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No statement within has been evaluated by the Food and Drug Administration, and no product or service is intended to diagnose, treat, cure or prevent any disease.
Lexaria Bioscience has developed a new disruptive drug delivery platform: DehydraTECH™

Patented technology changes the way Active Pharmaceutical Ingredients (“APIs”) enter the body orally:

1) Masks unwanted tastes
   Eliminates the need for sugar-filled edibles.
2) Reduces the time of onset
   Effects are felt within 15-20 min (vs. 60-120 min).
3) Avoids first-pass liver metabolism
   Mitigating unwanted side effects.
4) Increases bio-absorption: 5-10X
   Equates absorption by inhalational delivery.

DehydraTECH™ technology patent covers multiple APIs:
   Cannabinoids - Cannabidiol (CBD), Tetrahydrocannabinol (THC),
   Non steroidal anti-inflammatory pain medications (NSAIDs),
   Nicotine (and its analogs),
   Fat soluble vitamins.

Business Model:
   Out-license (royalty) technology to third party partners,
   Sales of Lexaria products.
19 patent applications filed:

In the US and internationally under the Patent Cooperation Treaty (PCT), including national/regional filings covering 44 countries.

Patents granted - name a broad range of lipophilic bioactives and food/carrier particles that can be formulated and delivered using Lexaria’s DehydraTECH™ technology.

- Non-psychoactive cannabinoids (CBD)
- Psychoactive cannabinoids (THC), NSAIDs,
- Nicotine (and its analogs),
- Fat soluble vitamins.

Applicable to many consumer/pharma product dosage forms (foods, liquid emulsions, tablets, capsules, etc.).

Patent grant October 26, 2016

Patent grant December 13, 2017
Lexaria transforms the way Active Pharmaceutical Ingredients ("APIs") enter the bloodstream through the Gastrointestinal Tract

Lexaria’s Patented DehydraTECH™:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Traditional Delivery</th>
<th>DehydraTECH™ Delivery</th>
<th>Lexaria Science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taste</td>
<td>Bad tasting</td>
<td>Flavor masking for poor tasting compounds</td>
<td>Fatty acids are believed to block and shunt bound ingredients away from bitter taste receptors*</td>
</tr>
<tr>
<td>Stomach</td>
<td>Largely destroyed by stomach acid</td>
<td>Protection during stomach transit</td>
<td>Lipids enable gastric protection and rapid passage**</td>
</tr>
<tr>
<td>Liver Bypass</td>
<td>Broken down by the liver</td>
<td>Bypasses first pass liver metabolism</td>
<td>Trojan Horse: Long-chain fatty acids bypass first pass liver metabolism***</td>
</tr>
<tr>
<td>Bioabsorption</td>
<td>Unable to significantly cross intestinal wall</td>
<td>5-10x amplified intestinal absorption</td>
<td>Small intestine quickly absorbs long-chain fatty acids into lymphatics***</td>
</tr>
</tbody>
</table>

The Result...

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Traditional</th>
<th>Lexaria DehydraTECH™</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bioavailability</td>
<td>LOW</td>
<td>HIGH</td>
</tr>
<tr>
<td>Time of Onset</td>
<td>60-120 minutes</td>
<td>15-20 minutes</td>
</tr>
</tbody>
</table>

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*Coupland & Hayes (2014). Pharm Res. Nov 31(11); 2921-2939
How does DehydraTECH™ work?

**Process:**
1) Combine API and Fatty Acid Oil

```
CH3
H

C=O

H

H

H

H

H

+ 

HO

O

H

H

H

H

+ 

H2O

\[ \text{dehydration synthesis} \]
```

- e.g.: THC
- LCFA: sunflower oil

2) Apply to food/carrier particles

- e.g.: mannitol, gum Arabic, etc.

3) Perform dehydration procedure

**Results:**

- Fatty acids are believed to block and shunt bound APIs away from bitter taste receptors*

- Lipids enable gastric protection and rapid passage**

- Small intestine quickly absorbs LCFAs into lymphatics (bypassing first pass liver effect) and MCFAs via the liver***

*Coupland & Hayes (2014). Pharm Res. Nov 31(11); 2921-2939

API = Active Pharmaceutical Ingredient
LCFA = Long Chain Fatty Acid; MCFA = Medium Chain Fatty Acid
Cannabinoids

- Ingestible product formats of all types,
- Enhanced palatability, speed of effectiveness and potency,
- Viable and healthier alternative to smoking/vaping.

Vitamins

- Existing and new ingestible product formats,
- Enhanced absorption performance for synthetics as well as natural fat soluble vitamins (A, D, K & E).

NSAIDs

- Alternate means to formulate NSAIDs,
- Higher bioavailability,
- Lower input requirements,
- Less burden on liver and kidneys (lower toxicity).

Nicotine

- World’s first ingestible nicotine products,
- Alternative to smoking/vaping, gums and patches,
- High bioavailability without first pass liver metabolism.

