiatry, 2013]. Cannabis smoking often leads to adverse effects such as increases and fluctuations in heart rate and blood pressure, euphoria, anxiety, and impairment of cognition and memory. Cannabis also contains a similar array of detrimental and carcinogenic compounds compared to cigarette smoke, some of which are present even at higher concentrations [Leung, J Am Board Fam Med, 2011].

MMJ is used and has been tested in a variety of indications. In the last ten years, there have been estimated 300 individually registered trials used cannabis, THC, or CBD as the intervention. Excluding addiction, the indication that accounted for the majority (42%) of trials, MMJ has been tested in a wide range of indications to help patients cope with pain not only from disease itself, but also for relief from strong and sometimes toxic medication, such as chemotherapy. Neurological disorders, mental health, muscle and back problems, and inflammation (such as gastrointestinal disorders) are common indications under study.

### **Quality Control and Technical Specification for Medical Marijuana Applicable to Our Joint Venture**

To date, dried marijuana has not been authorized as a therapeutic product in Canada or in any other country. In addition, no international standards currently exist specifically for the quality of dried marijuana. Dried marijuana produced by a licensed producer (LP), while exempt from the application of the Food and Drug Regulations via the Marijuana Exemption (Food and Drugs Act) Regulations (other than in the context of marijuana to be used in a clinical trial), is subject to provisions in the Food and Drugs Act (Canada) (FDA). The FDA provisions include a general prohibition (paragraph 8(a) and (b)) against the sale of a drug that was “manufactured, prepared, preserved, packaged or stored under unsanitary conditions; or is adulterated”. Similar requirements are provided in Division 4 of the MMPR, which includes Good Production Practice(s) (GPP) requirements relating to storage of dried marijuana, storage premises, equipment, the sanitation program, standard operating procedures, recall of product, and quality assurance personnel. Division 5 of the MMPR provides packaging, labeling and shipping guidelines, which prescribe the same product identification and safety requirements as those for other pharmaceuticals (designation of origin, producer, weight, active ingredient percentage, childproof packaging, warning labels, etc.) Additionally, the MMPR provide compliance and enforcement measures, allowing for refusal, suspension or revocation of a producer’s license on the basis of risks to public health, safety or security.

In June 2013, Health Canada published the guidance document entitled “Technical Specifications For Testing Dried Marijuana for Medical Purposes” which outlines the procedures and good production practices required under the MMPR for achieving the requisite purity and quality of finished dried marijuana product. As specified in the MMPR, each batch or lot of dried marijuana must be approved for release by the LP’s Quality Assurance person, who must have the training, experience and technical knowledge relating to the activity conducted and the requirements of Division 4 of the MMPR. This means that the Quality Assurance person must have the ability to evaluate the operations of the LP to ensure compliance with Division 4, and the technical knowledge to be able to assess analytical testing results in order to be able to make the determination of whether the dried marijuana is suitable for sale. The Quality Assurance person is also responsible for investigating quality-related complaints and taking corrective and preventive actions, if necessary. Visual inspection should confirm the absence of pests or extraneous substances. There is no requirement to mill or irradiate the dried marijuana, although LPs may choose to do so.

#### **Marketing and Advertising Restrictions Applicable to Our Joint Venture**

Like traditional prescription-only drugs, the marketing and advertising of medical marijuana directly to consumers is prohibited in Canada, subject to certain limited exemptions for activities which are not primarily intended to promote the sale of a drug. Such exemptions include the dissemination of general corporate information, as well as non-promotional information regarding the existence and nature of pharmaceutical products, without reference to potential indications or therapeutic benefits. Drug manufacturers are also permitted to market products directly to health care providers through the provision of drug samples, sponsorship of continuing medical education, and the dissemination of information through sales representatives. More recently, in June, 2014 it was reported that Health Canada disseminated a memorandum to licensed producers providing additional guidelines and cautioning producers against certain promotional activities. These guidelines have not been made public. In light of the evolving guidelines regarding advertising of our planned products, we intend to restrict our product related advertising to health care professionals and to comply with all pertinent regulations. We anticipate that any advertising to the general public will be limited to general corporate information.

#### **Client Registration, Ordering and Distribution Restrictions Applicable to our Joint Venture**

Clients seeking to purchase medical marijuana under the MMPR must be ordinarily resident in Canada, and must submit a detailed application (including relevant identification and contact information and original medical prescription documents meeting the requirements of the MMPR) to become a client of a licensed producer. Similarly, health practitioners are authorized under the MMPR to act as intermediaries between producer and clients for the purposes of filling prescriptions and may therefore purchase product from licensed producers.

#### **Current Status of our Medical Marijuana Business**

Following the announcement of the MMPR in June, 2013, our management began identifying and evaluating opportunities for entry into the medical marijuana industry in Canada. We do not currently have any marijuana related activities in the United States.

#### **Enertopia Joint Venture**

On May 28, 2014, our company and Enertopia Corp. entered into a definitive agreement to develop a joint business for the production, manufacture, propagation, import/export, testing, research and development of marijuana in the Province of Ontario under the MMPR. Pursuant to the Agreement, ownership, revenues, and liability related to the Joint Venture is 51% to Enertopia and 49% to Lexaria. Expenses incurred by the joint venture shall be allocated 45% to Enertopia and 55% to Lexaria. Enertopia shall be responsible for management of the joint venture for as long as it maintains majority ownership. To date, Lexaria and Enertopia have contributed \$55,000 and \$45,000 to the joint venture, respectively. The joint venture has identified a production location in Burlington, Ontario and received municipal approval for the site in July, 2014. We intend to engage an architect to design the production facility upon acceptance of our application. Construction is anticipated to cost approximately \$3,000,000; Lexaria will be responsible for \$1,650,000 of this cost. The joint venture is unable to estimate at this time when a production license might be granted by Health Canada, however it is seeking assurances from Health Canada prior to commencement of construction.

Our joint venture will terminate in the event that we do not fulfill our contractually mandated financial obligations in respect of the joint venture or if the joint venture does not receive a medical marijuana production license from Health Canada by May 27, 2016.

The proposed Burlington, Ontario facility is now comprised of 30,000 ft<sup>2</sup>, with Lexaria/Enertopia having acquired a right of first refusal having been acquired for another 45,000 square feet totaling 75,000 ft<sup>2</sup> to accommodate future growth. Municipal approval has been obtained to use the site for our intended purposes. Planned production areas have 22 foot ceilings which could allow for the possibility of a 2nd mezzanine level in many areas for further expansion. The production target for the facility based on 30,000 ft<sup>2</sup> (with approximately 50% devoted to production space) is approximately 10,000 kilograms per year.

#### **Status of Enertopia Joint Venture**

The Enertopia joint venture has identified a production location in Burlington, Ontario, secured a lease to the facility and received municipal zoning approval for the proposed site in July, 2014. The joint venture's license application to Health Canada under the MMPR was submitted in July, 2014 and is currently in the preliminary screening stage. We currently occupy 30,000 square feet of the planned facility space and may terminate the lease with 90 days notice to the landlord if our Health Canada application is refused for any reasons. The lease is payable in shares of our common stock. If we do not receive a ready to build letter from Health Canada by January 22, 2015, we will have no further obligations under the lease agreement. Alternately, the joint venture may continue under the lease agreement and the applicable rent shall be payable in cash or in shares at the discretion of the lessor. agreement (\$8.25 per square foot of occupied space). Commencement of construction on the proposed facility is subject to successful completion of preliminary and enhanced screening, security clearance, application review, and the issuance of a ready-to-build letter from Health Canada. Following completion of construction (if applicable) the facility will be subject to successful inspection before a license may be granted. We are currently unable to provide a meaningful time estimate for completion of this process. We estimate that construction of the facility will take approximately 6 to 9 months from the time we obtain a ready-to-build letter.

#### **Marijuana Production in the United States**

Our company is focused on the Medical Marijuana Industry in Canada that is supported by the Canadian Federal Government and administered by Health Canada in accordance with the MMPR. Our company is following the strict guidelines that have been outlined with respect to security, quality control and safety of the product at all times under the current federal MMPR program.

In the United States it is still illegal under federal law to grow, cultivate and sell medical or adult use marijuana. However 23 states have approved medical marijuana for use and two states have approved adult use regulations. The United States Federal government justice department has released memos that will respect the individual states where strict guidelines are followed and enforced so that the health, safety and security are protected at all times by state authorities. If the individual state framework fails to protect the public the Federal government will act in enforcing the controlled substances act of 1970 and the DEA will enforce the federal law.

As at the date of this registration statement, our company has not entered into any prospective or definitive arrangements to produce or distribute marijuana products in the United States and has no intention of engaging in marijuana related activities in the United States. However, our company continually reviews opportunities and monitors legal and regulatory developments related the medical marijuana sector in both Canada and the United States. We anticipate that we will re-evaluate our participation in the United States medical marijuana sector in the event that medical marijuana production becomes federally sanctioned.

## **Summary**

The continuation of our business interests in these sectors is dependent upon obtaining further financing, a successful programs of development, and, ultimately, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations. There is significant uncertainty as to whether we can obtain additional financing.

Our business plan does not anticipate that we will hire a large number of employees or that we will require extensive office space.

Our company relies on the business experience of our existing management, on the technical abilities of consulting experts, and on the technical and operational abilities of its operating partner companies to evaluate business opportunities.

## **Competition**

We were in the business of oil and gas properties. The petroleum industry is competitive in all its phases. We competed with numerous other participants in the search for and the acquisition of oil and natural gas properties, and in the marketing of oil and natural gas. Our competitors included oil and natural gas companies that have substantially greater financial resources, staff and facilities than ours.. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

There is strong competition relating to all aspects of the medical marijuana sector. We will actively compete for capital, skilled personnel, and in all other aspects of its operations with a substantial number of other organizations, many of which have greater technical and financial resources than our company. We will actively compete medical marijuana projects and opportunities, and will constantly be facing competition by both smaller and larger companies in all geographical segments of the market. We also anticipate that our joint ventures will face considerable competition for industrial marijuana customers. According to Health Canada, as at August. 25, 2014, it had received 1,009 formal production licence applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 14 productions licenses have been granted to 13 different producers. Despite the slow progress by Health Canada to grant production licenses under the MMPR, we anticipate that hundreds of production licenses will be granted by Health Canada across Canada and that our joint ventured will be required to compete with those licensees for medical marijuana consumers.

## **Compliance with Government Regulation**

The exploration and development of oil and gas properties is subject to various United States federal, state and local and foreign governmental regulations. We may from time to time, be required to obtain licenses and permits from various governmental authorities in regards to the exploration of our property interests.

The growing, cultivating and selling of medical marijuana in Canada is subject to various Canadian federal, provincial and municipal requirements and regulations. We will from time to time be required to obtain licenses and permits from various governmental authorities in regards to the development of our property and joint venture interests. Prior to submitting an application to become a licensed producer of marijuana for medical purposes under the MMPR, each applicant must provide a written notice to local authorities to inform them of their intention to submit an application. The notice must include the applicant's name, the activities for which the licence is sought (i.e. that activities are to be conducted in respect of cannabis), the site address (and of each building on the site, if applicable) at which the applicant proposes to conduct those activities, as well as the date when the application will be submitted to Health Canada. Thereafter, production facilities require a variety of municipal approvals and permits, including zoning approvals and construction permits. These required approvals and permits will vary from jurisdiction to jurisdiction. In light of the rigorous security standards imposed by the MMPR, we do not anticipate any significant obstacles in obtaining necessary permits and approvals. Each of our joint ventures will, however, select locations for prospective facilities based on the availability of municipal zoning allowances for our proposed activities.

## Employees

We primarily have used the services of sub-contractors and consultants for manual labour exploration work and drilling on our oil and gas properties, and expect to also primarily use sub-contractors and consultants in the medical marijuana operations.

On May 12, 2009, we entered into a six month consulting agreement with BKB Management Ltd., a British Columbia company for a consideration of CAD\$4,500 per month plus applicable taxes. Effective January 1, 2011, the consideration was increased to CAD\$5,500 plus applicable taxes. BKB Management is a consulting company controlled by our chief financial officer, Bal Bhullar.

On November 27, 2008, we entered into a consulting agreement with CAB Financial Services Ltd., a British Columbia company. The consulting services provided by CAB Financial are on a continuing basis for a consideration of CAD\$8,000 per month plus applicable taxes. CAB Financial is a consulting company controlled by our president, Christopher Bunka.

On August 5, 2010 we entered into a three-month management agreement with Tom Ihrke, whereby Mr. Ihrke will act as the senior vice-president, business development for our company for consideration of \$3,125 per month. On December 2, 2010, we entered into a month to month management agreement with Tom Ihrke, where by Mr. Ihrke will continue to act as the senior vice-president business development for our company. On October 3, 2011 Mr. Ihrke and our company amended the agreement whereby his title changed to manager, business development. Our company will pay a monthly consulting fee of \$3,125. Effective January 15, 2012, the consulting agreement was decreased to \$10 a month. Effective April 1, 2014, the amended consulting agreement has been increased to \$5,000 per month.

## Research and Development

We have incurred \$Nil in research and development expenditures over the last two fiscal years.

## Subsidiaries

We have one wholly owned subsidiary, Lexaria CanPharm Corp., a Canadian corporation.

### Item 1A. Risk Factors

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

**Risks Associated with Our Business** *We have a limited operating history and as a result there is no assurance we can operate on a profitable basis.*

We have a limited operating history. Our company's operations will be subject to all the uncertainties arising from the absence of a significant operating history. Potential investors should be aware of the difficulties normally encountered by resource exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the exploration of our properties may not result in the discovery of reserves. Problems such as unusual or unexpected formations of rock or land and other conditions are involved in resource exploration and often result in unsuccessful exploration efforts. If the results of our exploration do not reveal viable commercial reserves, we may decide to abandon our claims and acquire new claims for new exploration or cease operations. The acquisition of additional claims will be dependent upon us possessing capital resources at the time in order to purchase such claims. If no funding is available, we may be forced to abandon our operations. There can be no assurance that we will be able to operate on a profitable basis.

*If we do not obtain additional financing, our business will fail and our investors could lose their investment.*

We had cash in the amount of \$703,030 and working capital surplus of \$1,649,436 as of our year ended August 31, 2014. Any direct acquisition of a claim under lease or option is subject to our ability to obtain the financing necessary for us to fund and carry out exploration programs on potential properties. The requirements are substantial. Obtaining additional financing would be subject to a number of factors, including market prices for resources, investor acceptance of our properties and investor sentiment. These factors may negatively affect the timing, amount, terms or conditions of any additional financing available to us. The most likely source of future funds presently available to us is through the sale of equity capital and loans. Any sale of share capital will result in dilution to existing shareholders.

*Because there is no assurance that we will generate material revenues, we face a high risk of business failure.*

For the ten month ended August 31, 2014, we have earned revenues of \$508,048. We currently have only modest oil or gas reserves that are deemed proved, probable or possible pursuant to American standards of disclosure for oil and gas activities. All of our existing wells were in Mississippi, USA.

There can be no assurance that our current or future drilling activities will be successful, and we cannot be sure that our overall drilling success rate or our production operations within a particular area will ever come to fruition, and if they do, will not decline over time. We may not recover all or any portion of our capital investment in the wells or the underlying leaseholds. Unsuccessful drilling activities would have a material adverse effect upon our results of operations and financial condition. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations, including: (i) unexpected drilling conditions; (ii) pressure or irregularities in geological formation; (iii) equipment failures or accidents; (iv) adverse weather conditions; and (v) shortages or delays in the availability of drilling rigs and the delivery of equipment.

In addition, our exploration and development plans may be curtailed, delayed or cancelled as a result of lack of adequate capital and other factors, such as weather, compliance with governmental regulations, current and forecasted prices for oil and changes in the estimates of costs to complete the projects. We will continue to gather information about our exploration projects, and it is possible that additional information may cause our company to alter our schedule or determine that a project should not be pursued at all. You should understand that our plans regarding our projects are subject to change.

We recognize that if we are unable to generate significant revenues from our activities, we will not be able to earn profits or continue operations. We cannot guarantee that we will be successful in raising capital to fund these operating losses or generate revenues in the future. We can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail and our investors could lose their investment.

*The oil and natural gas industry is highly competitive and there is no assurance that we will be successful in acquiring leases.*

The oil and natural gas industry is intensely competitive. Although we do not compete with other oil and gas companies for the sale of any oil and gas that we may produce, as there is sufficient demand in the world market for these products, we compete with numerous individuals and companies, including many major oil and natural gas companies which have substantially greater technical, financial and operational resources and staff. Accordingly, there is a high degree of competition for desirable oil and natural gas leases, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed.

*There can be no assurance that we will discover oil or natural gas in any commercial quantity on our properties.*

Exploration for economic reserves of oil and natural gas is subject to a number of risks. There is competition for the acquisition of available oil and natural gas properties. Few properties that are explored are ultimately developed into producing oil and/or natural gas wells. If we cannot discover oil or natural gas in any commercial quantity thereon, our business will fail.

*Even if we acquire an oil and natural gas exploration property and establish that it contains oil or natural gas in commercially exploitable quantities, the potential profitability of oil and natural gas ventures depends upon factors beyond the control of our company.*

The potential profitability of oil and natural gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and natural gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls or any combination of these and other factors, and respond to changes in domestic, international, political, social and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. In addition, adverse weather conditions can hinder drilling operations. These changes and events may materially affect our future financial performance. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

In addition, a productive well may become uneconomic in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or natural gas from the well. Production from any well may be unmarketable if it is impregnated with water or other deleterious substances. Also, the marketability of oil and natural gas which may be acquired or discovered will be affected by numerous related factors, including the proximity and capacity of oil and natural gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection, all of which could result in greater expenses than revenue generated by the well.

*The marketability of natural resources will be affected by numerous factors beyond our control which may result in us not receiving an adequate return on invested capital to be profitable or viable.*

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and natural gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and natural gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

*Oil and natural gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our company.*

Oil and natural gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and natural gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages. To date, we have not been required to spend any material amount on compliance with environmental regulations. However, we may be required to do so in the future and this may affect our ability to expand or maintain our operations.



*Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuation of our operations.*

In general, our exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuation of a given operation. Specifically, we may be subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

*Exploratory drilling involves many risks and we may become liable for pollution or other liabilities which may have an adverse effect on our financial position.*

Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour natural gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution or hazards against which it cannot adequately insure or which it may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

*Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.*

The business of oil and natural gas exploration and development is subject to substantial regulation under various countries laws relating to the exploration for, and the development, upgrading, marketing, pricing, taxation, and transportation of oil and natural gas and related products and other matters. Amendments to current laws and regulations governing operations and activities of oil and natural gas exploration and development operations could have a material adverse impact on our business. In addition, there can be no assurance that income tax laws, royalty regulations and government incentive programs related to the properties subject to our farm-out agreements and the oil and natural gas industry generally will not be changed in a manner which may adversely affect our progress and cause delays, inability to explore and develop or abandonment of these interests.

Permits, leases, licenses, and approvals are required from a variety of regulatory authorities at various stages of exploration and development. There can be no assurance that the various government permits, leases, licenses and approvals sought will be granted in respect of our activities or, if granted, will not be cancelled or will be renewed upon expiry. There is no assurance that such permits, leases, licenses, and approvals will not contain terms and provisions which may adversely affect our exploration and development activities.

*If we are unable to hire and retain key personnel, we may not be able to implement our business plan.*

Our success is largely dependent on our ability to hire highly qualified personnel. This is particularly true in highly technical businesses such as resource exploration. These individuals are in high demand and we may not be able to attract the personnel we need. In addition, we may not be able to afford the high salaries and fees demanded by qualified personnel, or may lose such employees after they are hired. Failure to hire key personnel when needed, or on acceptable terms, would have a significant negative effect on our business.

*We are not the "operator" of any of our oil and gas exploration interests, and so we are exposed to the risks of our third-party operators.*

We rely on the expertise of our contracted third-party oil and gas exploration and development operators and third-party consultants for their judgment, experience and advice. We can give no assurance that these third party operators or consultants will always act in our best interests, and we are exposed as a third party to their operations and actions and advice in those properties and activities in which we are contractually bound.

*Our management has limited experience and training in the oil and gas industry and could make uninformed decisions that negatively impact our oil and gas operations.*

Because our management has limited experience and training in the oil and gas industry, we may not have sufficient expertise to make informed best practices decisions regarding oil and gas operations. We do not have a petroleum engineer on staff to provide internal oversight. It is possible that, due to our limited knowledge, we might elect to complete a well and incur financial burdens that a more experienced petroleum team might elect not to complete. Our ability to internally evaluate oil and gas operations and opportunities could be less thorough than that of a more highly trained management team.

*Our independent certified public accounting firm, in the notes to the audited financial statements for the ten-month ended August 31, 2014 states that there is a substantial doubt that we will be able to continue as a going concern.*

As at August 31, 2014, we have experienced significant losses since inception. Failure to arrange adequate financing on acceptable terms and to achieve profitability would have an adverse effect on our financial position, results of operations, cash flows and prospects. Accordingly, there is substantial doubt that we will be able to continue as a going concern.

*The possession, cultivation and distribution of marijuana may under certain circumstances lead to prosecution under United States federal law, which may cause our business to fail.*

Our planned medical marijuana (“MMJ”) business is structured to comply with the Canadian Medical Marijuana Purposes Regulations (“MMPR”), which permits the sale of medical marijuana in Canada under federal license. In the United States, 23 states, including our state of incorporation, Nevada, have approved and regulate medical marijuana use. Similarly, two states have approved and regulate non-medical marijuana use by adults. However, it remains illegal under United States federal law to grow, cultivate or sell marijuana for any purpose. In that regard, the United States Justice Department has released the COLE Memorandum of 8-29-13 which states that the Justice Department will not prioritize the prosecution of marijuana related activities authorized under state laws provided that state authorities implement and enforce strict guidelines to ensure the health, safety and security of the public. Where the individual state framework fails to protect the public, the Justice Department has instructed federal prosecutors to enforce the Controlled Substances Act of 1970. The Department of Justice has not, to our knowledge, published any policy or guidance specifically regarding the participation of a United States corporation in lawful medical marijuana related activities outside of the United States.

Although our planned medical marijuana business is federally sanctioned in Canada and not contrary to the public policy or laws of our state of incorporation, neither state law nor Canadian federal law provides protection against federal prosecution in the United States, which remains at the discretion of the Department of Justice. Although, in light of the COLE Memorandum, we do not anticipate that we will be targeted for prosecution by the Department of Justice, if the Department of Justice uses its discretion to prosecute our company for a violation of the Controlled Substances Act, the resulting civil or criminal consequences will have a material adverse effect on our business, and may cause our business to fail.

*The failure to become licensed by Health Canada for the production of medical marijuana production may cause us to abandon our business plan.*

There is no assurance that any of our company's joint ventures will be approved by Health Canada or will be granted licensed producer status. Our failure to obtain a license from Health Canada would materially and adversely affect our company's operations, and we would need to revise or abandon our business plan accordingly.

*Untimely processing of our license applications by Health Canada may cause our business to fail.*

The success of our business plan relies in part on the timely processing by Health Canada of one or more of the various applications submitted by our joint ventures to become licensed producers under MMPR. According to Health Canada, as at August 25, 2014, it had received 1,009 formal production licenses applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 14 production licenses have been granted to 13 different producers with only 2 licenses granted during the summer of 2014. Due to the slow progress, uncertain timing, and apparent backlog of production license application reviews by Health Canada, we are unable to determine with any accuracy when any of our applications will be processed. Undue delays on the part of Health Canada in processing our application may result in our failure to meet contractual deadlines and termination of our joint ventures, or cause our joint ventures to incur additional expenses without the imminent prospect of revenues, which could cause our business to fail.

*Our company has no operating history and an evolving business model .which raises doubt about our ability to achieve profitability or obtain financing.*

Our company has no operating history. Moreover, our business model is still evolving, subject to change, and will rely on the cooperation and participation of our joint venture partners. Our company's ability to continue as a going concern is dependent upon our ability to obtain adequate financing and to reach profitable levels of operations has and we no proven history of performance, earnings or success. There can be no assurance that we will achieve profitability or obtain future financing.

*Uncertain demand for medical marijuana products may cause our business plan to be unprofitable.*

Demand for medical marijuana is dependent on a number of social, political and economic factors that are beyond the control of our company. While we believe that demand for medical marijuana will continue to grow in Canada, there is no assurance that such increase in demand will happen or that our joint ventures will be profitable.

*We may not acquire market share or achieve profits due to competition in the medical marijuana industry*

Our company operates in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm its business and results of operations. Management cannot be certain that the company will be able to compete against current or future competitors or that competitive pressure will not seriously harm its business. Some of our company's competitors are much larger and have greater access to capital, sales, marketing and other resources. These competitors may be able to respond more rapidly to new regulations or devote greater resources to the development and promotion of their business model than the company can. Furthermore, some of these competitors may make acquisitions or establish co-operative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share.

*Conflicts of interest between our company and our directors and officers may result in a loss of business opportunity.*

Our directors and officers are not obligated to commit their full time and attention to our business and, accordingly, they may encounter a conflict of interest in allocating their time between our future operations and those of other businesses. In the course of their other business activities, they may become aware of investment and business opportunities which may be appropriate for presentation to us as well as other entities to which they owe a fiduciary duty. As a result, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. They may also in the future become affiliated with entities, engaged in business activities similar to those we intend to conduct.

In general, officers and directors of a corporation are required to present business opportunities to a corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would be unfair to the corporation and its stockholders not to bring the opportunity to the attention of the corporation.

We have adopted a code of ethics that obligates our directors, officers and employees to disclose potential conflicts of interest and prohibits those persons from engaging in such transactions without our consent. Despite our intentions, conflicts of interest may nevertheless arise which may deprive our company of a business opportunity, which may impede the successful development of our business and negatively impact the value of an investment in our company.

*The speculative nature of our business plan may result in the loss of your investment.*

Our MMJ operations are in the start-up stage only, and are unproven. We may not be successful in implementing our business plan to become profitable. There may be less demand for our services than we anticipate. There is no assurance that our business will succeed and you may lose your entire investment.

*Termination of our joint ventures may result in the failure of our business plan.*

Our MMJ business plan relies upon our joint ventures with third parties including the Enertopia Corp. We currently rely upon our joint venture partners to co-finance our MMJ business opportunities, and to contribute administrative support and MMJ expertise toward the development of our business opportunities. Each of our joint venture agreements may be terminated by our joint venture partners in the event that we do not fulfill our contractually mandated financial obligations in respect of the joint venture, or in the case of our joint venture with Enertopia, if that joint venture is not granted an MMJ production license in Canada by February, 2015. Similarly, our joint venture partners may not perform their contractual obligations to the joint venture. Because the performance and success of our business relies on the success of our joint ventures, the termination of any joint venture would materially harm our business prospects or cause our business to fail. Investors are advised that the information included in this Annual Report does not include information, such as the financial condition or qualifications of our joint venture partners, which may be useful to investors in evaluating the prospects of our joint ventures.

*Changing consumer preferences may cause our planned products to be unsuccessful in the marketplace.*

The decision of a potential client to undergo an environmental audit or review may be based on ethical or commercial reasons. In some instances, or with certain businesses, there may be no assurance that an environmental review will result in any cost savings or increased revenues. As such, unless the ethical consideration is also a material factor, there may be no incentive for such businesses to undertake an environmental review. Changes in consumer and commercial preferences, or trends, toward or away from environmental issues may impact on businesses' decisions to undergo environmental reviews. The MMJ sector offers many choices for MMJ patients and their can be no assurance that the product supplied by our company and or its partners will be successful in market penetration.

*General economic factors may negatively impact the market for our planned products.*

The willingness of businesses to spend time and money on energy efficiency may be dependent upon general economic conditions; and any material downturn may reduce the likelihood of businesses incurring costs toward what some businesses may consider a discretionary expense item. Willingness by MMJ patients to continue to buy MMJ products may be dependent upon general economic conditions and any material downturn may reduce the potential profitability of the MMJ business sector.

*A wide range of economic and logistical factors may negatively impact our operating results.*

Our operating results will be affected by a wide variety of factors that could materially affect revenues and profitability, including the timing and cancellation of customer orders and projects, competitive pressures on pricing, availability of personnel, and market acceptance of our services. As a result, we may experience material fluctuations in future operating results on a quarterly and annual basis which could materially affect our business, financial condition and operating results.

*Loss of consumer confidence in our company or in our industry may harm our business.*

Demand for our services may be adversely affected if consumers lose confidence in the quality of our services or the industry's practices. Adverse publicity may discourage businesses from buying our services and could have a material adverse effect on our financial condition and results of operations.

*Unethical business practices may compromise the growth and development of our business.*

The production and sale of medical marijuana is an emerging industry in which business practices are not yet standardized and are subject to frequent scrutiny and evaluation by federal, state, provincial, and municipal authorities, academics, and media outlets, among others. Although we intend to develop our business in accordance with best ethical practices, we may suffer negative publicity if we, our partners, contractors, or customers are found to have engaged in any environmentally, insensitive practices or other business practices that are viewed as unethical.

*The failure to secure customers may cause our operations to fail.*

We currently have no long-term agreements with any customers. Many of our services may be provided on a “onetime” basis. Accordingly, we will require new customers on a continuous basis to sustain our operations.

*We could be required to enter into fixed price contracts which will expose us to significant market risk.*

Fixed price contracts require the service provider to perform all agreed services for a specified lump-sum amount. We anticipate a material percentage of our services will be performed on a fixed price basis. Fixed price contracts expose us to some significant risks, including under-estimation of costs, ambiguities in specifications, unforeseen costs or difficulties, and delays beyond our control. These risks could lead to losses on contracts which may be substantial and which could adversely affect the results of our operations.

*If we fail to effectively and efficiently advertise, the growth of our business may be compromised.*

The future growth and profitability of our MMJ business will be dependent in part on the effectiveness and efficiency of our advertising and promotional expenditures, including our ability to (i) create greater awareness of our services, (ii) determine the appropriate creative message and media mix for future advertising expenditures, and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that we will experience benefits from advertising and promotional expenditures in the future. In addition, no assurance can be given that our planned advertising and promotional expenditures will result in increased revenues, will generate levels of service and name awareness or that we will be able to manage such advertising and promotional expenditures on a cost-effective basis.

*Our success is dependent on our unproven ability to attract qualified personnel.*

We will depend on our ability to attract, retain and motivate our management team, consultants and other employees. There is strong competition for qualified technical and management personnel in the MMJ sector, and it is expected that such competition will increase. Our planned growth will place increased demands on our existing resources and will likely require the addition of technical personnel and the development of additional expertise by existing personnel. There can be no assurance that our compensation packages will be sufficient to ensure the continued availability of qualified personnel who are necessary for the development of our business.

*Without additional financing to develop our business plan, our business may fail.*

Because we have generated only minimal revenue from our business and cannot anticipate when we will be able to generate meaningful revenue from our business, we will need to raise additional funds to conduct and grow our business. We do not currently have sufficient financial resources to completely fund the development of our business plan. We anticipate that we will need to raise further financing. We do not currently have any arrangements for financing and we can provide no assurance to investors that we will be able to find such financing if required. The most likely source of future funds presently available to us is through the sale of equity capital. Any sale of share capital will result in dilution to existing security-holders.

*We may not be able to obtain all of the licenses necessary to operate our business, which would cause our business to fail.*

Our operations may require licenses and permits from various governmental authorities to build and install alternative energy systems or to conduct energy retrofits and build MMJ operations. We believe that we will be able to obtain all necessary licenses and permits under applicable laws and regulations for our operations and believe we will be able to comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits.

*Changes in environmental regulation may result in increased or insupportable financial burden on our company.*

We believe that we currently comply with existing environmental laws and regulations affecting our proposed operations. While there are no currently known proposed changes in these laws or regulations, significant changes have affected the industry in the past and additional changes may occur in the future.

Our operations may be subject to environmental laws, regulations and rules promulgated from time to time by government. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. We intend to comply with all environmental regulations in the United States and Canada.

*If we are unable to recruit or retain qualified personnel, it could have a material adverse effect on our operating results and stock price.*

Our success depends in large part on the continued services of our executive officers and third party relationships. We currently do not have key person insurance on these individuals. The loss of these people, especially without advance notice, could have a material adverse impact on our results of operations and our stock price. It is also very important that we be able to attract and retain highly skilled personnel, including technical personnel, to accommodate our exploration plans and to replace personnel who leave. Competition for qualified personnel can be intense, and there are a limited number of people with the requisite knowledge and experience. Under these conditions, we could be unable to recruit, train, and retain employees. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our operating results and stock price.

*If we fail to effectively manage our growth our future business results could be harmed and our managerial and operational resources may be strained.*

As we proceed with our business plan, we expect to experience significant and rapid growth in the scope and complexity of our business. We will need to add staff to market our services, manage operations, handle sales and marketing efforts and perform finance and accounting functions. We will be required to hire a broad range of additional personnel in order to successfully advance our operations. This growth is likely to place a strain on our management and operational resources. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our potential business, or the failure to manage growth effectively, could have a materially adverse effect on our business and financial condition.

#### ***Risks Associated with Our Common Stock***

*Trading on the OTCQB and CSE may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.*

Our common stock is quoted on the OTCQB electronic quotation service operated by OTC Markets Group Inc.. Trading in stock quoted on the OTCQB is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTCQB is not a stock exchange, and trading of securities on the OTCQB is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

*Our stock is a penny stock. Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.*

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

*The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a stockholder's ability to buy and sell our stock.*

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

*Because we do not intend to pay any dividends on our shares, investors seeking dividend income or liquidity should not purchase our shares.*

We have not declared or paid any dividends on our shares since inception, and do not anticipate paying any such dividends for the foreseeable future. We presently do not anticipate that we will pay dividends on any of our common stock in the foreseeable future. If payment of dividends does occur at some point in the future, it would be contingent upon our revenues and earnings, if any, capital requirements, and general financial condition. The payment of any common stock dividends will be within the discretion of our Board of Directors. We presently intend to retain all earnings to implement our business plan; accordingly, we do not anticipate the declaration of any dividends for common stock in the foreseeable future.

Investors seeking dividend income or liquidity should not invest in our shares.

*Because we can issue additional shares, purchasers of our shares may incur immediate dilution and may experience further dilution.*

We are authorized to issue up to 200,000,000 shares. The board of directors of our company has the authority to cause us to issue additional shares, and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, our stockholders may experience more dilution in their ownership of our company in the future.

## Other Risks

*We believe that our operations comply, in all material respects, with all applicable environmental regulations.*

Our operating partners maintain insurance coverage customary to the industry; however, we are not fully insured against all possible environmental risks.

*Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.*

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States, Canada, or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter the ability of our company to carry on our business.

The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitability.

*Because we can issue additional shares, purchasers of our shares may incur immediate dilution and may experience further dilution.*

We are authorized to issue up to 200,000,000 shares. The board of directors of our company has the authority to cause us to issue additional shares, and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, our stockholders may experience more dilution in their ownership of our company in the future.

*Our by-laws contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.*

Our by-laws contain provisions with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is made a party by reason of his being or having been one of our directors or officers.

*Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.*

Our constituting documents authorize the issuance of 200,000,000 shares of common stock with a par value of \$0.001. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

*Our by-laws do not contain anti-takeover provisions, which could result in a change of our management and directors if there is a take-over of our company.*

We do not currently have a shareholder rights plan or any anti-takeover provisions in our By-laws. Without any anti-takeover provisions, there is no deterrent for a take-over of our company, which may result in a change in our management and directors.



*As a result of a majority of our directors and officers are residents of other countries other than the United States, investors may find it difficult to enforce, within the United States, any judgments obtained against our company or our directors and officers.*

Other than our operations offices in Vancouver and Kelowna, British Columbia, we do not currently maintain a permanent place of business within the United States. In addition, a majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our company or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

*Trends, risks and uncertainties.*

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common shares.

**Item 1B. Unresolved Staff Comments**

As a "smaller reporting company", we are not required to provide the information required by this Item.

**Item 2. Properties**

*Executive Offices*

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4, for which we share 250 square feet of office space, which includes one executive office for a monthly rental of CAD\$1,230. Our telephone number is (604) 602-1675. We have an additional office located in Kelowna, British Columbia, where we have 1,200 square feet of office space, which includes several offices for a monthly rental of CAD\$826. Our current locations provide adequate office space for our purposes at this stage of our development.

