

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

(Mark One)

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

For the quarterly period ended **November 30, 2019**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number \_\_\_\_\_

**LEXARIA BIOSCIENCE CORP.**

(Exact name of registrant as specified in its charter)

<u>Nevada</u> State or other jurisdiction of incorporation or organization	<u>20-2000871</u> (I.R.S. Employer Identification No.)
<u>#100 – 740 McCurdy Road, Kelowna BC Canada</u> (Address of principal executive offices)	<u>V1X 2P7</u> (Zip Code)

Registrant's Telephone number, including area code: **250-765-6424**

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

<u>Title of Each Class</u>	<u>Name of Each Exchange On Which Registered</u>
N/A	N/A

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

<b>Title of Class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, Par Value \$0.001	LXRP LXX	OTCQX CSE

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, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 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 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

80,720,879 common shares as of January 8, 2020

DOCUMENTS INCORPORATED BY REFERENCE  
None.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<b>November 30</b>	<b>August 31</b>
	<b>2019</b>	<b>2019</b>
	<b>(UnAudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,333,321	\$ 1,285,147
Marketable Securities (Note 19)	22,640	64,214
Accounts receivable (Note 7)	325,901	273,145
Inventory (Note 8)	133,556	127,396
Prepaid expenses and deposit (Note 18)	96,067	68,927
<b>Total Current Assets</b>	<b>1,911,485</b>	<b>1,818,829</b>
<b>Capital assets, net</b>		
Patent (Note 9)	269,416	265,127
Property & Equipment (Note 10)	565,172	591,263
	<b>834,588</b>	<b>856,390</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,746,073</b>	<b>\$ 2,675,219</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 93,029	\$ 136,411
Due to a related party (Note 15)	37,200	48,096
<b>Total Current Liabilities</b>	<b>130,229</b>	<b>184,507</b>
<b>TOTAL LIABILITIES</b>	<b>130,229</b>	<b>184,507</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>Share Capital (Note 12)</b>		
Authorized:		
220,000,000 common voting shares with a par value of \$0.001 per share Issued and outstanding: 80,610,879 common shares at November 30, 2019 and 78,787,134 common shares at August 31, 2019	80,611	78,787
<b>Additional paid-in capital (Note 12, 13)</b>	<b>27,220,524</b>	<b>26,172,453</b>
<b>Deficit</b>	<b>(24,775,515)</b>	<b>(23,868,202)</b>
<b>Equity attributable to shareholders of the Company</b>	<b>2,525,620</b>	<b>2,383,038</b>
<b>Non-Controlling Interest</b>	<b>90,224</b>	<b>107,674</b>
<b>Total Stockholders' Equity</b>	<b>2,615,844</b>	<b>2,490,712</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,746,073</b>	<b>\$ 2,675,219</b>

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



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**LEXARIA BIOSCIENCE CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in U.S. Dollars, except number of shares)

	<b>THREE MONTHS ENDED</b>	
	<b>November 30</b>	<b>November 30</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue (Note 14)</b>	<b>\$ 62,082</b>	<b>\$ 22,209</b>
<b>Cost of Goods Sold</b>	<b>7,853</b>	<b>2,158</b>
<b>Gross profit</b>	<b>54,229</b>	<b>20,051</b>
<b>Expenses</b>		
Accounting and audit	19,036	9,572
Depreciation and Amortization (Note 8, 9, 10)	27,512	1,603
Advertising and promotions	46,268	171,913
Consulting (Notes 12, 13, 15)	483,796	242,991
Investor relations	17,515	-
Legal and professional	52,355	96,652
Office and miscellaneous	74,027	72,902
Research and development	107,463	96,973
Travel	21,853	19,206
Wages & Salaries	87,593	-
Unrealized Loss on marketable securities (Note 19)	41,574	9,630
	<b>978,992</b>	<b>721,442</b>
<b>Net (loss) and comprehensive loss for the period</b>	<b>\$ (924,763)</b>	<b>\$ (701,391)</b>
<b>Net (loss) and comprehensive loss attributable to:</b>		
Common Shareholders	\$ (907,313)	\$ (701,391)
Non-Controlling Interest	\$ (17,450)	\$ -
<b>Basic and diluted (loss) per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>		
-Basic and diluted	<b>79,097,349</b>	<b>76,226,802</b>

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



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

	<b>THREE MONTHS ENDED</b>	
	<b>November 30 2019 (Unaudited)</b>	<b>November 30 2018 (Unaudited)</b>
<b>Cash flows used in operating activities</b>		
Net loss and comprehensive loss	\$ (924,763)	\$ (701,391)
Adjustments to reconcile net loss to net cash used in operating activities:		
Consulting - Stock based compensation	162,414	64,044
Depreciation and amortization	27,512	1,603
Unrealized loss on marketable securities	41,574	9,630
Warrants issued for services	70,752	-
Change in working capital		
Accounts receivable	57,269	(5,365)
Inventory	(6,160)	(29,435)
Prepaid expenses and deposits	(27,140)	10,302
Accounts payable and accrued liabilities	(43,382)	72,499
Due to related parties	(10,896)	13,799
<b>Net cash used in operating activities</b>	<b>\$ (652,820)</b>	<b>\$ (564,314)</b>
<b>Cash flows used in investing activities</b>		
Patent	(5,710)	(44,368)
Property & Equipment	-	(122,832)
<b>Net cash used in investing activities</b>	<b>\$ (5,710)</b>	<b>\$ (167,200)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity	706,704	1,649,190
<b>Net cash from financing activities</b>	<b>\$ 706,704</b>	<b>\$ 1,649,190</b>
<b>Decrease in cash and cash equivalents</b>	<b>48,174</b>	<b>917,676</b>
<b>Cash and cash equivalents, beginning of quarter</b>	<b>1,285,147</b>	<b>1,727,184</b>
<b>Cash and cash equivalents, end of quarter</b>	<b>\$ 1,333,321</b>	<b>\$ 2,644,860</b>
<b>Supplemental information of cash flows:</b>		
Income taxes paid in cash	\$ 957	\$ -
Subscription Receivable	\$ 110,025	\$ -