*Resource Properties*

As at August 31, 2014, our company owned a 42% gross working interest in the PPF12-1 and PPF12-3A wells; a 50% gross working interest in wells PP F-12-4(not producing), PP F-12-5(not producing) and 13.3% gross working interest in well PP F 12-7, all located in Mississippi under various agreements with Griffin and Griffin Exploration, L.L.C. The most significant of these wells are the producing oil wells PP F-12-1 and PP F-12-3A, and the PP F-12-7 well which began production subsequent to our fiscal year end, all located within the Belmont Lake oil field which is itself located in the Palmetto Point region. The Belmont Lake oil field is onshore, as are all of our company's wells, but located in a flood plain of the Mississippi River which forces seasonal constraints on certain field activities. Other than the five oil wells noted immediately above, our company has no other producing wells. Additional details of these interests are noted below and not all of these wells were successful. Subsequent to year end, on August 31, 2014, our company sold all of our working interests in Belmont Lake, Mississippi.

Mississippi: Palmetto Point Project

On December 21, 2005, our company agreed to purchase a 20% gross working and revenue interest in a 10 well drilling program in Palmetto Point, Mississippi owned by Griffin & Griffin Exploration for cash payments of \$700,000, comprised of \$220,000 paid upon entering the agreement and the remaining balance of \$480,000 paid on January 17, 2006. Our company applied the full cost method to account for our oil and gas properties and as of July 31, 2009, seven wells were found to be proved wells, and three wells were found impaired. One of the wells was impaired due to uneconomic life, and the other two wells were abandoned due to no apparent gas or oil shows present. The costs of impaired properties were added to the capitalized cost in determination of the depletion expense. Palmetto Point is approximately 150 miles southwest of Jackson, Mississippi and approximately 50 miles north/northwest of Baton Rouge, Louisiana. It is 30 miles west of Woodville, Mississippi off of State Highway 33 and is entirely within Wilkinson County.

There were no further costs to our company in earning our interest in the 10 well drilling program, including well development costs or pipeline connections. Griffin has agreed that the leases held by it covering any mineral estate underlying the applicable well site acreage shall not provide for more than twenty-five (25%) percent royalty and overriding royalty interest. Our company's net interest in any oil and gas produced is calculated by subtracting the applicable royalties from its 20% gross interest. Consequently, its original net working interest in the drilling program was a minimum fifteen (15%) percent net working interest. Griffin conducted the drilling program in its capacity as operator and receives a 15% carried interest.

One of these original 10 wells was the PP F-12-1 well, which was the discovery well of a field now known as the Belmont Lake field. All of these original 10 wells were targeting the Frio geological formation of the Cenozoic era and Oligocene series, which is characterized in this region as a generally shallow, sandstone-rich layer. In this area of Mississippi, the Frio geologic formation is generally found between 2,000 and 4,500 foot depth from surface.

On September 22, 2006, our company elected to participate in an additional two-well program in Palmetto Point, Mississippi owned by Griffin by paying an additional \$140,000 (paid). Our company earned the same 20% gross interest in the two (2) additional wells (12 wells total and all drilled) and subsequently increased our gross interest to 32% in these 12 wells, or a net revenue interest of 20.802815%. As of July 31, 2009, the two wells were found to be proved wells.

On June 23, 2007, our company acquired an assignment of a 10% gross working interest in the Palmetto Point wells described above from a third party for \$520,000 which was payable by a secured loan. The \$520,000 loan was valued at a Net Present Value of \$501,922, which is the capitalized amount. Our company calculated the net present value of the secured loan payable by applying 8% interest rate, which was based on a T-bill rate of 4.28% plus a risk premium.

On October 4, 2007, our company elected to participate in the drilling of the PP F-12-3 well in Palmetto Point, Mississippi which was conducted by Griffin. This well was the second well drilled in the Belmont Lake oil field. Our company had a 30% gross working interest and paid \$266,348. On July 31, 2008, our company accrued and paid an additional cost of \$127,707 for the workovers of wells PP F-12 and PP F-12-3. PP F-12 has had intermittent production from October 2007, and PP F-12-3 has had intermittent production from November 2007.

On April 3, 2009, our company entered into an Asset Purchase Agreement with Delta Oil & Gas, Inc., and The Stallion Group to acquire additional interests in its existing core producing Mississippi oil and gas properties. Our company paid \$40,073 to acquire an additional two percent (2%) working interest in the proven Belmont Lake oil and gas field and an additional 10% working interest in potential nearby exploration wells. Total working interest for Belmont Lake as of July 31, 2009 is 32%; and total working interest in the exploration wells on approximately 140,000 acres surrounding Belmont Lake in all directions as of July 31, 2010, is 60%.

Our company had a short-lived opportunity to acquire additional fractional interests in the upcoming Belmont Lake 12-4 well which was expected to be a horizontal well. An unrelated third party did not participate in its right to participate in the 12-4 well, and therefore a share of its interest (a "non consent" interest) was made available to the other participating parties including our company. On August 28, 2009 and effective on September 1, 2009, to take best advantage of this opportunity, our company entered into four separate assignment agreements, three of which were with people or companies with related management. Our company received from these four parties proceeds of \$371,609 to fund additional interests in this well. As a result, our company has a 25.84% perpetual gross interest in the well (18.0% net revenue interest); as well as a 5.2% net revenue interest in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Enertopia, a company with related management, had acquired from our company a 6.16% perpetual gross interest in the 12-4 well; David DeMartini, a director of our company, had acquired from our company a 5% gross interest in the non-consent interest in the 12-4 well; and 0743608 BC Ltd. a company owned by the president of our company, had acquired from our company a 11.60% gross interest in the non-consent interest in the 12-4 well.

On May 31, 2010, our company signed a Settlement Agreement with Enertopia Corp., whereby our company issued 499,893 units at \$0.12 per unit. Each unit consists of one restricted share of our common stock and one share purchase warrant exercisable at \$0.20 per share for a period of two years in exchange for the working interest initially assigned on August 28, 2009.

On June 16, 2010, our company signed a Settlement Agreement with a third party, who had originally participated in the August 28, 2009, opportunity in the non-consent interest for Belmont Lake 12-4. Our company returned \$144,063 to the third party and cancelled its participation.

On July 29, 2010, our company had agreed with its operators at Belmont Lake not to proceed to drill a horizontal 12-4 well. Rather, two of the three proposed vertical wells 12-2, 12-4, or 12-5 were proposed to be drilled in August 2010. To take best advantage of this opportunity, our company cancelled all previous agreements relating to August 28, 2009 with respect to Belmont Lake horizontal well 12-4 and entered into three separate assignment agreements, of which all three were with people or companies with related management. Our company received total proceeds of \$324,677 to fund additional interests in these wells. As a result, our company has a 32% perpetual gross interest in the wells (24.0% net revenue interest); as well as a 8% gross interest (6% net revenue interest) in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Emerald Atlantic LLC, a company owned by a director of our company, has acquired from our company a 8.74% gross interest in the non-consent interest in two of the three vertical wells; and 0743608 BC Ltd. a company owned by our president, has acquired from our company a 20.79% gross interest in the non-consent interest in two of the three vertical wells; an advisor to our company has acquired from our company 2.46% gross interest in the non-consent interest in two of the three vertical wells.

On September 13, 2010, our company entered into three separate assignment agreements, replacing the July 29, 2010 agreements with Kelowna Resources Group formerly known as 0743608 BC Limited, solely owned by a director/officer of our company; Emerald Atlantic LLC, solely owned by a director of our company, and the Senior VP Business Development. (the "Assignees"), whereby the Assignees have paid a fee of US\$408,116 to earn a 24% share of our company's gross non-perpetual 32% interest in the three oil wells being drilled in Wilkinson County, Mississippi. As a result of the three assignment agreements, we receive at no cost to our company, a carried interest of 8% in these same rights and benefits. Our company assigns, transfers and sets over to the Assignees, all proportionate rights, interest and benefits in the assigned non perpetual interest held by or granted to the Assignor in and to the Participation Agreement between our company and Griffin but limited to a gross 500% revenue payout based on the total amount paid under the initial consideration and the subsequent consideration after which all rights, interests and benefits cease.

On November 1, 2013, our company entered into three separate assignment agreements with CAB Financial Services Ltd. solely owned by a director/officer of our company; Emerald Atlantic LLC, solely owned by a director of our company, and a third party. (the "Assignees"), whereby the Assignees have paid a fee of US\$305,894 to earn a 28.68% share of our company's perpetual 42% interest in a proposed 12-7 oil well to be drilled in Wilkinson County, Mississippi. As a result of the three assignment agreements, Lexaria receives a carried interest of 13.32% in these same rights and benefits. Our company assigns and transfers over to the Assignees, all proportionate rights, interest and benefits in the assigned perpetual interest held by or granted to the Assignor in and to the Participation Agreement between our company and Griffin.

Total working interest for Belmont Lake as of August 31, 2013 is 42%, with the exception of a 50% interest in wells PP F-12-4 and PP F-12-5; and 13.32% in PP F-12-7.

On December 6, 2013, we announced that a new well in Belmont Lake Field, the 12-7 well, had been drilled to total depth and sidewall core analysis indicated approximately 20 feet of true vertical depth oil bearing pay. Due to adverse weather conditions, the well had not yet been completed nor put into production.

During the year ended August 31, 2014, there were additional well interest changes or workovers in the amount of \$68,624.

As at August 31, 2014, , the status of the Palmetto Point, Mississippi wells is as follows:

Well Name	Spud/Start	Complete	Results	Depth	Status
PP F-12-1	Dec 18/06	Dec. 24/06	Frio Gas; 3 ft. Frio Oil, 26 ft.	4016	Producing
PP F-12-3	Oct/07	Oct/07	Frio Oil	3150	Producing
PP F-12-4	Aug/10	Oct/10	Frio Oil	3150	Shut down
PP F-12-5	Sep 12/10	Nov 23/10	Frio Oil	3150	Shut down
PP F-12-7	Nov 29/13	Pending	Frio Oil	3282	Awaiting Completion

### ***Significant Acquisitions and Dispositions***

Subsequent to year end, on November 26, 2014, our company sold all its working interests in Belmont Lake.

The Purchase and Sale Agreement was executed on November 26, 2014, by and between our company and Cloudstream, Belmont Lake LP for the purchase and sale of oil and gas working interests, net revenue interests and other interests in Belmont Lake, Mississippi for total consideration of \$1,400,000. The closing date of the Purchase and Sale Agreement was December 5, 2014.

Subsequent to year end, on November 12, 2014, the Company has signed an agreement with PoViva and acquired 51% of PoViva with an initial consideration of US\$50,000. Lexaria will serve as the Manager of Business Operations of PoViva's Teas. As Manager, Lexaria will oversee aspects of the business including, but not limited to, Accounting, Marketing, Capital Investment, Capital Raising, Sales, Branding, Advertising and Fulfillment. The Founders will serve as Production Manager and be responsible for all aspects of production, product quality, licensing, testing, and product legality. It is also expected that both parties to this Agreement will assist the other to fulfill their obligations as needed and the cost of business will be borne by revenues earned by the company and general corporate funds

#### **Item 3. Legal Proceedings**

We know of no other material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any other material proceeding or pending litigation. There are no other proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

#### **Item 4. Mine Safety Disclosures**

None.

## **PART II**

#### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common shares are quoted on the Over-the-Counter Bulletin Board under the symbol "LXRP." Our common shares are also quoted on the Canadian National Stock Exchange (CNSX) under the symbol "LXX". The following quotations, obtained from Yahoo Finance, reflect the high and low bids for our common shares as quoted on the Over-the-Counter Bulletin Board based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

OTC Bulletin Board <sup>(1)</sup>		
Quarter Ended	High	Low
October 31, 2012	\$0.12	\$0.01
January 31, 2013	\$0.15	\$0.01
April 30, 2013	\$0.12	\$0.045
July 31, 2013	\$0.12	\$0.05
October 31, 2013	\$0.10	\$0.0413
January 31, 2014	\$0.074	\$0.0325
April 30, 2014	\$0.785	\$0.042
July 31, 2014	\$0.434	\$0.14
August 31, 2014	\$0.14	\$0.102

(1) Over-the-counter market quotations reflect inter-dealer prices without retail mark- up, mark-down or commission, and may not represent actual transactions.

As of December 4, 2014, there were 100 holders of record of our common stock. As of such date, 34,444,890 shares of common stock were issued and outstanding.

Our common shares are issued in registered form. Computershare, 2nd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 (Telephone: 604-661-9400; Facsimile: 604-661-9549) is the transfer agent for our common shares.

Nevada Agency and Trust Company, 50 West Liberty Street, Suite 880, Reno, Nevada 89501 (Telephone: 775.322.0626; Facsimile: 775.322.5623) is our registrar.

#### *Dividend Policy*

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

#### *Recent Sales of Unregistered Securities*

Other than set out below, we did not sell any equity securities which were not registered under the Securities Act during the year ended August 31, 2014 that were not otherwise disclosed on our quarterly reports on Form 10-Q or our current reports on Form 8-K filed during the year ended August 31, 2014.

#### **Equity Compensation Plan Information**

We have no long-term incentive plans other than the stock option plans described below:

##### **2007 Equity Plan**

On April 25, 2007, our shareholders approved our 2007 Equity Incentive Stock Option Plan.

The 2007 Plan permits our company to issue up to 500,000 shares of our common stock to eligible employees and directors of our company upon the exercise of stock options granted under the 2010 Plan.

## 2010 Equity Compensation Plan

On February 26, 2010, our shareholders approved and adopted our 2010 equity incentive plan.

The 2010 Plan permits our Company to issue up to 1,800,000 shares of our common stock to directors, officers, employees and eligible consultants of our Company upon exercise of stock options granted under the 2010 plan.

## 2014 Stock Option Plan

On June 11, 2014, our shareholders approved and adopted our company's 2014 Stock Option Plan which permits our company to grant up to an aggregate of 3,500,000 options to acquire shares of our common stock, to directors, officers, employees and consultants of our company.

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

Equity Compensation Plan Information			
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Equity compensation plans approved by shareholders:			
2007 Equity compensation plan	200,000	Nil	200,000
2010 Equity compensation plan	1,800,000	\$0.24	Nil
2014 Stock Option Plan approved by security holders	625,000	\$0.25	2,875,000
<b>Total</b>	<b>2,625,000</b>	0.24	3,175,000

## Convertible Securities

As of August 31, 2014, we had outstanding options to purchase 2,625,000 shares of our common stock exercisable between prices of \$.60 and \$0.10.

On March 6, 2011, we accepted and received gross proceeds of \$21,250 for the exercise of 106,250 stock options by a director of our company at an exercise price of \$0.20 per stock option into 106,250 shares of our common stock.

On June 8, 2011, 1,500,000 warrants were exercised and we issued 1,500,000 shares of our common stock at an exercise price of \$0.20 per share for total proceeds of \$300,000. The warrants were exercised by a director of our company.

On June 28, 2011, 500,000 warrants were exercised and we issued 500,000 shares of our common stock at an exercise price of \$0.20 per share for total proceeds of \$100,000. The warrants were exercised by a director of our company.

On October 27, 2008, we made a secured loan agreement in the amount of CAD\$300,000 with CAB Financial. On July 10, 2009, \$40,000 of the debt was converted to equity. On October 21, 2010, we settled a portion of the debt in the amount of CAD \$1,625 with CAB Financial by converting 65,000 warrants into 32,500 shares of our common stock pursuant to a Purchase Agreement dated October 27, 2008 at a price of CAD\$0.05 per share. On June 28, 2011, we paid down CAD\$100,000 of the debt.

On July 11, 2011, we granted 700,000 stock options to directors and officers of our company at an exercise price of \$0.35 per share, which options vest immediately and expire on July 11, 2016.

On July 13, 2011, 173,043 warrants were exercised and we issued 173,043 shares of our common stock at a price of \$0.20 per share for total proceeds of \$34,608.

On July 13, 2011, we completed an equity financing and issued 200,000 units at \$0.35 per unit, for gross proceeds of \$70,000. Each unit consists of one share of common stock and one share purchase warrant which entitles a holder to purchase an additional share of common stock at an exercise price of \$0.50 per share for a period of two years

On July 15, 2011, we accepted and received gross proceeds of \$23,750 for the exercise of 118,750 stock options at an exercise price of \$0.20 per stock option and issued 118,750 shares of common stock of our company. All of the stock options were exercised by directors and/or officers of our company.

On June 18, 2013, based on this original 2010 Stock Option Plan, we granted additional 500,000 stock options to directors and officers, and a consultant of our company. The exercise price of the stock options were US\$0.10, vested immediately and expire on June 18, 2018.

On March 25, 2014, we received \$17,500 for the exercise of 50,000 stock options at \$0.35 into 50,000 common shares of our company.

On March 25, 2014, Jason Springett joined our company as an advisor and we granted 50,000 stock options with an exercise price of \$0.60, vesting immediately and expiring on March 25, 2019.

On April 1, 2014, we entered into a 90 day agreement with Ken Faulkner as a corporate development manager. Our company granted 100,000 stock options with an exercise price of \$0.50, vesting immediately and expiring on April 1, 2019.

On May 29, 2014, we accepted and received gross proceeds of \$5,000 for the exercise of 50,000 stock options at \$0.10 each into 50,000 common shares of our company.

On July 24, 2014, we granted 100,000 stock options to Ron Struthers, 500,000 stock options to Robert McAllister, and 25,000 stock options to Taven White with an exercise price of \$0.25, vesting immediately and expiring on July 24, 2019.

#### **Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

We did not purchase any of our shares of common stock or other securities during our fiscal year ended August 31, 2014.

#### **Item 6. Selected Financial Data**

As a "smaller reporting company", we are not required to provide the information required by this Item.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to; those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" beginning on page 22 of this annual report.

Our audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

**Results of Operations for our Ten Months Ended August 31, 2014 and August 31, 2013**

Our net loss and comprehensive loss for the ten months ended August 31, 2014, for the ten months ended August 31, 2013 and the changes between those periods for the respective items are summarized as follows:

	10 Months Ended August 31, 2014	10 Months Ended October 31, 2013	Change Between 10 months Ended August 31, 2014 and August 31, 2013
	\$	\$	\$
Revenue	Nil	Nil	Nil
Other (income) expenses	Nil	Nil	Nil
General and administrative	1,559,341	538,327	1,021,014
Interest expense	165,790	227,352	(61,652)
Consulting fees	847,660	157,891	689,769
MMJ expenses	151,306	Nil	151,306
Professional Fees	58,959	58,849	110
Net Income (loss)	(3,257,712)	(302,368)	(2,955,344)

**Income (Loss) from Discontinued Operations**

Subsequent to year end on November 26, 2014, our company sold all its working interests in Belmont Lake. The Purchase and Sale Agreement was executed on November 26, 2014, by and between our company and Cloudstream, Belmont Lake LP for the purchase and sale of oil and gas working interests, net revenue interests and other interests in Belmont Lake, Mississippi for total consideration of \$1,400,000. The closing date of the Purchase and Sale Agreement was December 5, 2014. Due to the disposition of our oil and gas assets at Belmont Lake, our oil and gas revenues have been applied against all costs associated with the Belmont Lake sale.

**General and Administrative**

Our general and administrative expenses increased by \$1,021,014 during the ten months ended August 31, 2014. The increase in our general and administrative expenses for our ten months ended August 31, 2014 was largely due to increased costs in advertising, stock based compensation, consulting fees, rent, and travel. In particular the consulting fees were higher by \$689,769 for the ten months ended August 31, 2014 compared to August, 2013, which was largely due to new consulting contracts in the medical marijuana business signed with respect to the LOI's signed in March, April, May and June. With respect to some of the consulting contracts, the first milestone of Municipal Approval from Burlington, Ontario was achieved resulting in additional consulting fees. With the Burlington joint venture the Company incurred expenses of \$151,306 for the ten months ended August 31, 2014. These increased costs are due to the Company's entrance into the Medical Marijuana business sector.



### ***Professional Fees***

Our professional fees were \$58,959 during the ten months ended August 31, 2014 compared to \$58,849 for the prior ten months ended August 31, 2013.

### ***Interest Expense***

Interest expense decreased by \$101,567 during the ten months ended August 31, 2014. The decrease in interest expense for our ten months ended August 31, 2014 is due to outstanding debt has been reduced due to repayment of the debt and conversion of some of the debt to equity.

### **Liquidity and Financial Condition**

#### ***Working Capital***

	At August 31, 2014	At October 31, 2013
Current assets	\$ 2,567,474	\$ 146,266
Current liabilities	918,038	1,415,203
Working capital surplus (deficiency)	\$ 1,649,436	\$ (1,268,937)

#### ***Cash Flows***

	10 months Ended	
	August 31, 2014	August 31 2013
Cash flows from (used in) operating activities	\$ (515,817)	270,769
Cash flows from (used in) investing activities	(76,286)	(64,381)
Cash flows from (used in) financing activities	1,229,591	(347,996)
Net increase (decrease) in cash during year	\$ 637,488	(141,608)

#### ***Operating Activities***

Net cash used in operating activities was \$515,817 for the ten months ended August 31, 2014 compared with cash provided in operating activities of \$270,769 in the same period in 2013. This difference was largely due to the increased costs in advertising, stock based compensation, consulting fees, rent, and travel.

#### ***Investing Activities***

Net cash used from investing activities was \$76,286 for the ten month ended August 31, 2014 compared to net cash used in investing activities of \$64,381 in the same period in 2013. Net cash for investing activities is largely due to the medical marijuana investment.

#### ***Financing Activities***

Net cash provided in financing activities was \$1,229,591 for the ten month ended August 31, 2014 compared to net cash used of \$347,996 in the same period in 2013. The net cash provided in 2014 is attributable to the private placements and option exercises as well as repayment of the convertible debt refinancing that was done in 2013.

## **Contractual Obligations**

As a "smaller reporting company", we are not required to provide tabular disclosure obligations.

## **Going Concern**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our company has a net loss of \$3,257,712 for the ten months ended August 31, 2014 (August 31, 2013: \$302,368 and at August 31, 2014 had a deficit of \$8,315,389 (October 31, 2013 \$5,057,677). Our company has working capital surplus of \$1,649,436 as at August 31, 2014 (October 31, 2013 deficit: \$1,268,937). Our company requires additional funds to maintain our existing operations and to acquire new business assets. These conditions raise substantial doubt about our company's ability to continue as a going concern. Management's plans in this regard are to raise equity and debt financing as required, but there is no certainty that such financing will be available or that we will be available at acceptable terms. The outcome of these matters cannot be predicted at this time.

These consolidated financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

## **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

## **Critical Accounting Policies**

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States of America. Preparing consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the aspects of our financial statements are critical to an understanding of our financial statements as more particularly described in Note 3 to our audited annual financial statements included herein.

## **Newly Adopted Accounting Policies**

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-05, "Foreign Currency Matters (Topic 830); Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This guidance applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU No. 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The Company has adopted this guidance beginning with our fiscal quarter starting from March 1, 2014. Adoption this standards has no material impact on this consolidated financial statement.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This new guidance provides specific financial statement presentation requirements of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance states that an unrecognized tax benefit in those circumstances should be presented as a reduction to the deferred tax asset. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The Company has adopted this guidance beginning with our fiscal quarter starting from March 1, 2014. Adoption this standards has no material impact on this consolidated financial statement.

#### **Recent Accounting Pronouncements**

FASB ASU 2013-12, "Definition of a Public Business Entity (An Addition to the Master Glossary)," was issued December 2013 and the amendment provides a single definition of public business entity for use in future financial accounting and reporting guidance. There is no actual effective date for the amendment, however, the term public business entity will be used in future ASUs. The ASU did not have a significant impact to the Company.

FASB ASU 2014-06, "Technical Corrections and Improvements related to the Glossary Terms," The new guidance is designed to clarify the Master Glossary of the Codification. ASU 2014-06 is not intended to significantly change U.S. GAAP and there was no significant impact to the Company upon adoption.

FASB ASU 2014-09, "Revenue from Contracts with Customers," was issued May 2014 and updates the principles for recognizing revenue. The ASU will supersede most of the existing revenue recognition requirements in U.S. GAAP and will require entities to recognize revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. This ASU also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that period. Early adoption is not permitted under U.S. GAAP. The Company is determining its implementation approach and evaluating the potential impacts of the new standard on its existing revenue recognition policies and procedures.

FASB ASU 2014-12, "Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period," was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a "smaller reporting company", we are not required to provide the information required by this Item.





**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

**LEXARIA CORP.**

We have audited the balance sheets of Lexaria Corp. (the “Company”) as at August 31, 2014 and October 31, 2013 and the related statements of stockholders’ equity and comprehensive income, operations and cash flows for the ten-month period ended August 31, 2014 and the years then ended October 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at August 31, 2014 and October 31, 2014 and the result of its operations and its cash flows for the ten- month period ended August 31, 2014 and the year then ended October 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements refer to above have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company had recurring losses and requires additional funds to maintain its planned operations. These factors raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*MNP LLP*

Chartered Accountants

Vancouver, Canada  
December 8, 2014



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**LEXARIA CORP.**  
**CONSOLIDATED BALANCE SHEET**  
(Expressed in U.S. Dollars)

	August 31 2014	October 31 2013
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 703,030	\$ 65,542
Accounts receivable (Note 5)	97,003	79,217
Assets Held For Sale (Note 7)	1,400,000	-
Prepaid expenses and deposit (Note 11)	367,441	1,507
<b>Total Current Assets</b>	<b>2,567,474</b>	<b>146,266</b>
Assets Held For Sale (Note 7)	-	3,427,086
Medical Marijuana Investments (Note 8)	67,662	-
	<b>67,662</b>	<b>3,427,086</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,635,136</b>	<b>\$ 3,573,352</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 93,553	\$ 136,273
Loan payable (Note 8)	776,936	1,277,161
Share Subscriptions Received	45,780	-
Due to a related party (Note 9)	1,769	1,769
<b>Total Current Liabilities</b>	<b>918,038</b>	<b>1,415,203</b>
Liabilities Held For Sale (Note 7)	-	59,245
<b>TOTAL LIABILITIES</b>	<b>918,038</b>	<b>1,474,448</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>Share Capital</b>		
Authorized:		
200,000,000 common voting shares with a par value of \$0.001 per share		
Issued and outstanding: 32,249,690 common shares at August 31, 2014 and 16,431,452 common shares at October 31, 2013	34,247	16,431
<b>Additional paid-in capital</b>	<b>10,033,440</b>	<b>7,140,150</b>
<b>Share to be refund (Note 14)</b>	<b>(35,200)</b>	<b>-</b>
<b>Deficit</b>	<b>(8,315,389)</b>	<b>(5,057,677)</b>
<b>Total Stockholders' Equity</b>	<b>1,717,098</b>	<b>2,098,904</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,635,136</b>	<b>\$ 3,573,352</b>

The accompanying notes are an integral part of these consolidated financial statements.

**LEXARIA CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Expressed in U.S. Dollars)

	10 Months Ended		12 Months Ended
	August 31 2014	August 31 2013 Unaudited	October 31 2013
<b>Revenue</b>			
Natural gas and oil revenue	-	-	-
<b>Cost of revenue</b>			
Natural gas and oil operating costs	-	-	-
Depletion	-	-	-
<b>Gross profit (loss)</b>	-	-	-
<b>Expenses</b>			
Accounting and audit	47,448	40,450	40,450
Insurance	5,777	5,154	6,947
Advertising and promotions	91,683	5,938	8,194
Bank charges and exchange (gain)loss	(29,058)	(5,984)	(19,211)
Stock Based Compensation	97,002	21,279	21,279
Consulting (note 11)	847,660	157,891	196,706
Fees and Dues	41,398	23,262	26,909
Interest expense from loan payable (note 6,8)	165,790	227,352	267,357
Investor relation	2,738	-	-
Legal and professional	11,511	18,399	18,679
Office and miscellaneous	11,625	6,643	6,755
Rent	54,438	13,016	20,771
Telephone	4,375	5,602	7,170
Taxes	5,248	6,055	6,055
Travel	50,400	13,270	18,448
Medical marijuana license application	151,306	-	-
Write-off of oil and gas property	-	-	-
	<b>1,559,341</b>	538,327	626,509
<b>(Loss) from continuing operations</b>	<b>(1,559,341)</b>	(538,327)	(626,509)
<b>Income (loss) from discontinued operations</b>	<b>(1,698,371)</b>	235,959	282,958
<b>Net (loss) for the period</b>	<b>(3,257,712)</b>	<b>(302,368)</b>	<b>(343,551)</b>
<b>Basic and diluted (loss) per share</b>	<b>(0.14)</b>	(0.02)	(0.02)
(Loss) from continuing operations	(0.07)	(0.03)	(0.04)
Income (loss) from discontinued operations	(0.14)	0.01	0.02
<b>Weighted average number of common shares outstanding</b>			
- Basic and diluted	<b>23,369,040</b>	16,431,452	16,431,452

The accompanying notes are an integral part of these consolidated financial statements.

**LEXARIA CORP.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in U.S. Dollars)

	10 Months Ended		12 Months Ended
	August 31	August 31	October 31
	2014	2013	2013
		Unaudited	
<b>Cash flows used in operating activities</b>			
(Loss) from continuing operations	\$ (1,559,341)	(538,327)	(626,509)
Income (loss) from discontinued operations	(1,698,371)	235,959	282,958
Adjustments to reconcile net loss to net cash used in operating activities:			
Share issued for rent	35,750	-	-
Stock based compensation	97,002	21,279	21,279
Share issued for services - consulting and advertising	551,325	-	-
Depletion	161,112	282,533	343,062
Write-off of oil and gas properties	1,879,007	-	-
Foreign exchange (gain)loss	-	-	19,293
Medical marijuana license application	140,000	-	-
Change in operating assets and liabilities:			
(Increase)/Decrease in accounts receivable	(21,440)	252,347	211,719
(Increase)/ Decrease in prepaid expenses and deposit	(58,141)	(1,507)	(32)
Increase in accounts payable and accrued liabilities	(42,720)	18,485	69,230
<b>Net cash used in operating activities</b>	<b>(515,817)</b>	<b>270,769</b>	<b>321,000</b>
<b>Cash flows used in investing activities</b>			
Oil and gas property acquisition and exploration costs	(68,624)	(64,381)	(91,613)
Proceeds from sale of oil and gas property	-	-	21,000
Medical Marijuana Investments	(7,662)	-	-
<b>Net cash used in investing activities</b>	<b>(76,286)</b>	<b>(64,381)</b>	<b>(70,613)</b>
<b>Cash flows from financing activities</b>			
Payments of loan payable	(306,893)	(347,996)	(365,359)
Proceeds from private placement, convertible debt, and option exercise, net of commission	1,536,484	-	-
<b>Net cash from financing Activities</b>	<b>1,229,591</b>	<b>(347,996)</b>	<b>(365,359)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>637,488</b>	<b>(141,608)</b>	<b>(114,972)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>65,542</b>	<b>180,514</b>	<b>180,514</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 703,030</b>	<b>38,906</b>	<b>65,542</b>
<b>Supplemental information of cash flows:</b>			
Interest paid in cash	\$ 165,790	227,352	267,357
Income taxes paid in cash	\$ -	-	-

The accompanying notes are an integral part of these consolidated financial statements.



**LEXARIA CORP.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
(Expressed in U.S. Dollars)

	COMMON STOCK					
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	SHARE TO BE RETURNED	DEFICIT	TOTAL STOCKHOLDERS' EQUITY
Balance, October 31, 2012	16,431,452	16,431	7,118,871		(4,714,126)	2,421,176
Stock Options @ \$0.10			21,279			21,279
Shares issued for services	160,000	11,200				11,200
Cancellation of shares issued for services	(160,000)	(11,200)				(11,200)
Comprehensive income (loss):					(343,551)	(343,551)
(Loss) for the year						
Balance, October 31, 2013	16,431,452	16,431	7,140,150		(5,057,677)	2,098,904
Shares issued for PP @ \$0.06	500,000	500	29,500			30,000
Shares issued for services @ \$0.10	1,500,000	1,500	178,500			180,000
Shares issued for services @ \$0.40	150,000	150	62,850			63,000
Shares issued for services @ \$0.60	20,833	21	12,479			12,500
Shares issued for PP @ \$0.12	11,419,999	11,420	1,246,735			1,258,155
Shares issued for option exercise @ \$0.35	50,000	50	17,450			17,500
Stock Options issued @ \$0.60			26,112			26,112

Shares issued for debt conversion @\$0.35	552,380	552	192,781		193,333
Shares issued per LOI @ \$0.40	555,000	555	221,445		222,000
Shares issued per agreement @ \$0.39	110,000	110	42,790		42,900
Shares issued per agreement @ \$0.32	550,000	550	175,450		176,000
Stock Options issued @ \$0.25			183,432		183,432
Shares issued for option exercise @ \$0.10	50,000	50	4,950		5,000
Shares issued per agreement @ \$0.30	55,000	55	16,445		16,500
Shares issued per agreement @ \$0.26	880,000	880	263,120		264,000
Shares issued per LOI @ \$0.30	91,662	91	27,408		27,499
Shares issued per agreement @ \$0.16	82,031	82	13,043		13,125
Shares issued for PP @ \$0.15	1,251,333	1,250	178,800		180,050
Shares to be cancelled				(35,200)	(35,200)
Comprehensive income (loss):					
(Loss) for the period				(3,257,712)	(3,257,712)
Balance, August 31, 2014	<u>34,249,690</u>	<u>34,247</u>	<u>10,033,440</u>	<u>(35,200)</u>	<u>(8,315,389)</u>
					<u>1,717,098</u>

The accompanying notes are an integral part of these consolidated financial statements.

**LEXARIA CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**August 31, 2014**  
**(Expressed in U.S. Dollars)**

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**1. Organization and Business**

The Company was formed on December 9, 2004 under the laws of the State of Nevada and commenced operations on December 9, 2004. The Company is an independent natural gas and oil company engaged in the exploration, development and acquisition of oil and gas properties in the United States and Canada. The Company's entry into the oil and gas business began on February 3, 2005. In March of 2014, the Company began its entry into the medicinal marijuana business. This change of business was approved by the Company's shareholders during its Annual General Meeting held on June 11, 2014. The Company has offices in Vancouver and Kelowna, BC, Canada.

On August 7, 2014, the Company's board of directors approved changing its year end from October 31 to August 31. These consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has recurring operating loss and required additional funds to maintain its operations. Management's plans in this regard are to raise equity and/or debt financing as required.

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has a net loss of \$3,257,712 for the ten months ended August 31, 2014 (August 31, 2013: \$302,368) and at August 31, 2014 had a deficit accumulated since its inception of \$8,315,389 (October 31, 2013: \$5,057,677). The Company has working capital surplus of \$1,649,436 as at August 31, 2014 (October 31, 2013 working capital deficit: \$1,268,937). The Company requires additional funds to maintain its existing operations and developments. These conditions raise substantial doubt about our Company's ability to continue as a going concern. Management's plans in this regard are to raise equity and debt financing as required, but there is no certainty that such financing will be available or that it will be available at acceptable terms. The outcome of these matters cannot be predicted at this time and the financing environment is difficult.

These consolidated financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

**2. Business Risk and Liquidity**

The Company is subject to several categories of risk associated with its operating activities. Natural gas and oil exploration and production is a speculative business and involves a high degree of risk. Among the factors that have a direct bearing on the Company's financial information are uncertainties inherent in estimating natural gas and oil reserves, future hydrocarbon production and cash flows, particularly with respect to wells that have not been fully tested and with wells having limited production histories; access and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

The production and sale of medical marijuana is an emerging industry in which business practices are not yet standardized and are subject to frequent scrutiny and evaluation by federal, state, provincial, and municipal authorities, academics, and media outlets, among others. Although we intend to develop our business in accordance with best ethical practices, we may suffer negative publicity if we, our partners, contractors, or customers are found to have engaged in any environmentally, insensitive practices or other business practices that are viewed as unethical.

Our operations may require licenses and permits from various governmental authorities to build and install alternative energy systems or to conduct energy retrofits and build MMJ operations. We believe that we will be able to obtain all necessary licenses and permits under applicable laws and regulations for our operations and believe we will be able to comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits.