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



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

	<b>COMMON STOCK</b>						
	SHARES	AMOUNT \$	ADDITIONAL PAID-IN CAPITAL \$	DEFICIT \$	NCI \$	AOCI \$	STOCKHOLDERS' EQUITY \$
<b>Balance August 31, 2017</b>	67,975,761	67,976	16,108,270	(13,169,939)	(238,476)	-	2,767,831
Non-controlling interest	-	-	(318,820)	-	248,820	-	(70,000)
Shares issued for services	647,690	648	780,408	-	-	-	781,056
Stock based compensation	-	-	2,602,239	-	-	-	2,602,239
Warrants issued for services	-	-	1,063,270	-	-	-	1,063,270
Exercise of stock options	545,875	546	93,156	-	-	-	93,702
Exercise of warrants	6,364,145	6,363	1,767,159	-	-	-	1,773,522
Net loss	-	-	-	(6,598,843)	(10,344)	-	(6,609,187)
Other comprehensive loss	-	-	-	-	-	(14,247)	(14,247)
<b>Balance August 31, 2018</b>	75,533,471	75,533	22,095,682	(19,768,782)	-	(14,247)	2,388,186
Shares issued for services	250,000	250	234,250	-	-	-	234,500
Stock based compensation	-	-	626,692	-	-	-	626,692
Warrants issued for services	-	-	52,817	-	-	-	52,817
Exercise of stock options	430,000	430	65,820	-	-	-	66,250
Exercise of warrants	1,626,513	1,627	794,496	-	-	-	796,123
Private Placement	947,150	947	1,469,363	-	-	-	1,470,310
Net loss	-	-	-	(4,099,420)	-	-	(4,099,420)
Non-controlling interest	-	-	-	-	(58,993)	-	(58,993)
Other comprehensive income	-	-	-	-	-	14,247	14,247
Subsidiary Investment	-	-	833,333	-	166,667	-	1,000,000
<b>Balance August 31, 2019</b>	78,787,134	78,787	26,172,453	(23,868,202)	107,674	-	2,490,712
Stock based compensation	-	-	162,414	-	-	-	162,414
Warrants issued for services	-	-	70,752	-	-	-	70,752
Private Placement	1,579,245	1,579	705,125	-	-	-	706,704
Subscription Receivable	244,500	245	109,780	-	-	-	110,025
Net loss	-	-	-	(907,313)	-	-	(907,313)
Non-controlling interest	-	-	-	-	(17,450)	-	(17,450)
<b>Balance November 30, 2019</b>	80,610,879	80,611	27,220,524	(24,775,515)	90,224	-	2,615,844

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



**LEXARIA BIOSCIENCE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2019**  
**(Expressed in U.S. Dollars)**

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**1. Organization, Business and Going Concern**

Lexaria Bioscience Corp. (“Lexaria”, or the “Company”) was formed on December 9, 2004 under the laws of the State of Nevada. In March of 2014, the Company began its entry into the bioscience and alternative health and wellness business and in May 2016, the Company commenced out-licensing its patented DehydraTECH™ technology (the “Technology”) for improved delivery of bioactive compounds that promotes healthy ingestion methods, lower overall dosing and higher effectiveness in active molecule delivery. The Company has its office in Kelowna, BC, Canada.

The Company’s unaudited interim consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles (US GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of results for a full year.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements and notes thereto included in our annual report filed on Form 10-K for the year ended August 31, 2019.

The Company’s unaudited interim consolidated financial statements have been prepared in accordance with US GAAP 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 recurring losses from operations and net capital deficiency raise substantial doubt about the Company’s ability to continue as a going concern.

The Company requires additional funds or revenues to maintain its operations and developments. 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.

**2. Business Risk and Liquidity**

The Company is subject to several categories of risk associated with its operating activities. The production and sale of alternative health products 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 businesses 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. 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, and failing to obtain or retain required licenses could have a materially adverse effect on the Company.

Lexaria and its subsidiaries are not involved directly or indirectly in the cultivation, processing, distribution, or utilization of cannabis or cannabis derived components. All of Lexaria’s consumer products utilize legally sourced hemp and hemp components in their production. Lexaria does have an ancillary involvement risk via out-licensing of its patented technology to licensees that choose to utilize its Technology to manufacture products that contain locally or state approved but federally regulated and controlled contents. There can be no guarantee that changes in the regulatory framework and environment will not occur and such changes could have a materially adverse effect on the Company.

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Lexaria and its subsidiaries are not involved directly or indirectly in the production or sale of any products containing nicotine. Products containing nicotine have historically been involved in litigation in the USA. Lexaria's corporate licensee may introduce products containing nicotine that utilize Lexaria's Technology to the US consumer market, which could therefore introduce third-party risks to Lexaria.

### **3. Significant Accounting Policies**

The significant accounting policies of the Company are consistent with those of our audited financial statements on Form 10-K for the year ended August 31, 2019.

### **4. Basis of Consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries; Lexaria CanPharm ULC, PoViva Corp., Lexaria Hemp Corp., Kelowna Management Services Corp. and Lexaria Pharmaceutical Corp., and our 83.333% subsidiary Lexaria Nicotine LLC (16.667% Altria Ventures Inc., an indirect wholly owned subsidiary of Altria Group, Inc.). All significant intercompany balances and transactions have been eliminated.