### 3. Significant Accounting Policies

#### a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Lexaria CanPharm Corp. All significant inter-company balances and transactions have been eliminated.

#### b) Principles of Accounting

These financial statements are stated in U.S. dollars and have been prepared in accordance with U.S. generally accepted accounting principles.

#### c) Revenue Recognition

The Company uses the sales method of accounting for natural gas and oil revenues. Under this method, revenues are recognized upon the passage of title, net of royalties. Revenues from natural gas production are recorded using the sales method. When sales volumes exceed the Company's entitled share, an overproduced imbalance occurs. To the extent the overproduced imbalance exceeds the Company's share of the remaining estimated proved natural gas reserves for a given property, the Company records a liability. At August 31, 2014 and October 31, 2013, the Company had no overproduced imbalances.

#### d) Cash and Cash Equivalents

Cash equivalents comprise certain highly liquid instruments with a maturity of three months or less when purchased. As of August 31, 2014 and October 31, 2013, cash and cash equivalents consist of cash only.

#### e) Oil and Gas Properties

The Company utilizes the full cost method to account for its investment in oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including such costs as leasehold acquisition costs, capitalized interest costs relating to unproved properties, geological expenditures, tangible and intangible development costs including direct internal costs are capitalized to the full cost pool. When the Company obtains proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves.

Investments in unproved properties are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed periodically to ascertain whether impairment has occurred. Unproved properties whose costs are individually significant are assessed individually by considering the primary lease terms of the properties, the holding period of the properties, and geographic and geologic data obtained relating to the properties. Where it is not practicable to assess individually the amount of impairment of properties for which costs are not individually significant, such properties are grouped for purposes of assessing impairment. The amount of impairment assessed is added to the costs to be amortized, or is reported as a period expense, as appropriate.

Pursuant to full cost accounting rules, the Company must perform a ceiling test periodically on its proved oil and gas assets. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes for each cost center may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using current prices, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, at a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax basis of oil and gas properties. Should the net capitalized costs for a cost center exceed the sum of the components noted above, an impairment charge would be recognized to the extent of the excess capitalized costs.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in the statement of operations.

Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

Cost related to site restoration programs are accrued over the life of the project.

**f) Stock-Based Compensation**

Accounting Standards Codification ("ASC") 718, "*Compensation – Stock Compensation*", accounts for its stock options and similar equity instruments issued. Accordingly, compensation costs attributable to stock options or similar equity instruments granted are measured at the fair value at the grant date, and expensed over the expected vesting period. ASC 718 requires excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid.

**g) Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates are required in the valuation of deferred tax assets, asset retirement obligations, share-based payment arrangements and proved oil and gas reserves, and such estimates may impact the amount at which such items are recorded.

**h) Loss Per Share**

Loss per share is computed using the weighted average number of shares outstanding during the period. The Company has adopted ASC 220 "*Earnings Per Share*". Diluted loss per share is equivalent to basic loss per share because the potential exercise of the equity-based financial instruments was anti-dilutive.

**i) Foreign Currency Translations**

The Company's operations are located in the United States of America and Canada, and it has offices in Canada. The Company maintains its accounting records in U.S. Dollars, as follows:

At the transaction date, each asset, liability, revenue and expense that was acquired or incurred in a foreign currency is translated into U.S. dollars by the using of the exchange rate in effect at that date. At the period end, monetary assets and liabilities are translated at the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in operations.

**j) Financial Instruments**

ASC 820 “*Fair Value Measurements and Disclosures*” requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The Company’s financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, loan payable and due to a related party. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, loans payable and due to a related party approximate their fair values due to their short maturities. The carrying values of the Company’s long-term debt approximate their fair values based upon a comparison of the interest rate and terms of such debt to the rates and terms of debt currently available to the Company.

The Company is located in Canada, which results in exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company’s operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**k) Income Taxes**

The Company has adopted ASC 740, “*Income Taxes*”, which requires the Company to recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company’s financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse.

**l) Long-Lived Assets Impairment**

Long-term assets of the Company are reviewed for impairment when circumstances indicate the carrying value may not be recoverable in accordance with the guidance established in ASC 360, “*Property, Plant and Equipment*”. For assets that are to be held and used, an impairment loss is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value. Fair values are determined based on discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

**m) Asset Retirement Obligations**

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 410, “*Asset Retirement and Environmental Obligations*”. ASC 410 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets.

**n) Comprehensive Income**

The Company has adopted ASC 220, "*Comprehensive Income*", which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. The Company is disclosing this information on its Statement of Stockholders' Equity. Comprehensive income comprises equity changes except those transactions resulting from investments by owners and distributions to owners.

**o) Credit risk and receivable Concentration**

The Company places its cash and cash equivalent with high credit quality financial institution. As of August 31, 2014, the Company had approximately \$611,149 in a bank beyond insured limit (October 31, 2013: \$51,072).

**p) Convertible Debentures**

The Company accounts for its convertible debt instruments that may be settled in cash upon conversion according to ASC 470-20-30-22 which requires the proceeds from the issuance of such convertible debt instruments to be allocated between debt and equity components so that debt is discounted to reflect the Company's non-convertible debt borrowing rate.

Further, the Company applies ASC 470-20-35-13 which requires the debt discount to be amortized over the period the convertible debt is expected to be outstanding as additional non-cash interest expense.

**q) Commitments and Contingencies**

In accordance with ASC 450-20, "Accounting for Contingencies", the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in subsequent periods to reflect more current information. Historically, the Company has not experienced any material claims.

**r) Collaborative arrangements**

The Company's accounting policy for collaborative arrangements is to report any costs incurred with third parties in the consolidated statements of operations and to evaluate the income statement classification of transactions with the other participant based on the nature of the collaborative arrangements' business operations and the contractual terms of the arrangement.

**s) Newly Adopted Accounting Policies**

In March 2013, the Financial Accounting Standards Board ( "FASB") issued Accounting Standards Update ("ASU") 2013-05, "Foreign Currency Matters (Topic 830); Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This guidance applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU No. 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The Company has adopted this guidance beginning with our fiscal quarter starting from March 1, 2014. Adoption this standards has no material impact on this consolidated financial statement.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This new guidance provides specific financial statement presentation requirements of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance states that an unrecognized tax benefit in those circumstances should be presented as a reduction to the deferred tax asset. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The Company has adopted this guidance beginning with our fiscal quarter starting from March 1, 2014. Adoption this standards has no material impact on this consolidated financial statement.

**t) New Accounting Pronouncements**

FASB ASU 2013-12, "Definition of a Public Business Entity (An Addition to the Master Glossary)," was issued December 2013 and the amendment provides a single definition of public business entity for use in future financial accounting and reporting guidance. There is no actual effective date for the amendment, however, the term public business entity will be used in future ASUs. The ASU did not have a significant impact to the Company.

FASB ASU 2014-06, "Technical Corrections and Improvements related to the Glossary Terms," The new guidance is designed to clarify the Master Glossary of the Codification. ASU 2014-06 is not intended to significantly change U.S. GAAP and there was no significant impact to the Company upon adoption.

FASB ASU 2014-09, "Revenue from Contracts with Customers," was issued May 2014 and updates the principles for recognizing revenue. The ASU will supersede most of the existing revenue recognition requirements in U.S. GAAP and will require entities to recognize revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. This ASU also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that period. Early adoption is not permitted under U.S. GAAP. The Company is determining its implementation approach and evaluating the potential impacts of the new standard on its existing revenue recognition policies and procedures.

FASB ASU 2014-12, "Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period," was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.



Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

#### 4. Capital Stock

##### Share Issuances

On November 4, 2013, the Company closed a private placement of 500,000 units at a price of \$0.06 per unit for gross proceeds of \$30,000. Each unit consists of one common stock and one share purchase warrant which entitles a holder to purchase one common stock at a price of \$0.10 per warrant share for a period of thirty six month following the close.

On March 5, 2014, the Company entered into a three year Joint Venture agreement with Enertopia Corp. and Robert McAllister. Whereas the Enertopia Corp. and Robert McAllister will source opportunities in the medical marijuana business, and the terms and conditions on which the Parties will form a joint venture to jointly participate in, or offer specific opportunities within the business and Robert McAllister will join the Lexaria Corp. advisory board for the term of the Agreement. The Company issued 1,000,000 common shares at \$0.12 to Enertopia Corp. and 500,000 common shares at \$0.10 to Robert McAllister.

On March 10, 2014, the Company entered into a 12 month Social Media/Web Marketing Agreement with Stuart Gray for \$60,000. The Company issued 150,000 common shares at a price of \$0.42 for his services.

On March 12, 2014, the Company entered into 12 month marketing agreement for \$50,000 with Agora Internet Relations Corp. payable in common shares of the Company. The first quarter payment of \$12,500 was made by issuing 20,833 common shares of the Company at a price of \$0.60 per share.

On March 21, 2014, the Company closed a private placement of 10,600,000 units at a price of \$0.12 per unit for gross proceeds of \$1,272,000. Each unit consists of one common stock and one share purchase warrant which entitles a holder to purchase one common stock at a price of \$0.25 per warrant share for a period of eighteen months following the close. A cash finders' fee for \$16,800 was paid to Cannacord Genuity, Leede Financial Markets and PI Financial Corp.; and a stock finders' fee of 819,999 common shares of the Company were issued to Canaccord Genuity and Wolverton Securities.

On March 25, 2014 the Company received \$17,500 for the exercise of 50,000 stock options at \$0.35 into 50,000 common shares of the Company.

On April 1, 2014, the Company converted \$193,333 of the debt outstanding into 552,380 units of the Company at a price of \$0.35. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase one common stock at a price of \$0.40 for a period of 12 months after the conversion.

On April 10, 2014, the Company entered into a Letter of Intent ("**LOI**") that set forth the basic terms of discussions between Enertopia Corporation, or its wholly-owned subsidiary ("**Enertopia**") and Lexaria Corp., or its wholly-owned subsidiary ("**Lexaria**") (collectively, the "**Parties**") with regard to the ownership by Enertopia of a 51% interest in the business, and the ownership by Lexaria of a 49% interest in the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes under the MMPR. The Company issued 500,000 common shares at a price of \$0.40 to Enertopia, which are held in escrow until the Health License is obtained by Enertopia.

On April 10, 2014, a letter of intent, was signed on behalf of Lexaria CanPharm Corp. - a wholly owned subsidiary of Lexaria, and Enertopia Corporation (Lessee) and Mr. Jeff Paikin (Lessor) that sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located in Ontario (the "Building") for the purposes of a licensed medical marijuana production facility. The Company issued the 55,000 common shares at a deemed price of \$0.40 per the terms of the Letter of Intent to lease space in the building owned by the Lessor. The LOI was amended on July 22, 2014, subsequent to quarter end, on August 1, 2014, the Company signed an extension to an amended Letter of Intent that was executed on April 10, 2014. As per the terms of the extended Letter of Intent, on August 5, 2014, the Company issued 91,662 common shares at a deemed price of \$0.30.

On April 14, 2014, the Company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the Company issued 110,000 common shares at a deemed price of \$0.39. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Kent can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Shaxon can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as Human Resources Manager. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Boone can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Springett can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with 2342878 Ontario Inc. wholly owned company by Chris Hornung as Assistant Manager. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. On July 14, 2014, the Company accepted Mr. Hornung's resignation. Subsequent to year end, 110,000 common shares of the Company were returned back to treasury.

On May 5, 2014 the Company entered into a one year consulting contract as Security Consultant with Bmullan and Associates, a company wholly owned by Brian Mullan. Upon signing of the contract of acceptance the Company issued 55,000 common shares at a deemed price of \$0.30. Based on the milestones listed in the contract, Mr. Mullan or his company can be eligible to receive up to a total of 275,000 common shares of the Company. On July 14, 2014, the Company issued 55,000 common shares at a deemed price of \$0.30.

On May 29, 2014, the Company accepted and received gross proceeds of \$5,000 for the exercise of 50,000 stock options at \$0.10 each into 50,000 common shares of the Company.

On August 1, 2014, the Company signed an extension on an amended Letter of intent, that was executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of 1475714 Ontario Inc. (Lessor) sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located at Burlington, Ontario (the "Building"). On August 5, 2014 as per the terms of the LOI, the Company issued 91,662 common shares at a deemed price of \$0.30 per share.

On August 5, 2014, the Company made its second quarter payment to Agora Internet Relations Corp. of \$13,125 by issuing \$82,031 common shares of the Company at a market price of \$0.16 per share.

On August 12, 2014, Lexaria closed a private placement by issuing 1,251,333 units at a price of US\$0.15 per unit for gross proceeds of US\$187,700. Each Unit consists of one common share of the Company and one full non-transferable Share purchase warrant ("Warrant"). Each Warrant will be exercisable into one further Share (a "Warrant Share") at a price of US\$0.25 per Warrant Share for a period of eighteen (18) months following closing.

Subsequent to year end, on September 22, 2014, Lexaria closed a private placement by issuing 305,200 units at a price of US\$0.15 per unit for gross proceeds of US\$45,780. Each Unit consists of one common share of the Company and one full non-transferable Share purchase warrant ("Warrant"). Each Warrant will be exercisable into one further Share (a "Warrant Share") at a price of US\$0.25 per Warrant Share for a period of eighteen (18) months following closing.

As at August 31, 2014, Lexaria Corp. has 34,249,690 shares issued and outstanding and 12,954,713 warrants issued and outstanding.

The following table summarizes warrant activity for the year ended August 31, 2014:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining life
Balance, October 31, 2013 and 2012	-	\$ -	-
Granted warrants with expiry date of November 4, 2016	500,000	0.10	1.06
Granted warrants with expiry date of September 21, 2015	10,600,000	0.25	1.45
Granted warrants with expiry date of April 1, 2015	552,380	0.40	0.58
Granted warrants with expiry date of February 12, 2016	1,251,333	0.25	2.18
Balance, August 31, 2014	12,954,713	\$ 0.25	1.12

**5. Accounts receivable**

	Fiscal 2014	Fiscal 2013
Accounts receivable	74,557	38,511
GST receivable	22,446	40,706
Total	97,003	79,217

## 6. Discontinued Operations

On November 26, 2014 a Purchase and Sale Agreement was entered into between Lexaria Corporation, and Cloudstream Belmont Lake, LP for the purchase and sale of oil and gas working interests, net revenue interests and other interests in Belmont Lake, Mississippi for total consideration of \$1,400,000, which subject to adjustments as provided in the Purchase and Sale Agreement. The final purchase price was approximately \$1400,000. The scheduled closing date of the Purchase and Sale Agreement is December 5, 2014.

Accordingly, the results of the Company's former oil and gas business have been reported as discontinued operations for all periods presented.

Discontinued operations were comprised of :

	2014 (10- Month)	2013 (10- Month)	2012 (12-Month)
Revenue	\$ 508,049	\$ 769,882	\$ 1,097,455
Natural gas and oil operating costs	(166,301)	(251,390)	(795,204)
Depletion	(161, 112)	(282,533)	(19,293)
Loss on disposition oil and gas property	(1,879,007)	-	-
Income (loss) from discontinued operations	(1,698,371)	235,959	282,958

Assets and liabilities of discontinued operations held for sale included the following:

	Fiscal 2014	Fiscal 2013
Oil and gas properties-Proven	\$ 1,400,000	\$ 3,427,086
Total Assets	1,400,000	3,427,086
Assets retirement obligations	-	59,245
Total liabilities	-	59,245

## 7. Medical Marijuana Investment

On March 5, 2014, the Company has entered into a three year Joint Venture Agreement ("JV") with Enertopia Corp. and Mr. Robert McAllister (collectively, the "Parties"). Whereas Enertopia Corp (" Enertopia") and Robert McAllister will source opportunities in the business, and the terms and conditions on which the Parties will form a joint venture to jointly participate in, or offer specific opportunities within the business (the "Joint Venture"), and Robert McAllister will join the Company as advisory board for the term of this Agreement. The Company issued Enertopia Corp. 1,000,000 shares and Robert McAllister 500,000 shares on signing of the Agreement. The Company agrees to additionally pay Enertopia a finder's commission, received at the sole election of Enertopia in either cash or in common restricted shares of Lexaria, within a range of 2% - 5% of the value (less of taxes) of any future business acquisition, joint venture or transaction that Lexaria accepts and closes for the life of this Agreement. Lexaria as its initial Contribution, hereby pays to McAllister 500,000 common restricted shares as compensation for entering the Joint Venture and for McAllister to initiate and during the term of the Agreement continue to provide to Lexaria opportunities for Lexaria to build its business. Lexaria agrees to additionally award McAllister 500,000 stock options to buy common shares of Lexaria, with terms to be specified and ratified by shareholder and regulatory approvals, as compensation for joining and serving as Chairperson of Lexaria's marihuana business advisory board for the term of this Agreement.

On **May 27, 2014**, Letter of intent, executed on behalf of Lexaria Corp. and/or its wholly-owned subsidiary Lexaria CanPharm Corp. (the "Lessee") and Arnprior Bay Property Limited, c/o Huntington Properties, (the "Lessor") sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located at, Ontario (the "Building") and to enter a finance agreement into Lexaria Corp and/or Lexaria CanPharm Corp.

On May 28, 2014, Enertopia and Lexaria signed a Definitive Agreement. Enertopia and Lexaria each wish to develop a business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, marijuana (the "Business") located in Ontario (the "Property"), and on or about April 10, 2014, the Parties entered a Letter of Intent that set forth the basic terms of a proposed joint venture agreement between Enertopia and Lexaria for those purposes. Lexaria issued 500,000 common shares to Enertopia. Enertopia wishes to acquire a license from Health Canada to designate Enertopia as a Licensed Producer pursuant to Canada's Marijuana for Medical Purposes Regulations (the "License"). The Parties are entering into this Agreement to set out the terms and conditions by which Enertopia does own a 51% interest in the Business and Lexaria does own a 49% interest in the Business; and the terms and conditions on which the Parties will form and operate the joint venture to jointly participate in the Business (the "Joint Venture").

The Parties contribute the following as their initial contributions to the Business:

Enertopia, as its initial contribution, hereby contributes \$45,000 to the Joint Venture bank account. Lexaria, as its initial contribution, hereby contributes \$55,000 to the Joint Venture bank account.

The Parties shall have the following Ownership Interests under this Agreement and of the Business:

Enertopia - 51%  
Lexaria - 49%

The Parties shall bear the costs arising under this Agreement and the operation of the Business as to the following, as further described in this Agreement (the "Cost Interests"):

Enertopia - 45%  
Lexaria - 55%

The Parties shall have the following insured liability for all things that are not operating costs arising under this Agreement and the operation of the Business as to the following:

Enertopia - 51%  
Lexaria - 49%

The Parties shall receive all revenues and profits derived from the operation of the Business as to the following, as further described in this Agreement (the "Revenue Interests"):

Enertopia - 51%  
Lexaria - 49%

Enertopia shall act as the manager of the Operations (the "Manager") for so long as its Ownership Interest is 51% or more. Enertopia may designate a specified individual as Manager if the Parties unanimously consent to such appointment. If any party, including Lexaria, gains a 51% Ownership Interest in the Business, then Enertopia shall have the obligation, if requested by the 51% Ownership Interest party, to surrender the Manager position.

The parties did not form a separate legal entity as part of the Joint Venture Agreement; therefore, the Company accounts for the Joint Venture as a collaborative arrangement in accordance with ASC 808 "*Collaborative Arrangements*". For the year ended August 31, 2014, the Company recorded \$151,306 expenses related to such collaborative arrangement. The Company also recorded leasehold improvement of \$7,633 and 500,000 restricted common shares issued for a amount of \$60,000 as assets.

On August 1, 2014, the Company signed an extension on an amended Letter of intent, that was executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of 1475714 Ontario Inc. (Lessor) sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located at Burlington, Ontario (the "Building"). On August 5, 2014 as per the terms of the LOI, the Company issued 91,662 common shares at a deemed price of \$0.30 per share.

8. **Loan Payable**

Notes	Nature	Original amounts	Carrying amounts	
		\$	August 31, 2014 \$	October 31, 2013 \$
a)	Promissory Note	75,000	75,000	75,000
b)	Convertible debentures	620,000	58,666	413,333
c)	Convertible debentures	200,000	56,667	141,667
d)	Promissory Note	50,000	50,000	50,000
e)	Promissory Note	657,447	536,603	597,161
g)	Promissory Note	46,243	-	-
<b>Total Outstanding</b>		<b>1,698,690</b>	<b>776,936</b>	<b>1,277,161</b>
<b>Loan payable - current</b>		<b>1,698,690</b>	<b>776,936</b>	<b>1,277,161</b>
<b>Loan payable - long term</b>		<b>-</b>	<b>-</b>	<b>-</b>

- a) On April 1, 2010, the Company entered into a purchase agreement with CAB Financial Services Ltd., a company controlled by Christopher Bunka, our President, Chief Executive Officer and Director, ("Purchaser") for a non-secured promissory note in the amount of \$75,000 (the "Promissory Note"). The Purchaser agreed to purchase a non-secured 18% interest bearing Promissory Note of our company subject to and upon the terms and conditions of the Purchase Agreement. The Promissory Note is due and payable on April 1, 2012. The Promissory Note may be prepaid in whole or in part at any time prior to April 1, 2012 by payment of 108% of the outstanding principal amount including accrued and unpaid interest. Upon the mature of the Promissory Note, it has been renewed to a month to month basis.

As long as the Promissory Note is outstanding, the Purchaser may voluntarily convert the Promissory Note including accrued and unpaid interest to common shares of our Company at the conversion price of \$0.30 per common share.

The Company did not incur beneficiary conversion charges as the conversion price is greater than the fair value of the Company's equity at the time of issuance.

- b) On November 30, 2010, we closed the first tranche of a private placement offering of convertible debentures in the aggregate amount of \$450,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of \$0.40 per share up to the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture.

We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by the Company's working interest and production in and only in two oil wells located at Belmont Lake, Mississippi, with carrying value of \$1,000,000 as of October 31, 2012. One director of the Company and Emerald Atlantic LLC, solely owned by the director, subscribed the convertible debentures with amount of \$50,000.

On December 16, 2010, the Company closed the second tranche of a private placement offering of convertible debentures in the aggregate amount of \$170,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of \$0.40 per share up to the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by the same assets for the first tranche of the private placement offering on November 30, 2010. One director of the Company and Emerald Atlantic LLC, solely owned by the director, subscribed the convertible debentures with amount of \$120,000.

The aggregate principal value of the above convertible debentures was \$620,000 and was allocated to the individual components on a relative fair value basis. In addition, because the effective conversion price of the convertible debentures was below the current trading price of the Company's common shares at the date of issuance, the Company recorded a beneficial conversion feature of approximately \$20,000. The value of the warrants and beneficial conversion feature has been recorded as additional paid in capital.

On November 13, 2013, the Company entered into an Amendment agreement to refinance and extend repayment terms on the loan, please refer to Note 8f for details. On April 1, 2014, three of the parties converted their balance of \$193,333 of principal remaining into 552,350 common shares at a price of \$0.35 per share. During the year ended August 31, 2014, the Company has paid down the debt by \$354,665 (October 31, 2013: \$206,667).

- c) On December 1, 2011, the Company closed a private placement offering of convertible debentures in the aggregate amount of \$200,000. The convertible debentures mature on December 1, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at \$0.35 per unit. Each unit is comprised of one share of our common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of \$0.40 per share up to the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by the Company's working interest and production in and only in two oil wells located at Belmont Lake, Mississippi, with carrying value of \$1,000,000 as of October 31, 2012. Two directors of the Company, David DeMartini and Christopher Bunka, via CAB Financial Services Ltd, solely owned by the director, subscribed to the convertible debentures with the amount of \$200,000.

The aggregate principal value of the above convertible debentures was \$200,000 and was allocated to the individual components on a relative fair value basis. Because the effective conversion price of the convertible debentures was above the current trading price of the Company's common shares at the date of issuance, beneficial conversion feature is \$Nil, therefore, the amount of \$200,000 was recorded under loan payable.

During the ten months ended August 31, 2014, the Company has paid down the debt by \$85,001 (October 31, 2013: \$58,333). On November 13, 2013, the Company entered into an Amendment agreement to refinance and extend repayment terms on the loan, please refer to Note 8f for details.

- d) On March 30, 2012, the Company entered into a loan agreement with Christopher Bunka, our President, Chief Executive Officer and Director, ("Lender") for a non-secured promissory note in the amount of \$50,000 (the "Promissory Note"). The Lender agreed to purchase a non-secured 12% interest bearing Promissory Note of our company subject to and upon the terms and conditions of the agreement. The Promissory Note has a month to month term.

- e) On October 27, 2008 the Company entered into a Purchase Agreement in the amount of CAD\$900,000 of Notes being purchased by the President (CAD\$400,000), the President's wholly-owned company (CAD\$300,000) and a shareholder (CAD\$200,000) of the Company ("Purchasers"). The Purchasers agreed to purchase an 18% interest bearing Promissory Note of the Company subject to and upon the terms and conditions of the Purchase Agreement. The Company's obligations to repay the Promissory Note will be secured by certain specified assets of the Company pursuant to a Security Agreement. As long as the Promissory Note is outstanding, the Purchasers may voluntarily convert the Promissory Note to Common Shares at the conversion price of \$0.45 per share of Common Stock. The Promissory Note matures on October 27, 2010 or by mutual agreement by all parties on October 27, 2009.

In connection with the Purchase Agreement, the Company issued a total of 390,000 (1,560,000 pre-consolidation) warrants which two warrants entitle a holder to purchase a common share of the Company of which 195,000 (780,000 pre-consolidation) warrants are eligible at \$0.05 (adjusted price) and 195,000 (780,000 pre-consolidation) warrants are eligible at \$0.05 (adjusted price) per share and expire October 27, 2009 and October 27, 2010, respectively.

The Company did not incur beneficiary conversion charges as the conversion price is greater than the fair value of the Company's equity.

As at the date of the issuance of the above noted Promissory Note, the Company allocated CAD\$21,321 and CAD\$683,559 to warrants (additional paid-in capital) and Promissory Note based on their relative fair value.

On July 10, 2009 the Purchasers converted \$45,000 of the Promissory Note into equity at \$0.05.

On October 27, 2009, 191,000 warrants were exercised for 95,500 common shares.

On October 21, 2010, the Company settled a portion of the debt, namely \$1,625 with the President's wholly-owned company by converting 65,000 warrants into 32,500 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share.

On October 21, 2010, the Company settled a portion of the debt, namely \$2,167 with the President by converting 86,667 warrants into 43,333 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share.

On October 21, 2010, the Company entered into an amendment with loan holders to extend the loan to be on a month-to-month basis with the same terms and conditions as pursuant to the amendment.

On December 1, 2012, the Company entered into an Amendment to existing debt agreement with a shareholder of the Company, whereby the lender has agreed to modify terms of the earlier agreements and provide for a debt repayment schedule ending on December 1, 2013. The Company was scheduled to repay the debt in twelve equal monthly principal payment, plus interest on the monthly declining balances. The interest rates of the amendment debt are the same as the existing debt agreement. On November 13, 2013, the Company entered into an Amendment agreement to refinance and extend repayment terms on the loan, please refer to Note f for details.

During the ten months ended August 31, 2014, the Company has paid down the debt by CAD\$44,916.65 (October 31, 2013: CAD\$36,667; 2012: CAD\$185,000).

- f) On November 13, 2013, the Company refinanced and extended repayment terms on all debt that was otherwise due to mature in December 2013 with CAB Financial Services Ltd., David DeMartini, Emerald Atlantic LLC, and other debt holders of the Company. Per the Amendment Agreements, a) the loan repayment schedule will be converted, with an effective date of December 1, 2013, to a new one year term loan with monthly interest payments at 18% on any declining balance, in arrears and all principal amounts not paid before then due in full on December 1, 2014; b) the first payment of interest shall be due on January 1, 2014; c) the Company will make ten (10) monthly principal payments, each of which is 1/10th of the principal amount owing at the time this Agreement goes into effect, beginning on March 1 2014 and repeating on the first day of each month thereafter until all the principal is paid; d) the Company grants to the lenders new collateral specifically limited to the lender's pro-rata portion (the original initial balance owing to the lender shall form the numerator and \$930,000 shall form the denominator) of the Company's portion of the net revenue from the new 12-7 well required to keep the terms of this Agreement in good standing at any given monthly due date. On April 1, 2014, three of the parties converted their balance of \$193,333 of principal remaining into 552,380 common shares at a price of \$0.35 per share.



- g) On December 4, 2013, the Company entered into a loan agreement and promissory note with Chris Bunka (the “Lender”), a director and officer of our company. The principal amount of the note is CAD\$51,507.50 and is repayable for a period of fifteen months. The note has an interest rate of 15% per annum and a monthly principal payment of \$4,292 starting after the third month. The loan has been repaid in full on March 31, 2014.
- h) Subsequent to year end, all debts were paid back in full to all the appropriate parties

**9. Related Party Transactions**

- (a) For the ten months ended August 31, 2014, the Company paid / accrued \$80,000 to CAB Financial Services Ltd “CAB” (October 31, 2013: \$96,000), and BKB Management Ltd. (“BKB”) CAD\$55,000 (October 31, 2013: CAD\$66,000) for management, consulting and accounting services. CAB is owned by the president of the Company and BKB is owned by the CFO of the Company.

The related party transactions are recorded at the exchange amount established and agreed to between the related parties.

- (b) On October 27, 2008 the Company entered a secured loan agreement in the amount of CAD\$300,000 with CAB (See Note 7f). On July 10, 2009 \$40,000 of the debt was converted to equity. On October 21, 2010, the Company settled a portion of the debt, namely US\$1,625 with CAB by converting 65,000 warrants into 32,500 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share. On June 28, 2011, the Company paid down CAD \$100,000 of the debt. For the ten months ended August 31, 2014, the Company paid interest expenses of CAD \$22,778 (October 31, 2013: CAD\$20,835).
- (c) On October 27, 2008 the Company entered a secured loan agreement in the amount of CAD\$400,000 with Christopher Bunka (See Note 7f). On October 21, 2010, the Company settled a portion of the debt, namely \$2,167 with Christopher Bunka by converting 86,667 warrants into 43,333 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of \$0.05 per share. For the ten months ended August 31, 2014, the Company paid interest expenses of CAD \$59,674 (October 31, 2013: CAD\$65,643).
- (d) On April 1, 2010, the Company entered a non-secured loan agreement in the amount of US\$75,000 with CAB (See Note 7a). For the ten months ended August 31, 2014, the Company paid interest expenses of \$11,250 (October 31, 2013: \$11,250).
- (e) On March 30, 2012, the Company entered a non-secured loan agreement in the amount of US\$50,000 with Chris Bunka. For the ten months ended August 31, 2014, the Company incurred interest expenses of \$5,000 (October 31, 2013: \$5,500).

(f) On December 1, 2011, the Company entered into a secured loan agreement in the amount of \$200,000 with two directors of the Company (see Note 8c, f). This loan agreement was amended for another year to repay the debt in twelve equal monthly principal payment, plus interest on the monthly declining balances. The interest rates of the amendment debt are the same as the existing debt agreement. On November 13, 2013, the Company refinanced and extended repayment terms on all debt that was otherwise due to mature in December 2013. The loan repayment schedule will be converted, with an effective date of December 1, 2013, to a new one year term loan with monthly interest payments at 18% on any declining balance, in arrears and all principal amounts not paid before then due in full on December 1, 2014; b) the first payment of interest shall be due on January 1, 2014; c) the Company will make ten (10) monthly principal payments, each of which is 1/10th of the principal amount owing at the time this Agreement goes into effect, beginning on March 1 2014 and repeating on the first day of each month thereafter until all the principal is paid. For the ten months ended August 31, 2014, the Company has paid interest expense of \$18,457 (October 31, 2013: \$34,667) and principle of \$85,000 (October 31, 2013:\$Nil).

(g) On December 4, 2013, the Company entered into a loan agreement and promissory note with Chris Bunka (the "Lender"), a director and officer of our company. The principal amount of the note is CAD\$51,507.50. The entering into of the loan agreement and promissory note provides that the principal and interest on the debt be payable for a period of fifteen months. The note has an interest rate of 15% per annum and a monthly principal payment of \$4,292 starting after the third month. For the ten months ended August 31, 2014, the Company incurred interest expenses of CAD\$1,931 (2013: \$Nil). The Company paid back the loan on March 31, 2014.

(h) Included in accounts payable, \$68,070 (October 31, 2013: \$89,540) and other payable, \$3,087 (2013: \$34,410) was payable to companies controlled by the president, key management personnel and directors of the Company.

(i) For the ten months ended August 31, 2014, the Company has paid/accrued \$Nil (October 31, 2013: \$35,552) to Kelowna Resources Group formerly known as 0743608 BC Ltd.; \$Nil (October 31, 2013:\$12,692) to Emerald Atlantic LLC; and, \$Nil to Tom Ihrke (October 31, 2013: \$4,213) for their respective Non-consent Interests in Belmont Lake. Kelowna Resources Group, formerly known as 0743608 BC Ltd., is owned by the president of the Company, and Emerald Atlantic LLC is owned by a Director of the Company.

See Note 6, 7, and 9.

## 10. Stock Options

On March 25, 2014, the Company accepted and received gross proceeds of \$17,500, for the exercise of 50,000 stock options at \$0.35 into 50,000 common shares of the Company.

On March 25, 2014, Jason Springett has joined the Company as an advisor and the Company granted 50,000 stock options with an exercise price of \$0.60, vesting immediately and expiring on March 25, 2019.

On April 1, 2014, the Company entered into a 90 day agreement with Ken Faulkner as a Corporate Development Manager. The Company granted 100,000 stock options with an exercise price of \$0.50, vesting immediately and expiring on April 1, 2019.

On May 29, 2014, the Company accepted and received gross proceeds of \$5,000 for the exercise of 50,000 stock options at \$0.10 into 50,000 common shares of the Company.

On July 24, 2014, the Company granted 100,000 stock options to Ron Struthers, 500,000 stock options to Robert McAllister, and 25,000 stock options to Taven White with an exercise price of \$0.25, vesting immediately and expiring on July 24, 2019.

For the ten months ended August 31, 2014, the Company recorded a total of \$97,002 (October 31, 2013: \$21,279) for stock based compensation expenses.

The fair value of options granted has been estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

	August 31, 2014	October 31, 2013
Expected volatility	210-252%	142.25%
Risk-free interest rate	1.70-1.76%	1.83%
Expected life	5 years	5 years
Dividend yield	0.00%	0.00%

A summary of the stock options for the ten months ended August 31, 2014 is presented below:

	Options Outstanding	
	Number of Shares	Weighted Average Exercise Price
Balance, October 31, 2013	2,200,000	\$ 0.23
Expired	(250,000)	0.30
Exercised	(100,000)	0.23
Granted	775,000	0.30
<b>Balance, August 31, 2014</b>	<b>2,625,000</b>	<b>\$ 0.24</b>

The Company has the following options outstanding and exercisable:

August 31, 2014	Options outstanding			Options exercisable		
	Exercise prices	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average exercise price
\$0.20	150,000	0.96 years	\$ 0.20	150,000	\$ 0.20	
\$0.20	850,000	0.39 years	\$ 0.20	850,000	\$ 0.20	
\$0.35	450,000	1.86 years	\$ 0.35	450,000	\$ 0.35	
\$0.10	400,000	3.80 years	\$ 0.10	400,000	\$ 0.10	
\$0.60	50,000	4.57 years	\$ 0.60	50,000	\$ 0.60	
\$0.50	100,000	4.59 years	\$ 0.50	100,000	\$ 0.50	
\$0.25	625,000	4.90 years	\$ 0.25	625,000	\$ 0.25	
			\$		\$	
<b>Total</b>	<b>2,625,000</b>	<b>2.51 years</b>	<b>\$ 0.24</b>	<b>2,625,000</b>	<b>\$ 0.24</b>	

**October 31, 2014****Options outstanding****Options exercisable**

Exercise prices	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average exercise price
\$0.20	150,000	1.79 years	\$ 0.20	150,000	\$ 0.20
\$0.20	850,000	1.22 years	\$ 0.20	850,000	\$ 0.20
\$0.35	700,000	2.70years	\$ 0.35	700,000	\$ 0.35
\$0.10	500,000	4.63 years	\$ 0.10	500,000	\$ 0.10
<b>Total</b>	<b>2,200,000</b>	<b>2.50 years</b>	<b>\$ 0.23</b>	<b>2,200,000</b>	<b>\$ 0.23</b>

**11. Commitments, Significant Contracts and Contingencies**

On November 27, 2008, the Company entered into a Consulting Agreement with CAB Financial Services Ltd. for consulting services of CAB on a continuing basis for a consideration of US\$8,000 per month plus GST.