### **5. Estimates and Judgments**

The preparation of financial statements in conformity with U.S GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Some of the Company's accounting policies require us to make subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. These accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. Although we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used. Changes in the accounting estimates used by the Company are reasonably likely to occur from time to time, which may have a material effect on the presentation of financial condition and results of operations.

The Company reviews these estimates, judgments and assumptions periodically and reflect the effects of revisions in the period in which they are deemed to be necessary. We believe that these estimates are reasonable; however, actual results could differ from these estimates.

In preparing these unaudited interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended August 31, 2019.

### **6. Recent Accounting Guidance**

In February 2016 FASB issued ASU No. 201602, Leases (Topic 842) which supersedes FASB ASC Topic 840, Leases (Topic 840) and provides principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and the lessors. The new standard requires the lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. The classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right of use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. In November 2019 FASB issued ASU No 201910 revised the effective date based on updated criteria with the effective date for fiscal years beginning after December 15, 2020. When adopted, the Company does not expect this guidance to have a material impact on its consolidated financial statements.





In June 2016, the FASB issued a new standard to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available for sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. In November 2019 FASB issued ASU No 201910 revised the effective date based on updated criteria with the effective date for fiscal years beginning after December 15, 2022. Application of the amendments is through a cumulative effect adjustment to deficit as of the effective date. The Company is currently assessing the impact of the standard on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 201802, Income Statement–Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act enacted by the U.S. federal government on December 22, 2017 (the “2017 Tax Act”). Consequently, the amendments eliminate the stranded tax effects resulting from the 2017 Tax Act and will improve the usefulness of information reported to financial statement users. The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The Company adopted the ASU on September 1, 2019 for a \$NIL effect.

In June 2018, the FASB issued ASU No. 201807, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share Based Payment Accounting. This is a simplification that involves several aspects of accounting for nonemployee share-based payments resulting from expanding the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The Company adopted the ASU on September 1, 2019 for a \$NIL effect.

## 7. Accounts and Other Receivables

	November 30 2019	August 31 2019
	\$	\$
Trade and deposits receivable	5,458	5,727
Territory license fee receivable	124,324	106,000
Sales tax receivable	86,094	161,418
Subscription receivable	110,025	-
	<b>325,901</b>	<b>273,145</b>

## 8. Inventory

	November 30 2019	August 31 2019
	\$	\$
Raw materials	58,806	45,068
Finished goods	74,750	82,328
	<b>133,556</b>	<b>127,396</b>

During the period ended November 30, 2019, the Company wrote down \$NIL (2019 - \$7,182) of inventory to reflect its net realisable value.

## 9. Intellectual Property

The following is a list of US capitalized patents held by the Company

Issued Patent #	Patent Issuance Date	Patent Family
US 9,474,725 B1	10/25/2016	Food and Beverage Compositions Infused With Lipophilic Active Agents and Methods of Use Thereof
US 9,839,612 B2	12/12/2017	
US 9,972,680 B2	05/15/2018	
US 9,974,739 B2	05/22/2018	
US 10,084,044 B2	09/25/2018	
US 10,103,225 B2	10/16/2018	
US 10,381,440	08/13/2019	
US 10,374,036	08/06/2019	

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The Company also holds non-capitalized patents outside the US. A continuity schedule for capitalized patents is presented below:

	November 30 2019 \$	August 31 2019 \$
Balance – beginning	265,127	146,538
Addition	5,710	122,982
Amortization*	(1,421)	(4,393)
<b>Balance – ending</b>	<b>269,416</b>	<b>265,127</b>

\*The patents are amortized over their legal life of 20 years.

**10. Property & Equipment**

Year Ended August 31, 2019	Cost \$	Period Amortization \$	Accumulated Amortization \$	Net Balance August 31, 2019 \$
Leasehold improvements	259,981	(33,342)	(33,342)	226,639
Computers	63,964	(12,187)	(12,187)	51,777
Furniture fixtures equipment	34,220	(4,205)	(6,062)	28,158
Lab equipment	291,235	(6,546)	(6,546)	284,689
	649,400	(56,281)	(58,137)	591,263

Quarter Ended November 30, 2019	Cost \$	Amortization Period \$	Accumulated Amortization \$	Net Balance November 30, 2019 \$
Leasehold improvements	259,981	(12,740)	(46,082)	213,899
Computers	63,964	(4,920)	(17,107)	46,857
Furniture fixtures equipment	34,220	(1,759)	(7,821)	26,399
Lab equipment	291,235	(6,672)	(13,218)	278,017
	649,400	(26,091)	(84,228)	565,172

**11. Accounts Payable and Accrued Liabilities**

	November 30 2019 \$	August 31 2019 \$
<b>Accounts Payable</b>		
Trades payable	89,254	31,463
Sales tax payable	-	63,616
<b>Accrued Liabilities</b>		
Trades payable	3,775	41,332
<b>Balance – Ending</b>	<b>93,029</b>	<b>136,411</b>

**12. Common Shares and Warrants**

*Fiscal 2020 Activity*

During the period ended November 30, 2019 the Company closed, pursuant to two tranches, a non-brokered private placement for an aggregate total of 1,823,745 Units priced at \$0.45 each. Each Unit consists of one common share and one Share purchase warrant. Each warrant shall entitle the holder to acquire one common share of the Company for a period of two years at a price of \$0.80 per Share until the first anniversary of issuance for a period of 12 months, and thereafter at a price of \$1.20 for an additional 12 months until November 13, 2021 until the second anniversary of issuance. The Company paid \$3,937.50 and issued 8,750 broker warrants. The broker warrants have a term of 24 months and are each exercisable into one common share of the Company at a price of \$0.80 per Share until the first anniversary of issuance, and thereafter at a price of \$1.20 until the second anniversary of issuance. The fair value of these broker warrants was determined to be \$1,850, which were recorded as a share issuance cost within additional paid in capital for a net effect of \$Nil.





During the period ended November 30, 2019 the Company recognized \$70,752 in consulting expense for warrants granted to a consultant on vesting.

A summary of share issuance relating to option and warrant exercises, agreement requirements and debt settlement is presented below:

Type of Issuance	Number of Shares	Total Value
Private placement	1,823,745	\$ 820,685
	<b>1,823,745</b>	<b>\$ 820,685</b>

A continuity schedule for warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price \$
<b>Balance August 31, 2018</b>	3,286,274	0.72
Cancelled/Expired	(17,498)	0.59
Exercised	(1,626,513)	0.49
Issued	1,183,062	1.99
<b>Balance August 31, 2019</b>	<b>2,825,325</b>	<b>1.38</b>
Issued	2,057,495	0.80
<b>Balance November 30, 2019</b>	<b>4,882,820</b>	<b>1.14</b>

The fair value of share purchase warrants granted as broker warrants, compensation units, and compensatory warrants, was estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

	November 30 2019
Expected volatility	91%
Risk-free interest rate	2.87%
Expected life	2 years
Dividend yield	0.00%
Estimated fair value per warrant	\$ 0.28-\$0.43

A summary of warrants outstanding as of November 30, 2019 is presented below:

# of Warrants	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price \$
250,000	0.01 years	0.83
500,000	0.13 years	1.83
975,325	0.92 years	2.25
100,000	1.48 years	0.96
250,000	1.48 years	1.55
750,000	1.86 years	0.14
225,000	2.00 years	0.80
1,832,495	2.00 years	0.80
<b>4,882,820</b>	<b>1.46 years</b>	<b>1.14</b>



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**13. Stock Options**

The Company has established its 2007 Equity Incentive Plan, whereby the board of directors may grant up to 412,500 stock options to eligible employees and directors, the 2010 Stock Option Plan whereby the board of directors may, from time to time, grant up to 1,512,500 stock options to officers and employees; the 2014 Stock Option Plan whereby the board of directors may, from time to time, grant up to 2,107,500 stock options to directors, officers, employees, and consultants; and the 2019 Equity Incentive Plan whereby the board of directors may, from time to time, grant up to 7,838,713 stock options to directors, officers, employees, and consultants. Stock options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price of the Company's common shares on the day preceding the date of grant. The vesting terms of each grant are set by the board of directors.

***Fiscal 2020 Activity***

The Company granted in the period ending November 30, 2019:

Quantity	Exercise Price \$	Life (Years)
500,000 <sup>(1)</sup>	0.55	5
500,000 <sup>(2)</sup>	0.55	5
<b>1,000,000</b>	<b>0.55</b>	

<sup>(1)</sup> Options granted vest 50,000 on grant and the remainder based on contracted milestones

<sup>(2)</sup> Options granted vest 250,000 on grant and the remainder based on contracted milestones

A continuity schedule for stock options is presented below:

	Options	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value \$
<b>Balance August 31, 2018</b>	<b>4,800,000</b>	<b>0.71</b>		
Expired/cancelled	(1,415,000)	0.66		
Exercised	(430,000)	0.15		
Granted	2,048,000	1.00		
<b>Balance August 31, 2019</b>	<b>5,003,000</b>	<b>0.89</b>		
Granted	1,000,000	0.55		
<b>Balance November 30, 2019 (Outstanding)</b>	<b>6,003,000</b>	<b>0.84</b>	<b>3.41</b>	<b>931,800</b>
<b>Balance November 30, 2019 (Exercisable)</b>	<b>4,261,341</b>	<b>0.88</b>	<b>2.94</b>	<b>794,300</b>

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

	November 30 2019
<b>Expected volatility</b>	96%
<b>Risk-free interest rate</b>	1.66%
<b>Expected life</b>	5 years
<b>Dividend yield</b>	0.00%
<b>Estimated fair value per option</b>	\$ 0.39







**14. Revenues**

	November 30 2019 \$	November 30 2018 \$
Product sales	10,015	2,257
Licensing revenue	51,750	19,902
Freight revenue	317	50
	<b>62,082</b>	<b>22,209</b>

During the period ended November 30, 2019, the Company recognized \$37,750 of Intellectual Property Licensing fees and \$18,000 of Usage Fees (November 2018 - \$Nil and \$19,902). Licensing revenues are significantly concentrated on a single customer.

There was an increase in product sales in the current year compared to the previous years as the Company was able to solve some payment processing issues late in fiscal 2019, allowing for improved ability to conduct retail transactions. The Licensing fees consist of IP licensing fees for transfer of the Technology with the signing of definitive agreements for the DehydraTECH technology and usage fees. The Licensing fees include payments due upon transfer of the Technology and installment payments that are receivable within 12 months (Note 7).

**15. Related Party Transactions**

	Nov 30 2019 Total \$	Nov 30 2018 Total \$
<b>Management, consulting and accounting services</b>		
C.A.B Financial Services <sup>(1)</sup>	65,757	36,000
M&E Services Ltd. <sup>(1)</sup>	29,382	27,422
Docherty Management Limited <sup>(1)</sup>	56,730	34,278
Directors	16,717	-
	<b>168,586</b>	<b>97,700</b>

<sup>(1)</sup> C.A.B. Financial Services is owned by the CEO of the Company, M&E Services Ltd. is owned by the CFO of the Company, and Docherty Management Limited is owned by the President of the Company.

**Due to related parties:**

As at November 30, 2019, \$37,200 (August 31, 2019 - \$48,096) was payable to related parties included in due to related parties.