On May 12, 2009 the Company entered into a consulting agreement with BKB Management Ltd. to act as the Chief Financial Officer and a Director for an initial period of six months for consideration of CAD \$4,500 per month plus GST. This agreement replaces the September 1, 2008, Controller Agreement with CAB Financial Services Ltd. Subsequent to October 31, 2010, effective January 1, 2011, the consideration was increased to CAD\$5,500 per month plus GST/HST.

On August 5, 2010 we entered into a three-month Management agreement with Tom Ihrke, whereby Mr. Ihrke will act as the Senior Vice-President, Business Development for the Company for consideration of \$3,125 per month. On December 2, 2010, the Company entered into a month to month management agreement with Tom Ihrke, where by Mr. Ihrke will continue to act as the Senior Vice-President Business Development for the Company. On October 3, 2011 Mr. Ihrke and the Company amended the agreement whereby his title changed to Manager, Business Development. The Company will pay a monthly consulting fee of \$3,125. Effective January 15, 2012, the consulting agreement has been decreased to \$10 a month. Effective April 1, 2014, the amended consulting agreement has been increased to \$5,000 per month.

On July 1, 2013, the Company entered into a 2 year lease for the Kelowna office with monthly rental rate of \$826 including GST.

On March 10, 2014, the Company entered into a Social Media/Web Marketing Agreement with Stuart Gray. The term of this Agreement shall begin on the date of execution of this Agreement for a period of 12 months. The consideration for services is \$60,000 payable in common shares of the Company. Upon execution of the Agreement, the Company issued 150,000 common shares of the Company at a price of \$0.40 for the 12 month Social Media/Web Marketing Agreement.

On March 12, 2014, the Company signed a \$50,000 12 month marketing agreement with Agora Internet Relations Corp. payable in common shares of the Company. The first quarter payment is \$12,500, by issuing 20,833 common shares of the Company at a market price of \$0.60 per share.

On April 1, 2014, the Company entered into a one year contract with Pacific Court Capital Corp., wholly owned company by Kristian Dagsaan as Controller for CAD\$3,000 plus GST. This contract was terminated on August 31, 2014.

On April 1, 2014 the Company entered into a 90 day agreement for \$9,000 with Ken Faulkner as a corporate development manager. Mr. Faulkner will assist the Company with answering and initiating calls and communications of any kind with various shareholders and investors for purposes of corporate communications; finance; mergers; acquisitions; joint ventures; analysis of various regulatory reports such as those required by the US Securities and Exchange Commission and by various Provincial Securities Commissions in Canada; preparing and editing Company presentations and generally communicating the Company's information.

On April 10, 2014, the Company entered into a Letter of Intent ("**LOI**") that set forth the basic terms of discussions between Enertopia Corporation, or its wholly-owned subsidiary ("**Enertopia**") and Lexaria Corp., or its wholly-owned subsidiary ("**Lexaria**") (collectively, the "**Parties**") with regard to the ownership by Enertopia of a 51% interest in the business, and the ownership by Lexaria of a 49% interest in the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes under the MMPR. The Company issued 500,000 common shares at a price of \$0.40 to Enertopia, which are held in escrow until the Health License license is obtained by Enertopia. On May 28, 2014, Enertopia and Lexaria have signed a Definitive Agreement.

On April 10, 2014, a letter of intent, was signed on behalf of Lexaria CanPharm Corp. - a wholly owned subsidiary of Lexaria, and Enertopia Corporation (Lessee) and Mr. Jeff Paikin (Lessor) that sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located in Ontario (the "Building") for the purposes of a licensed medical marijuana production facility. The Company issued the 55,000 common shares at a deemed price of \$0.40 per the terms of the Letter of Intent to lease space in the building owned by the Lessor. The LOI was amended on July 22, 2014, subsequent to quarter end, on August 1, 2014, the Company signed an extension to an amended Letter of Intent that was executed on April 10, 2014. As per the terms of the extended Letter of Intent, on August 5, 2014, the Company issued 91,662 common shares at a deemed price of \$0.30.

On April 14, 2014, the Company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the Company issued 110,000 common shares at a deemed price of \$0.39. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Kent can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Shaxon can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as Human Resources Manager. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Boone can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. Consulting agreement amended on June 18, 2014, Mr. Springett can be eligible to receive up to a total of 1,650,000 common shares of the Company. On July 14, 2014, the Company issued 165,000 common shares at a deemed price of \$0.30.

On April 24, 2014 the Company entered into a one year consulting contract with 2342878 Ontario Inc. wholly owned company by Chris Hornung as Assistant Manager. Upon signing of the contract of acceptance the Company issued 110,000 common shares at a deemed price of \$0.32. On July 14, 2014, the Company accepted Mr. Hornung's resignation. Subsequent to year end 110,000 common shares of the Company were returned back to treasury.

On May 5, 2014 the Company entered into a one year consulting contract as Security Consultant with Bmullan and Associates, a company wholly owned by Brian Mullan. Upon signing of the contract of acceptance the Company issued 55,000 common shares at a deemed price of \$0.30. Based on the milestones listed in the contract, Mr. Mullan or his company can be eligible to receive up to a total of 275,000 common shares of the Company. On July 14, 2014, the Company issued 55,000 common shares at a deemed price of \$0.30.

See also Note 7 and 9.

## 12. Income Tax

The following table reconciles the income tax benefit at the U.S. Federal statutory income tax rates to income tax benefit at the Company's effective tax rates at August 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Income (loss) before taxes	\$ (3,257,712)	\$ (343,551)
Statutory tax rate	35%	35%
Expected income tax (recovery)	\$ (1,140,199)	\$ (120,242)
Non-deductible items	\$ 24,259	\$ 136
Change in estimates	\$ (530)	\$ -
Change in valuation allowance	\$ 1,116,470	\$ 120,106
Total income taxes (recovery)	<u>\$ Nil</u>	<u>\$ Nil</u>

Deferred taxes reflect the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at August 31, 2014 and 2013 are comprised of the following:

	<u>2014</u>	<u>2013</u>
Net capital loss carryforwards	\$ 2,126,795	\$ 1,548,213
Financial instrument	\$ -	\$ -
Oil and gas property	\$ 657,652	\$ 1,667,977
	2,784,447	1,667,977
Valuation allowance	\$ (2,784,447)	\$ (1,667,977)
Net deferred tax assets (liabilities)	<u>\$ Nil</u>	<u>\$ Nil</u>

The Company has net operating loss carry forwards of approximately \$4,436,757 (2013 - \$4,093,059) which may be carried forward to apply against future taxable income for US tax purposes, subject to the final determination by the taxation authority, expiring in the following years:

Year	Amount
2028	\$ 719,957
2029	753,138
2030	552,025
2031	538,128
2032	220,416
2033	343,698
2034	1,309,395
<b>Total</b>	<b>\$ 4,436,757</b>

### 13. Segmented Information

The Company identifies its segments based on the way management organizes the Company to assess performance and make operating decisions regarding the allocation of resources. In accordance with the criteria in FASB ASC 280 "Segment Reporting," the Company has concluded that it currently has three reportable segments: oil and gas exploration and medical marijuana, which are managed separately based on fundamental differences in their operations nature.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

August 31, 2014	Oil and Gas	Marijuana business	Corporate	Total
	\$	\$	\$	\$
Revenues (10-Month)	508,049	-	-	508,049
Net income (loss) from operations (10-Month)	(1,698,371)	(151,306)	(1,408,035)	(3,257,712)
Total assets	1,400,000	67,662	1,167,474	2,635,136
August 31, 2013	Oil and Gas	Marijuana business	Corporate	Total
	\$	\$	\$	\$
Revenues (10-Month)	1,097,455	-	-	1,097,455
Net income (loss) from operations (10-Month)	282,958	-	(538,327)	(302,368)
Total assets	3,427,086	-	146,266	3,573,352

#### 14. Subsequent Events

- a) Subsequent to year end, on September 22, 2014, Lexaria closed a private placement by issuing 305,200 units at a price of \$0.15 per unit for gross proceeds of \$45,780. Each Unit consists of one common share of the Company and one full non-transferable Share purchase warrant ("Warrant"). Each Warrant will be exercisable into one further Share (a "Warrant Share") at a price of US\$0.25 per Warrant Share for a period of eighteen (18) months following closing.
- b) Subsequent to year end, on November 12, 2014, the Company has signed an agreement with PoViva and acquired 51% of PoViva with an initial consideration of US\$50,000. Lexaria will serve as the Manager of Business Operations of PoViva's Teas. As Manager, Lexaria will oversee aspects of the business including, but not limited to, Accounting, Marketing, Capital Investment, Capital Raising, Sales, Branding, Advertising and Fulfillment. The Founders will serve as Production Manager and be responsible for all aspects of production, product quality, licensing, testing, and product legality. It is also expected that both parties to this Agreement will assist the other to fulfill their obligations as needed and the cost of business will be borne by revenues earned by the company and general corporate funds
- c) Subsequent to year end, on November 26, 2014 a Purchase and Sale Agreement was entered into between Lexaria Corporation, and Cloudstream Belmont Lake, LP for the purchase and sale of oil and gas working interests, net revenue interests and other interests in Belmont Lake, Mississippi for total consideration of \$1,400,000. The scheduled closing date of the Purchase and Sale Agreement is December 5, 2014. For additional details in regards to the purchase and sale, refer to the full copy of the Purchase and Sale Agreement attached hereto as an exhibit to this current report.
- d) Subsequent to year end 110,000 shares that were issued to Chris Hornung on April 24, 2014 were returned back to the Company's treasury.

#### Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no disagreements related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and interim periods, including the interim period up through the date the relationship ended.

#### Item 9A. Controls and Procedures

##### *Management's Report on Disclosure Controls and Procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

As of August 31, 2014, the end of our fiscal year covered by this report, we carried out an evaluation, under the supervision and with the participation of our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.



### ***Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of August 31, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework*. Our management has concluded that, as of August 31, 2014, our internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US generally accepted accounting principles. Our management reviewed the results of their assessment with our Board of Directors.

This annual report does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our Company to provide only management's report in this annual report.

### ***Inherent limitations on effectiveness of controls***

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal controls over financial reporting that occurred during the year ended August 31, 2014 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

### **Item 9B. Other Information**

On February 25, 2014 the board of directors accepted the resignation of Dustin Elford as a director of our company.

On April 25, 2014 the board of directors accepted the resignation of David DeMartini as director of our company.

The resignations of Mr. Elford and Mr. DeMartini were not the result of any disagreement with our company regarding our operations, policies, practices or otherwise.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Position Held with our Company	Age	Date First Elected Or Appointed
Christopher Bunka	Chairman, President, Chief Executive Officer and Director	53	October 26, 2006 February 14, 2007
Bal Bhullar	Chief Financial Officer and Director	45	May 12, 2009
Nicholas Baxter	Director	61	July 8, 2011

#### *Business Experience*

The following is a brief account of the education and business experience of each director and executive officer during the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

#### ***Mr. Christopher Bunka – Chairman, President, Chief Executive Officer and Director***

Mr. Bunka has served as our director, chairman, president and chief executive officer since October 26, 2006. From February 14, 2007 until May 12, 2009 he was the chief financial officer of our company. Since October 26, 2006 Mr. Bunka has successfully completed both equity and debt financings for our company, completed the acquisition of additional oil & gas assets, disposed of other oil & gas assets, and restructured our company. He has refocused our company from one of natural gas exploration to that of development of existing oil reserves, and has engaged additional geophysical expertise in an attempt to better understand its exploration and development opportunities. Mr. Bunka has privately evaluated numerous oil and gas properties and investment opportunities for his private investments during the past 10 years.

Since 1988, Mr. Bunka has been the CEO of CAB Financial Services Ltd., a private holding company located in Kelowna, Canada. He is a venture capitalist and corporate consultant.

Mr Bunka was formerly Chairman/CEO of Enertopia Corp, (symbol ENRT-OTC)but resigned in 2013. Mr. Bunka is a director of Defiance Capital Corp., (symbol DEF-TSXV) a Canadian resource company.

#### ***Ms. Bal Bhullar - Chief Financial Officer and Director***

Ms. Bhullar brings over 20 years of diversified financial and risk management experience in both private and public companies, in the industries of high-tech, film, mining, marine, oil & gas, energy, transport, and spa industries.

Among some of the areas of experience, Ms. Bhullar brings expertise in financial & strategic planning, operational & risk management, regulatory compliance reporting, business expansion, start-up operations, financial modeling, program development, corporate financing, and corporate governance/internal controls.

Previously, Ms. Bhullar has held various positions as President of BC Risk Management Association of BC, and served as Director and CFO of private and public companies. Currently, Ms. Bhullar serves as a Director and CFO for Bare Elegance Medspa, CFO for public company Enertopia Corp (symbol ENRT-OTC; TOP-CNSX) and former CFO for ISEE3D Inc. (symbol ICT-TSXV).

Ms. Bhullar is a Certified General Accountant and as well holds a CRM designation from Simon Fraser University and a diploma in Financial Management from British Columbia Institute of Technology.

**Mr. Nicholas Baxter - Director**

Mr. Baxter has been in the oil & gas business for 30 years. Mr. Baxter received a Bachelor of Science (Honors) from the University of Liverpool in 1975. Mr. Baxter has worked on geophysical survey and exploration projects in the U.K., Europe, Africa and the Middle East. From 1981 to 1985, Mr. Baxter worked for Resource Technology plc, a geophysical equipment sales/services company that went public on the USM in London in 1983 and graduated to the London Stock Exchange in 1984. Mr. Baxter established his own company in 1985 as a co-founder of Addison & Baxter Limited, a private geophysical/geological sales and services company which was acquired by A&B Geoscience Corporation in 1992. Mr. Baxter was Chief Operating Officer and a director of A&B Geoscience Corporation from 1992 to 2002. Mr. Baxter worked as an independent upstream oil and gas consultant from 2002 to 2004. He joined Eurasia Energy Ltd in 2005, where he is currently President and Chief Executive Officer.

**Family Relationships**

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

**Involvement in Certain Legal Proceedings**

None of our directors, executive officers, promoters or control persons has been involved in any of the following events during the past five years:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
2. Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:
  - i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity
  - ii. Engaging in any type of business practice; or
  - iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;
4. Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

5. Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;
6. Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
7. Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
  - i. Any Federal or State securities or commodities law or regulation; or
  - ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
  - iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
8. Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

#### **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended August 31, 2014, all filing requirements applicable to our officers, directors and greater than 10% percent beneficial owners were complied with.

#### **Code of Ethics**

We adopted a Code of Ethics applicable to our senior financial officers and certain other finance executives, which is a "code of ethics" as defined by applicable rules of the SEC. Our Code of Ethics is attached as an exhibit to our Form SB-2 filed on September 20, 2007. If we make any amendments to our Code of Ethics other than technical, administrative, or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of our Code of Ethics to our chief executive officer, chief financial officer, or certain other finance executives, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in a Current Report on Form 8-K filed with the SEC.

#### **Board and Committee Meetings**

Our board of directors held no formal meetings during the ten months ended August 31, 2014. All proceedings of the board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada General Corporate Law and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

## **Nomination Process**

As of August 31, 2014, we did not effect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. Our board of directors does not have a policy with regards to the consideration of any director candidates recommended by our shareholders. Our board of directors has determined that it is in the best position to evaluate our company's requirements as well as the qualifications of each candidate when the board considers a nominee for a position on our board of directors. If shareholders wish to recommend candidates directly to our board, they may do so by sending communications to the president of our Company at the address on the cover of this annual report.

## **Audit Committee and Audit Committee Financial Expert**

Currently our audit committee consists of our entire board of directors. We currently do not have nominating, compensation committees or committees performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

Our board of directors has determined that it does not have a member of its board of directors (audit committee) that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, and is "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

We believe that the members of our board of directors are collectively capable of analyzing and evaluating our consolidated financial statements and understanding internal controls and procedures for financial reporting. We believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any material revenues to date. In addition, we currently do not have nominating, compensation or audit committees or committees performing similar functions nor do we have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes the functions of such committees can be adequately performed by our board of directors.

**Item 11. Executive Compensation**

The particulars of the compensation paid to the following persons:

- (a) our principal executive officer;
- (b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended August 31, 2014 and October 31, 2013; and
- (c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended August 31, 2014 and October 31, 2013,

who we will collectively refer to as the named executive officers of our Company, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed \$100,000 for the respective fiscal year:

<b>SUMMARY COMPENSATION TABLE</b>									
<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)<sup>(3)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Christopher Bunka <sup>(1)</sup> , Chairman, President, Chief Executive Officer, & Director	2014	80,000	Nil	Nil	Nil	Nil	Nil	Nil	80,000
	2013	96,000	Nil	Nil	9,585	Nil	Nil	Nil	105,585
Bal Bhullar <sup>(2)</sup> , Chief Financial Officer & Director	2014	CAD55,000	Nil	Nil	Nil	Nil	Nil	Nil	CAD55,000
	2013	CAD66,000	Nil	Nil	7,455	Nil	Nil	Nil	CAD73,455

- (1) Mr. Bunka was appointed as chairman, president, chief executive officer and director on October 26, 2006, and was chief financial officer of our company from February 14, 2007 until May 12, 2009.
- (2) Ms. Bhullar was appointed Chief Financial Officer on May 12, 2009
- (3) The fair value of the option award was estimated using the Black-Scholes pricing model with the following assumptions: expected volatility of 142.25%, risk-free interest rate of 1.93%, expected life of 5 years, and dividend yield of 0.0%.

Our company is currently paying/accruing consulting fees to our president \$8,000 per month and is paying our chief financial officer CAD\$5,500 per month in consulting fees.