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

**16. Segment Information**

The Company's operations involve the development and usage, including licensing, of its proprietary nutrient infusion Technology. Lexaria is centrally managed and its chief operating decision makers, being the president and the CEO, use the consolidated and other financial information supplemented by revenue information by category of alternative health consumer products and technology licensing to make operational decisions and to assess the performance of the Company. The Company has identified two reportable segments: Intellectual Property Licensing and Consumer Products. Licensing revenues are significantly concentrated on one licensee.



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	IP Licensing	Consumer Products	Corporate	Consolidated Total
External revenue	\$ 51,750	\$ 10,332	\$ -	\$ 62,082
CoGS	\$ -	\$ (7,853)	\$ -	\$ (7,853)
Operating expenses	\$ (104,678)	\$ (42,020)	\$ (832,294)	\$ (978,992)
Segment loss	\$ (52,928)	\$ (39,541)	\$ (832,294)	\$ (924,763)
Total assets	\$ 678,429	\$ 133,556	\$ 1,934,088	\$ 2,746,073

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

**Management and Service Agreements:**

As at November 30, 2019, the Company is party to the following contractual commitments:

Party	Monthly Commitment	Expiry Date
C.A.B Financial Services	CAD \$29,167	January 1, 2022
Docherty Management Ltd.	CAD \$25,000	January 1, 2022
M&E Services Ltd.	CAD \$12,960	June 1, 2021
Corporate development	CAD \$1,000	Month to Month
Corporate development	CAD \$8,000	Month to Month
Investor relations and communications – Alex Blanchard Capital	CAD \$7,500	Month to Month
Office management	CAD \$10,000	August 15, 2022
Research & development	CAD \$3,854	Month to Month
Office rent <sup>(1)</sup>	CAD \$4,823	November 15, 2023

**Corporate Offices:**

(1) Corporate office and R&D lab space leased in Kelowna, British Columbia, Canada until November 15, 2023 with an option to extend an additional five years.

**18. Prepaid Expenses**

Prepaid expenses consist of the following at November 30, 2019 and August 31, 2019:

	November 30 2019	August 31 2019
Advertising & Conferences	\$ 54,587	\$ 39,143
Office & Insurance	\$ 41,480	\$ 29,784
	<b>\$ 96,067</b>	<b>\$ 68,927</b>

**19. Marketable Securities**

The components of Marketable Securities were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Total
August 31, 2019	\$	\$	\$	\$

Common stock	81,250	9,335	(12,124)	
<b>Total</b>	<b>81,250</b>	<b>9,335</b>	<b>(26,973)</b>	<b>63,612</b>
November 30, 2019				
Common stock	81,250	9,335	(40,972)	
<b>Total</b>	<b>81,250</b>	<b>9,335</b>	<b>(67,945)</b>	<b>22,640</b>

Unrealized losses from common stock are due to market price movements. Management does not believe any remaining unrealized losses represent other-than-temporary impairments based on our evaluation of available evidence.

## 20. Subsequent Events

- a) Subsequent to November 30, 2019, 110,000 options were exercised for a total of \$11,000.



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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***Cautionary Note Regarding Forward-Looking Statements***

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not statements of historical fact may be forward-looking statements. These statements relate to future events or our future financial performance. Any forward-looking statements are based on our present beliefs and assumptions as well as the information currently available to us. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "targets", "goal", "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" set forth in Item 1(A) in our annual report on Form 10-K, as filed with the Securities and Exchange Commission on November 14, 2019, 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. We caution you not to place undue reliance on any forward-looking statements as they speak only as of the date on which

such statements were made, and we undertake no obligation to update any forward-looking statement or to reflect the occurrence of an unanticipated event. New factors may emerge and it is not possible to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Our unaudited interim consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP). The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "C\$" or "CDN\$" refer to Canadian dollars and all references to "common shares" and "shares" refer to the common shares in our capital stock, unless otherwise indicated. The terms "Lexaria" "we", "us", "our" and "Company" mean Company and/or our subsidiaries, unless otherwise indicated.

### **Company and Business Overview**

We are a bioscience intellectual property (IP) research, development and licensing company for our patented lipid nutrient infusion DehydraTECH™ technology (the "Technology") and were incorporated in 2004 in Nevada. Our Technology improves delivery of bioactive compounds that promotes healthy ingestion methods, lower overall dosing and higher effectiveness in active molecule delivery.

The Company's food sciences activities include the development of our proprietary nutrient infusion technologies for the production of functional foods, and the production of enhanced food products under our consumer product brands, ViPova™, Lexaria Energy™, TurboCBD™ and ChrgD+™. The Company's Technology is believed to improve taste, rapidity and delivery of bioactive compounds that include cannabinoids, vitamins, Non-Steroidal Anti-Inflammatory Drugs (NSAIDs), nicotine and other molecules compared to what is possible without lipophilic enhancement technology. All of Lexaria's consumer product goods are made with commonly available food grade ingredients and are sold through e-commerce platforms and fulfillment centers.

Lexaria hopes to reduce other common, but less healthy administration methods such as smoking, as industry segments embrace the benefits of our technology for public health. The Company is aggressively pursuing patent protection in national jurisdictions around the world and has more than 50 patent applications pending worldwide. Due to the complexity of pursuing patent protection, the quantity of patent applications will vary continuously as each application advances or stalls. Lexaria is also filing new patent applications for novel new discoveries that arise from the Company's R&D programs and, due to the inherent unpredictability of scientific discovery, it is not possible to predict if or how often such new applications might be filed.

As at November 30, 2019, we have identified two reportable operating segments: Intellectual Property Licensing and Consumer Products.



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**Our Current Business**

Our Company’s business plan is currently focused on the development of strategic partnerships with licensees for our patented Technology in exchange for up front and/or staged licensing fees over time. Secondly and more generally, we continue to investigate national and international opportunities for development and distribution of the Company’s enhanced functional food and supplement product offerings; to investigate expansions and additions to our intellectual property portfolio; and to search for additional opportunities in alternative health sectors. This includes the acquisition or development of intellectual property if and when we believe it is advisable to do so.

Our current patent portfolio includes patent family grants relating to: Infused Food and Beverage Compositions and Methods of Use Thereof, pertaining to Lexaria’s method of improving bioavailability and taste, and the use of the Technology as a delivery platform for a wide variety of Active Pharmaceutical Ingredients (“APIs”) encompassing all cannabinoids including CBD and THC, fat soluble vitamins, non-steroidal anti-inflammatory pain medications (“NSAIDs”); and nicotine.

To date, the following patents have been awarded:

Issued Patent #	Patent Issuance Date	Patent Family
US 9,474,725 B1	10/25/2016	Food and Beverage Compositions Infused With Lipophilic Active Agents and Methods of Use Thereof
US 9,839,612 B2	12/12/2017	
US 9,972,680 B2	5/15/2018	
US 9,974,739 B2	5/22/2018	
US 10,084,044 B2	9/25/2018	
US 10,103,225 B2	10/16/2017	
US 10,381,440	8/13/19	
US 10,374,036	8/06/19	
AUS 2015274698	6/15/2017	
AUS 2017203054	8/30/2018	
AUS 2018202562	8/30/2018	
AUS 2018202583	8/30/2018	
AUS 2018202584	1/10/2019	
AUS 2018220067	7/30/2019	
AUS 2016367036	7/30/2019	
AUS 2016367037	8/15/2019	Stable Ready-to-Drink Beverage Compositions Comprising Lipophilic Active Agents

We are seeking additional patent protection for what we believe to be a unique process for the nutritional delivery of certain molecules such as Cannabinoids, Nicotine, Non-Steroidal Anti-Inflammatory Drugs (NSAIDs), and Vitamins. To achieve sustainable and profitable growth, our Company intends to control the timing and costs of our projects wherever possible. We have filed for patent protection of our Technology for additional compounds such as phosphodiesterase inhibitors, human hormones such as estrogen and testosterone and more.

During the period ended November 30, 2019, and up to the date of this report, we experienced the following significant corporate developments:

The Company closed a non-brokered private placement of unregistered securities for a total of 1,823,745 Units priced at \$0.45 each. Each Unit consists of one common share and one share purchase warrant. Each warrant shall entitle the holder to acquire one common share of the Company for a period of two years at a price of \$0.80 per Share until the first anniversary of issuance, and thereafter at a price of \$1.20 until the second anniversary of issuance. The Company paid \$3,937.50 and issued 8,750 broker warrants. The broker warrants have a term of 24 months and are each exercisable into one common share of the Company at a price of \$0.80 per Share until the first anniversary of issuance, and thereafter at a price of \$1.20 until the second anniversary of issuance. The fair value of these broker warrants was determined to be \$1,850, which were recorded as a share issuance cost within additional paid in capital for a net effect of \$Nil.

The Units were issued pursuant to registration exemptions either by way of the investor being an accredited investor as evidenced by the completion of an accredited investor certification, pursuant to Regulation D, Rule 506 (b), or a person representing that he is not a US person or acting on behalf of a US Person, pursuant to Regulation S, Rule 903, who purchased the securities in an offshore transaction and will bear the required regulatory hold period legends.

Subsequent to November 30, 2019, 110,000 options were exercised for a total of \$11,000.



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### **Research and Development**

Lexaria incurred \$107,463 (2018 \$96,973) in research and development expenditures during the period ending November 30, 2019. Specific R&D programs are in ongoing development and will be tightly related to our financial ability to undertake each research phase for each API. Due to our expanding portfolio coverage, we are continuing to examine accelerated timetable options for testing, research and development of each API.

The Company's plans to include *in vitro* absorption tests of our patented technology of molecules such as: Vitamin E, Ibuprofen, and Nicotine allowed us to perform testing on Nicotine with positive results. Our plan to conduct our first ever *in vivo* absorption tests on CBD also yielded positive results. Ongoing testing plans are proceeding to further define molecular compatibility, absorption rates, timing and viable formats of delivery.

The Company continually focuses on new R&D programs to investigate the potential of additional commercial applications for its technology. These include, but are not limited to ongoing programs to explore methods to integrate nanoemulsification chemistry techniques together with its technology and to further enhance intestinal bioabsorption rates with its technology, as well as ongoing programs to expand the types and breadth of product form factors into which its technology can be applied. Depending on how many of these tests are undertaken, R&D budgets are expected to vary significantly. It is in our best interests to remain flexible at this early stage of our R&D efforts in order to capitalize on potential novel findings from early-stage tests and thus re-direct research into specific avenues that offer the most reward.

### **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 Estimates**

Our consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles used in the



United States (US GAAP). Preparing 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 following aspects of our financial statements is critical to an understanding of our financials.

### ***Capital Assets***

Capital assets are stated at cost less accumulated depreciation and depreciated using the straight-line method over their useful lives or by units of production.

### ***Patents***

Capitalized patent costs represent legal costs incurred to establish patents. When patents reach a mature stage, any associated legal costs are comprised mostly of maintenance fees and are expensed as incurred. Capitalized patent costs are amortized on a straight-line basis over the remaining life of the patent.

### ***Revenue Recognition***

#### ***Product Revenue***

Revenue from the sale of alternative health products is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured, which typically occurs upon shipment. The Company reports its sales net of the amount of actual sales returns. Sales tax collected from customers is excluded from net sales.



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*Licensing Revenue from Intellectual Property*

We recognize revenue for license fees at a point in time following the transfer of our intellectual property, our patented lipid nutrient infusion technology DehydraTECH for infusing APIs, to the licensee, which typically occurs on delivery of documentation.