*Employment/Consulting Agreements*

On November 27, 2008, we entered into a consulting agreement with CAB Financial Services Ltd., a corporation organized under the laws of the Province of British Columbia and controlled by our chief executive officer, Christopher Bunka, for consulting services of CAB on a continuing basis for a consideration of US\$8,000 per month plus GST.

On May 12, 2009, we entered into a consulting agreement with BKB Management Ltd, a corporation organized under the laws of the Province of British Columbia and controlled by our chief financial officer, Bal Bhullar. A consulting fee of CAD\$4,675 including applicable taxes is paid per month. We may terminate this agreement without prior notice based on a number of conditions. BKB Management Ltd. may terminate the agreement at any time by giving 30 days written notice of his intention to do so. On January 1, 2011, the compensation was increased to CAD\$5,500 per month plus applicable taxes.

Other than as set out in this annual report on Form 10-K we have not entered into any employment or consulting agreements with any of our current officers, directors or employees.

#### Grants of Plan-Based Awards Table

We did not grant any awards to our named executive officers in the during our fiscal year ended August 31, 2014.

#### Outstanding Equity Awards at Fiscal Year End

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END									
Name (a)	OPTION AWARDS					STOCK AWARDS			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)
Christopher Bunka	500,000 200,000 225,000	- - -	- - -	\$0.20 \$0.35 \$0.10	2015/01/20 2016/07/11 2018/06/18	- - -	- - -	- - -	- - -
Bal Bhullar	300,000 100,000 175,000	- - -	- - -	\$0.20 \$0.35 \$0.10	2015/01/20 2016/07/11 2018/06/18	- - -	- - -	- - -	- - -

#### Option Exercises

During our fiscal year ended August 31, 2014, no options were exercised by our named officers.

#### Compensation of Directors

We do not have any agreements for compensating our directors for their services in their capacity as directors, although such directors are expected in the future to receive stock options to purchase shares of our common stock as awarded by our board of directors.

### Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the board of directors or a committee thereof.

### Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

### Compensation Committee Interlocks and Insider Participation

During 2014, we did not have a compensation committee or another committee of the board of directors performing equivalent functions. Instead the entire board of directors performed the function of compensation committee. Our board of directors approved the executive compensation, however, there were no deliberations relating to executive officer compensation during 2014.

### Compensation Committee Report

None.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of November 15, 2014, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our current directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Christopher Bunka Kelowna BC Canada	5,833,281 <sup>(1)</sup> common shares	11.6%
Bal Bhullar Vancouver, BC	944,106 <sup>(2)</sup> common shares	1.9%
Nicholas Baxter Aberdeenshire, UK	550,000 <sup>(3)</sup> common shares	1.1%
Directors and Executive Officers as a Group (3 persons)	7,327,387 common shares	14.5%
David DeMartini, Texas, Houston	3,281,250 common shares	6.5%
Total as a Group (4 persons) (4)	9,930,397 common shares	21.0%

\* Less than 1%.

(1) Includes 3,219,336 shares held in the name of C.A.B. Financial Services and 1,488,561 shares held directly by Chris Bunka, chairman, president, chief executive officer and a director of our company. Includes 100,067 warrants held in the name of C.A.B. Financial Services with an exercise price of \$0.25. Includes 925,000 options which are exercisable at \$0.20, \$0.35, and \$0.10 within 60 days of November 15, 2014.



(2) Includes 575,000 options which are exercisable at \$0.20, \$0.35, and \$0.10 within 60 days November 15, 2014 and 100,000 warrants with an exercise price of \$0.25. Bal Bhullar is chief financial officer and a director of our company.

(3) Includes 200,000 warrants with an exercise price of \$0.25. Includes 150,000 options which are exercisable at \$0.35 within 60 days of January 7, 2014. Nicholas Baxter is a director of our company.

(4) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on November 15, 2014. As of November 15, 2014, there were 34,444,890 shares of our common stock issued and outstanding.

#### *Changes in Control*

We are unaware of any contract or other arrangement the operation of which may at a subsequent date result in a change in control of our company.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since the year ended August 31, 2014, in which the amount involved in the transaction exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year end for the last three completed fiscal years.

#### *Director Independence*

We currently act with three directors, consisting of Christopher Bunka, Bal Bhullar, and Nicholas Baxter. We have determined that Nicholas Baxter is an "independent director" as defined in NASDAQ Marketplace Rule 4200(a)(15).

Currently our audit committee consists of our entire board of directors. We currently do not have nominating, compensation committees or committees performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

Our board of directors has determined that it does not have a member of its audit committee who qualifies as an "audit committee financial expert" as defined in as defined in Item 407(d)(5)(ii) of Regulation S-K.

From inception to present date, we believe that the members of our audit committee and the board of directors have been and are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

We do not have a standing compensation or nominating committee, but our entire board of directors act in such capacity. We believe that our directors are capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. Our directors do not believe that it is necessary to have an audit committee because we believe that the functions of an audit committee can be adequately performed by the board of directors. In addition, we believe that retaining additional independent directors who would qualify as an “audit committee financial expert” would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development.

**Item 14. Principal Accounting Fees and Services**

The aggregate fees billed for the most recently completed fiscal year ended August 31, 2014 and for fiscal year ended October 31, 2013 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended	
	August 31, 2014	October 31, 2013
Audit Fees	26,036	30,080
Audit Related Fees	19,677	9,341
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
Total	45,713	39,421

*Audit Fees.* Audit fees consist of fees billed for professional services rendered for the audits of our financial statements, reviews of our interim financial statements included in quarterly reports, services performed in connection with filings with the Securities and Exchange Commission and related comfort letters and other services that are normally provided by MNP LLP for the fiscal years ended August 31, 2014 and October 31, 2013 in connection with statutory and regulatory filings or engagements.

*Audit related Fees.* There were \$19,677 audit related fees paid to MNP LLP for the fiscal year ended August 31, 2014 and \$9,341 for the fiscal year ended October 31, 2013.

*Tax Fees.* Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions. For the fiscal years ended August 31, 2014 and October 31, 2013, we did not use MNP LLP for non-audit professional services or preparation of corporate tax returns.

We do not use MNP LLP, for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage MNP LLP to provide compliance outsourcing services.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our independent auditors are engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee (which consists of our entire board of directors); or

- entered into pursuant to pre-approval policies and procedures established by the board of directors, provided the policies and procedures are detailed as to the particular service, the board of directors is informed of each service, and such policies and procedures do not include delegation of the board of directors' responsibilities to management.

Our board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

#### PART IV

#### Item 15. Exhibits, Financial Statement Schedules

##### (a) Financial Statements

- (1) Financial statements for our Company are listed in the index under Item 8 of this document
- (2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

##### (b) Exhibits

Exhibit No.	Document Description
<b>(3)</b>	<b>Articles of Incorporation and By-laws</b>
3.1	Articles of Incorporation (Incorporated by reference from Form SB-2 Registration Statement filed on March 1, 2006)
<b>(3)</b>	<b>Articles of Incorporation; Bylaws</b>
3.1	Articles of Incorporation (Incorporated by reference from Form SB-2 Registration Statement filed on March 1, 2006)
3.2	Bylaws (Incorporated by reference from Form SB-2 Registration Statement filed on March 1, 2006)
3.3	Certificate of Change (Incorporated by reference from our current report on Form 8-K filed on June 23, 2009)
3.4	Amended and restated Bylaws (Incorporated by reference from our current report on Form 8-K filed on December 22, 2009)
<b>(10)</b>	<b>Material Contracts</b>
10.1	Griffin Model Form Operating Agreement (Incorporated by reference from Form SB-2 Registration Statement filed on March 1, 2006)
10.2	Griffin Drilling Program Agreement (Incorporated by reference from Form SB-2 Registration Statement filed on March 1, 2006)
10.3	Assignment Agreement with Brinx Resources Ltd. (Incorporated by reference from our current report on Form 8-K filed on June 21, 2007)
10.4	Assignment Agreement with 0743608 BC Ltd. (Incorporated by reference from our current report on Form 8-K filed on June 21, 2007)
10.5	Consulting Agreement dated November 27, 2008 with CAB Financial Services Ltd. (Incorporated by reference from our current report on Form 8-K filed on December 1, 2008)
10.6	Amended Agreement and Promissory Notes (Incorporated by reference from our current report on Form 8-K filed on October 22, 2010)

<b>Exhibit No.</b>	<b>Document Description</b>
10.7	Consulting Agreement with CAB Financial Services Ltd. (Incorporated by reference from our current report on Form 8-K filed on December 1, 2008)
10.8	Agreement with Delta Oil & Gas, Inc. and The Stallion Group (Incorporated by reference from our current report on Form 8-K filed on April 7, 2009)
10.9	Agreement with BKB Management Ltd. (Incorporated by reference from our current report on Form 8-K filed on May 19, 2009)
10.10	Equity Compensation Plan 2007 (Incorporated by reference from our current report on Form S8 filed on May 7, 2007)
10.11	2010 Equity Compensation Plan (Incorporated by reference from our current report on Form 8-K filed on January 21, 2010)
10.12	Assignment Agreements and Loan Agreement (Incorporated by reference from our current report on Form 8-K filed on September 13, 2010)
10.13	Consulting Agreement with Tom Ihrke (Incorporated by reference from our current report on Form 8-K filed on August 6, 2010)
10.14	Equity Compensation Plan 2010 (Incorporated by reference from our current report on Form 8-K filed on January 21, 2010)
10.15	Form of Convertible Debenture Subscription (Incorporated by reference from our current report on Form 8-K filed December 1, 2010)
10.16	Form of Convertible Debenture (Incorporated by reference from our current report on Form 8-K filed on December 1, 2010)
10.17	Form of Security Agreement (Incorporated by reference from our current report on Form 8-K filed on December 1, 2010)
10.18	Management Agreement with Tom Ihrke dated December 2, 2010 (Incorporated by reference from our current report on Form 8-K filed on December 3, 2010)
10.19	Form of Convertible Debenture Subscription (Incorporated by reference from our current report on Form 8-K filed on November December 21, 2010)
10.20	Form of Convertible Debenture (Incorporated by reference from our current report on Form 8-K filed on November December 21, 2010)
10.21	Form of Security Agreement (Incorporated by reference from our current report on Form 8-K filed on November December 21, 2010)
10.22	Assignment Agreement with Emerald Atlantic, LLC dated December 16, 2010 (Incorporated by reference from our current report on Form 8-K filed on November December 21, 2010)
10.23	Asset Purchase Agreement with Brinx Resources Ltd. dated August 12, 2011 (Incorporated by reference from our current report on Form 8-K filed on August 12, 2011)
10.24	Form of Convertible Debenture Subscription (Incorporated by reference from our current report on Form 8-K filed on December 2, 2012)
10.25	Form of Convertible Debenture (Incorporated by reference from our current report on Form 8-K filed on December 2, 2012)
10.26	Security Agreement (Incorporated by reference from our current report on Form 8-K filed on December 2, 2012)
10.27	Debt Agreement with Chris Bunka dated March 30, 2012 (Incorporated by reference from our current report on Form 8-K filed on March 30, 2012)
10.28	Debt Agreement with Chris Bunka dated July 20, 2012 (Incorporated by reference from our current report on Form 8-K filed on July 23, 2012)
10.29	Amendments to Existing Agreements with CAB Financial Services Ltd., Cielo Investment, LLC, David DeMartini, Emerald Atlantic, LLC, Fred Hoffman, James Ihrke, Mathew Ihrke and Morgan Bunka (Incorporated by reference from our current report on Form 8-K filed on November 23, 2012)

<b>Exhibit No.</b>	<b>Document Description</b>
10.30	Agreement with Carmel Advisors LLC dated August 23, 2013 (Incorporated by reference from our current report on Form 8-K filed on August 26, 2013)
10.31	Assignment Agreement with CAB Financial Services Ltd. dated November 1, 2013 (Incorporated by reference from our current report on Form 8-K filed on November 4, 2013)
10.32	Assignment Agreement with Cloudstream One LLC dated November 1, 2013 (Incorporated by reference from our current report on Form 8-K filed on November 4, 2013)
10.33	Assignment Agreement with Emerald Atlantic, LLC dated November 1, 2013 (Incorporated by reference from our current report on Form 8-K filed on November 4, 2013)
10.34	Second Amendments to Existing Agreements with CAB Financial Services, Ltd., Cielo Investment, LLC, David DeMartini, Emerald Atlantic, LLC, Fred Hoffman, James Ihrke, Mathew Ihrke and Morgan Bunka dated October 20, 2013 (Incorporated by reference from our current report on Form 8-K filed on November 13, 2013)
10.35	Debt Agreement with Chris Bunka dated December 4, 2013 (Incorporated by reference from our current report on Form 8-K filed on December 5, 2013)
10.36	Security Agreement with Chris Bunka dated December 4, 2013 (Incorporated by reference from our current report on Form 8-K filed on November December 5, 2013)
10.37	Joint Venture Agreement with Enertopia Corporation and Robert McAllister dated March 5, 2014 (Incorporated by reference from our current report on Form 8-K filed on March 5, 2014)
10.38	Social Media/Web Marketing Agreement with Stuart Gray dated March 10, 2014 (Incorporated by reference from our current report on Form 8-K filed on March 10, 2014)
10.39	Online Marketing Agreement with Agora Internet Relations Corp. dated March 12, 2014 (Incorporated by reference from our current report on Form 8-K filed on March 12, 2014)
10.40	Convertible Debt Conversion Agreements with Matthew Ihrke, James Ihrke and Cielo Investments LLC dated April 1, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 1, 2014)
10.41	Warrants with each of Matthew Ihrke, James Ihrke, Cielo Investments, LLC, dated April 1, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 1, 2014)
10.42	Joint Letter of Intent Agreement with Enertopia Corporation dated April 10, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 10, 2014)
10.43	Lease Agreement with Enertopia Corporation dated April 10, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 10, 2014)
10.44	Letter of Appointment with Jeff Paikin dated April 10, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 14, 2014)
10.45	Consulting Agreement with Clark Kent dated April 24, 2014 (Incorporated by reference from our current report on Form 8-K filed on April 30, 2014)
10.46	Consulting agreement with Great Lakes Cannabis Corp. and Bmullan and Associates dated May 3, 2014 (Incorporated by reference from our current report on Form 8-K filed on May 5, 2014)
10.47	Letter of Intent with Arnprior Bay Property Limited dated May 26, 2014 (Incorporated by reference from our current report on Form 8-K filed on May 27, 2014)
10.48	Joint Venture Agreement with Enertopia Corporation dated May 27, 2014 (Incorporated by reference from our current report on Form 8-K filed on May 29, 2014)
10.49	Amended Consulting Contracts with each of Jason Springett, 490072 Ontario Ltd., Current market Communications and Associates Inc., Don Shaxon and Jeff Paikin dated June 17, 2014 (Incorporated by reference from our current report on Form 8-K filed on July 14, 2014)
10.50	2014 Stock Option Plan (Incorporated by reference from our current report on Definitive Proxy Statement filed on May 20, 2014)
10.51	Form of Stock Option Agreement (Incorporated by reference from our current report on Form 8-K filed on July 24, 2014)

<b>Exhibit No.</b>	<b>Document Description</b>
10.52	Amended Lease Letter of Intent Extension dated July 22, 2014 (Incorporated by reference from our current report on Form 8-K filed on August 5, 2014)
<b>(14)</b>	<b>Code of Ethics</b>
14.1	Code of Business Conduct and Ethics (Incorporated by reference from Form SB-2 Registration Statement filed on September 20, 2007)
<b>(21)</b>	<b>Subsidiaries of the Registrant</b>
21.1	Great Lakes Cannabis Corp., a Canadian corporation, (wholly-owned)
<b>(31)</b>	<b>Rule 13a-14(a)/15d-14(a)</b>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Executive Officer</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer</u></a>
<b>(32)</b>	<b>Section 1350 Certifications</b>
<a href="#"><u>32.1*</u></a>	<a href="#"><u>Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Executive Officer</u></a>
<a href="#"><u>32.2*</u></a>	<a href="#"><u>Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer</u></a>
<b>(99)</b>	<b>Additional Exhibits</b>
99.1	Haas Reserve Reports (Incorporated by reference from our current report on Form 8-K filed on July 17, 2007)
99.2	Veazey Reserve Report (Incorporated by reference from our current report on Form 8-K filed on January 19, 2012)
<b>(101)**</b>	<b>Interactive Data Files</b>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\* *Filed herewith.*

\*\* *Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections*

## SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### LEXARIA CORP.

By: /s/ Christopher Bunka

Christopher Bunka  
President, Chief Executive Officer, Chairman and Director  
(Principal Executive Officer)

Date: December 5, 2014

By: /s/ Bal Bhullar

Bal Bhullar  
Chief Financial Officer and Director  
(Principal Financial Officer and Principal Accounting Officer)

Date: December 5, 2014

In accordance with the Exchange Act, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Christopher Bunka

Christopher Bunka  
President, Chief Executive Officer, Chairman and Director  
(Principal Executive Officer)

Date: December 5, 2014

By: /s/ Bal Bhullar

Bal Bhullar  
Chief Financial Officer and Director  
(Principal Financial Officer and Principal Accounting Officer)

Date: December 5, 2014

By: /s/ Nicholas Baxter

Nicholas Baxter  
Director

Date: December 5, 2014

**CERTIFICATION PURSUANT TO  
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chris Bunka, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lexaria Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2014

*Chris Bunka*

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Chris Bunka  
President, Chief Executive Officer and Director  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bal Bhullar, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lexaria Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2014

*"Bal Bhullar"*

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Bal Bhullar  
Chief Financial Officer, Treasurer and Director  
(Principal Financial Officer and Principal  
Accounting  
Officer)

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Chris Bunka, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Annual Report on Form 10-K of Lexaria Corp. for the year ended August 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Corp.

Dated: December 5, 2014

*"Chris Bunka"*

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Chris Bunka  
President, Chief Executive Officer and Director  
(Principal Executive Officer)  
Lexaria Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Corp. and will be retained by Lexaria Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Bal Bhullar, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Annual Report on Form 10-K of Lexaria Corp. for the year ended August 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Corp.

Dated: December 5, 2014

*"Bal Bhullar"*

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Bal Bhullar  
Chief Financial Officer, Treasurer and Director  
(Principal Financial Officer and Principal  
Accounting Officer)  
Lexaria Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Corp. and will be retained by Lexaria Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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