*Usage Fees from Intellectual Property*

We recognize revenue for usage fees when usage of our DehydraTECH intellectual property occurs by licensees infusing an API into one or more of their product lines for sale.

***Going Concern***

We have suffered recurring losses from operations. The continuation of our Company as a going concern is dependent upon our Company attaining and maintaining profitable operations and/or raising additional capital. The financial statements do not include any adjustment relating to the recovery and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should our Company discontinue operations. The recurring losses from operations and net capital deficiency raise substantial doubt about the Company's ability to continue as a going concern.

***Results of Operations for our Period Ended November 30, 2019 and November 30, 2018***

Our net loss and comprehensive loss and the changes between those periods for the respective items are summarized as follows:

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<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
<b>November 30</b>	<b>November 30</b>

	2019	2018	Change
<b>Revenue</b>	\$ 62,082	\$ 22,209	\$ 39,873
<b>General and administrative</b>	978,992	721,442	257,550
<b>Consulting fees &amp; Employees</b>	571,389	242,991	328,398
<b>Legal and professional</b>	52,355	96,652	(44,297)
<b>Net Loss</b>	<b>\$ (924,763)</b>	<b>\$ (701,391)</b>	<b>\$ (223,372)</b>

## Revenue

Licensing revenues of \$51,750 represent the majority of revenues during the period ended November 30, 2019 and reflect delays in usage fee revenues from existing licensees in Canada waiting for product approval from Health Canada on products, and other licensees initiating or ramping up their production. Licensing revenue was primarily based on expanded licence agreements entered into recognising the IP Territory Licensing fee, and existing licenses generating usage fees. Increasing ongoing usage fees are expected as licensees begin or ramp up products or when contracted minimum requirements become due.

Increases in revenues are expected during the 2020 calendar year.

Our licensing revenues consist of IP licensing fees for the transfer of the Technology at the signing of definitive agreements for the Technology. The additional licensing fees include payments due upon transfer of the Technology and installment payments that are receivable within 12 months (Note 7).

During the period ended November 30, 2019, our revenues were derived within the following categories: \$51,750 (November 2018 \$19,902) of intellectual property licensing revenue and \$10,332 (2018 \$2,307) in product and other revenues.



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***General and Administrative***

Our general and administrative expenses increased by \$223,372 during the period ended November 30, 2019. The increase was primarily due to non-cash expenses related to valuation of grants for service and share-based payments required by contracts totaling \$233,166, but also reflect contracts entered into during fiscal 2019. Increases included the new staff members as of January 2019, amortization of equipment and unrealized losses on marketable securities. Offsetting reductions included reduced advertising and patent filing costs.

***Interest Expense***

Interest expense for the period ended November 30, 2019 was \$Nil (2018 \$Nil). The Company has no debt at this time other than month-to-month receivables.

***Consulting fees***

Our consulting fees increased by \$242,991, almost entirely due to the non-cash share-based payments for services of \$233,166 but also reflect the contracts entered into with officers in fiscal 2019 and business development contracts.

***Legal and Professional Fees***

Our professional fees decreased by \$44,297 during the period primarily due to reduced patent and trademark filings, and fewer other advisory services utilized during the period. We recognize certain legal fees, tax advice fees, and accounting services all as "Professional Fees."

***Liquidity and Financial Condition***

	November 30 2019	August 31 2019
<b><i>Working Capital</i></b>		
<b>Current assets</b>	\$ 1,911,485	\$ 1,818,829
<b>Current liabilities</b>	\$ (130,229)	\$ (184,507)
<b>Net Working Capital</b>	<b>\$ 1,781,256</b>	<b>\$ 1,634,322</b>

The Company's working capital balance decrease during the year was limited due to exercises of outstanding options and warrants and the private placement (Note 12) completed during the year. The Company maintained a positive and relatively strong working capital position throughout the period.

	November 30 2019	November 30 2018
<b><i>Cash Flows</i></b>		
Cash flows (used in) provided by operating activities	\$ (762,845)	\$ (564,314)
Cash flows (used in) provided by investing activities	\$ (5,710)	\$ (167,200)
Cash flows provided by financing activities	\$ 816,729	\$ 1,649,190
<b>Decrease in cash</b>	<b>\$ 48,174</b>	<b>\$ 917,676</b>

***Operating Activities***

Net cash used in operating activities was \$762,845 for the period compared with cash used in operating activities of \$564,314 during the same period in 2018. This difference was largely due to the increased costs pertaining to consulting and staff wages.



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***Investing Activities***

Net cash used in investing activities was \$5,710 (2018 \$167,200) for the period due to the Company having incurred significant capital asset acquisition costs during fiscal 2019 and the patent and trademark filings in period relating to maintaining our portfolio.

***Financing Activities***

Net cash provided from financing activities was \$706,704 during the period ended November 30, 2019 compared to net cash provided of \$1,649,190 during the same period in 2018.

***Liquidity and Capital Resources***

We have accumulated a large deficit since inception that has primarily resulted from executing our business plan including research and development expenditures we have made in seeking to identify and develop our intellectual property patents for licensing and product creation. We expect to continue to incur losses for at least the short term.

To date, we have obtained cash and funded our operations primarily through equity financings and limited amounts from revenue generation while our licensees ramp up production and expansions. We expect to continue to evaluate various funding alternatives on an ongoing basis as needed to maintain operations, to continue our research programs and to expand our patent portfolio. If we determine it is advisable to raise additional funds, there is no assurance that adequate funding will be available to us or, if available, that such funding will be available on terms that we or our stockholders view as favorable.

Short Term Liquidity

At November 30, 2019 we had \$1.3 million in cash and cash equivalents. We believe our cash resources are sufficient to allow us to continue operations for at least the next six months from the date of this Quarterly Report.

### Long Term Liquidity

It will require substantial cash to achieve our objectives for developing and patenting our intellectual property across all applicable market and industry segments. This process typically takes many years and potentially millions of dollars for each segment. We will need to obtain significant funding from existing or new relationships, such as our research program with the Altria Group, increasing revenue streams or from other sources of liquidity such as the sale of equity, issuance of debt or other transactions.

The exact requirements will vary depending on the results of research programs and the requirements of each industry segment that we pursue. Pursuit of each segment will be prosecuted or curtailed based on available sources of cash with which to execute individual segment business plans. The requirements will also be affected by transactions with existing or new relationships and the depth of regulatory requirements in each segment for compliance required to approve our IP, to market and license it. These changes to requirements and transactions may impact our liquidity as well as affect our expenses if, for example, regulatory requirements necessitated additional testing incurring additional research time and costs and potentially delaying licensing our IP for a segment.

### **Item 3. 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.



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As of November 30, 2019, the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our President and CEO and CFO (also our Principal Executive and Financial Reporting and Accounting Officers), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President, CEO and the CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of November 30, 2019.

### ***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 November 30, 2019. 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 November 30, 2019, 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 GAAP. Our management reviewed the results of their assessment with our Board of Directors.

### ***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***

During the quarter ended November 30, 2019 our controls and controls processes remained consistent with August 31, 2019. There have been no changes in our internal controls over financial reporting that occurred during the quarter ended November 30, 2019 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.



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**PART II—OTHER INFORMATION**

**Item 1. 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 1A. Risk Factors**

Much of the information included in this quarterly report includes or is based upon estimates, projections or other "forward looking statements". Such forward looking statements include any projections or estimates made by us and our management in connection with our business operations. While these

forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

The risks associated with our business, common stock and other factors were the same as those described in the consolidated financial statements for the year ended August 31, 2019.



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**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

<b>Exhibit Number</b>	<b>Description</b>
<b>(3)*</b>	<b>Articles of Incorporation and Bylaws</b>
<a href="#">3.1*</a>	<a href="#">Articles of Incorporation</a>
<a href="#">3.2*</a>	<a href="#">Bylaws</a>
<b>(21)</b>	<b>Subsidiaries</b>
21.1	Lexaria Canpharm ULC, a British Columbia Canada corporation
21.2	Poviva Corp, a Nevada corporation
21.3	Lexaria Hemp Corp., a Delaware corporation
21.4	Lexaria Nicotine LLC, a Delaware corporation
21.5	Lexaria Canpharm Holding Corp., a Nevada corporation
21.6	Lexaria Pharma Corp., a Delaware corporation
<b>(31)</b>	<b>Rule 13(a) - 14 (a)/15(d) - 14(a)</b>
31.1*	Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Executive Officer
31.2*	Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer
<b>(32)</b>	<b>Section 1350 Certifications</b>
32.1	Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Executive Officer
32.2	Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer
<b>(101)**</b>	<b>Interactive Data Files</b>
<b>101.INS</b>	<b>XBRL Instance Document</b>
<b>101.SCH</b>	<b>XBRL Taxonomy Extension Schema Document</b>
<b>101.CAL</b>	<b>XBRL Taxonomy Extension Calculation Linkbase Document</b>
<b>101.DEF</b>	<b>XBRL Taxonomy Extension Definition Linkbase Document</b>
<b>101.LAB</b>	<b>XBRL Taxonomy Extension Label Linkbase Document</b>
<b>101.PRE</b>	<b>XBRL Taxonomy Extension Presentation Linkbase Document</b>

\*Incorporated by reference to same exhibit filed with the Company's Registration Statement on Form SB-2 dated January 10, 2006.

\*\* 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.



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#### 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 BIOSCIENCE CORP.

By: /s/ Christopher Bunka  
Christopher Bunka  
Chief Executive Officer, Chairman and Director  
(Principal Executive Officer)  
Date: January 8, 2020

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  
Chief Executive Officer, Chairman and Director  
(Principal Executive Officer)  
Date: January 8, 2020

By: /s/ John Docherty  
John Docherty  
President and Director  
Date: January 8, 2020

By: /s/ Allan Spissinger  
Allan Spissinger CPA, CA  
Chief Financial Officer  
(Principal Financial Officer)  
Date: January 8, 2020



**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 Quarterly Report on Form 10-Q of Lexaria Bioscience 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 first 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: January 8, 2020

*/s/ "Chris Bunka "*

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Chris Bunka  
CEO and Director  
(Principal Executive Officer)

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

I, Allan Spissinger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lexaria Bioscience 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 first 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: January 8, 2020

/s/ "Allan Spissinger"

Allan Spissinger CPA, CA  
Chief Financial Officer and Treasurer  
(Principal Financial Officer and Principal Accounting  
Officer)



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 Quarterly Report on Form 10-Q of Lexaria Bioscience Corp. for the quarter ended November 30, 2019 (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 Bioscience Corp.

**Dated: January 8, 2020**

*/s/ " Chris Bunka "*

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Chris Bunka  
CEO and Director  
(Principal Executive Officer)  
Lexaria Bioscience 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 Bioscience Corp. and will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Allan Spissinger, 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 Quarterly Report on Form 10-Q of Lexaria Bioscience Corp. for the quarter ended November 30, 2019 (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 Bioscience Corp.

Dated: January 8, 2020

*/s/ "Allan Spissinger "*  
\_\_\_\_\_  
Allan Spissinger CPA, CA  
Chief Financial Officer and Treasurer  
(Principal Financial Officer and Principal Accounting  
Officer)  
Lexaria Bioscience 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 Bioscience Corp. and will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.