Estimated Global Market Sizes

- $8B
- $31B
- $60B
- $770B

Sources: ArcView Research & EuroMonitor
Cannabinoids: Plant-to-bloodstream

3 prominent ways cannabinoids enter the blood stream:

1) Inhalation
   - High bioavailability (est. 30%)
   - Harmful to Lungs

2) Sub-lingual (under tongue)
   - Medium bioavailability (est. 16%)
   - Foul taste

3) Oral – Gastrointestinal Tract
   - Low bioavailability (est. 3-5%)
   - Sugar filled, to mask taste

Lexaria transforms the way cannabinoids enter the bloodstream through the Gastrointestinal Tract

Fast acting, tasteless, increased bioavailability.
In vitro Absorption Study
Aug 2015, showed 499% increase in CBD bio absorption in human intestinal tissues.

Human Biomarker Study
Jan 2016, human subjects, 5-10 X increase in salivary nitric oxide (CBD surrogate) within 15-30 min.

Human Focus Study
Mar 2016, 15-20 minutes for onset of THC effects from chocolates in human volunteers.

Collaborative research agreement with NRC
Signed Feb 2017, C$250,000, 18 month term, research underway.

Topical skin cream research
Announced Dec 2017, testing to begin Q1 2018.

Nicotine in edible formats
Lab contracted for *in-vivo* testing Q1 2018.
Will test gastrointestinal distress and absorption times.
Cannabis regulatory environment

Regulation trend to prohibit / limit smoking:
Florida, Pennsylvania, California, numerous US city councils, Canada.

Regulation trend to limit dosage in edibles:
State of Nevada, Jul 1, 2017
Max THC for edibles: 100mg/package and 10mg/serving,
State of California, Jan 1, 2018
Max THC for edibles: 100mg/package and 10mg/serving.

These trends increase the market need for fast-acting, high-absorption, alternative delivery methods – which is Lexaria’s specific focus.
Out-licensing DehydraTECH™ to third-party partners using high margin royalty model

Initial focus on THC / CBD edibles manufacturers:
- First licensee - cannabis chocolate company located in Colorado with expansion rights,
- Advanced discussions underway with 10+ other U.S. edibles manufacturers with annual sales from $5M to $+50M each,
- Lexaria targets 5-10% royalty on gross sales plus individual market territory access fees per licensee,
- Future targets will be multi-national manufacturers in the multi-billion dollar vitamin, supplement, pain reliever and nicotine marketplaces.

Secondary focus on selling Lexaria CBD edibles
- TurboCBD™ capsules & ViPova™ teas,
- Distribution partnerships sought to grow revenues.
Nicotine: a smoke-free future

Regulatory pressure against cigarettes is increasing:
FDA to pursue lowering nicotine in cigarettes to non-addictive levels (July 2017).

Big Tobacco responds:
Phillip Morris – pledges $1B to anti-smoking, shuffles management toward smoke-free future (Sept 2017),
British American Tobacco – to rapidly grow sales of next generation products to £5B by 2022 (Oct 2017).

Nicotine Edibles?
There are currently NO edible nicotine products in the marketplace due to nicotine’s inability to securely pass through the human GI tract without GI-irritation.

Lexaria will conduct animal in vivo studies in Q1 2018 to test DehydraTECH™ - nicotine entering the GI tract
Will test gastrointestinal distress and absorption times.
If successful, it may be a dramatically disruptive development within a $770B industry that is investing heavily in smoke-free alternatives.

FDA announces comprehensive regulatory plan to shift trajectory of tobacco-related disease, death.
Agency to pursue lowering nicotine in cigarettes to non-addictive levels and create more predictability in tobacco regulation.
-- FDA; July 28 2017

Philip Morris shuffles management on its quest toward a smoke-free future
-- CNBC; September 28 2017

British American Tobacco to rapidly expand “next-gen products”
-- Financial Times; October 25 2017
NSAIDs: new pain relief solution

NSAIDs (nonsteroidal anti-inflammatory drugs) are among the most common pain relief medicines in the world

- Most common are acetylsalicylic acid (ASA) and ibuprofen,
- Generally a safe and effective treatment method for pain, but associated with a number of gastrointestinal problems including dyspepsia and gastric bleeding.

NSAIDs undergo significant liver biotransformation into inactive metabolites after ingestion

- Requires high quantities of active substance to offset the bioavailability loss from liver processing.

Lexaria’s DehydraTECH™ technology bypasses the liver

- Offering an alternate means to formulate oral NSAID products with lower active substance.

Greater effectiveness at pain killing through higher bioavailability could lead to a reduction in current opioid use

- Opioids (e.g. morphine) are the largest pain management sector but are known to cause dependence and are a leading cause of drug death through abuse and overuse,
- 91 Americans die every day from an opioid overdose (www.cdc.gov),
- Opioid epidemic is now a US public health emergency.

Lexaria to begin testing DehydraTECH™ for NSAIDs during 2018

Potential to develop a new drug delivery platform for pain medicines.
Vitamins: alternate delivery methods

Vitamins can be divided into two broad categories

- Water soluble,
- Fat soluble (including vitamins A, D, K and E).

Fat soluble vitamins are generally harder to absorb in the intestines

- Food and supplement manufacturers often use synthetic versions or other variants to increase bioavailability.

Lexaria’s DehydraTECH™ technology offers an alternative

- Alternative means to formulate fat soluble vitamins into oral ingestible products,
- Increased bioavailability, greater overall delivery performance.

Lexaria to begin testing DehydraTECH™ for vitamins during 2018
Key executives & advisors

Chris Bunka - Chairman & CEO
Serial entrepreneur involved in several private and public companies since the late 1980’s. Extensive experience in the capital markets, corporate governance, M&A and finance.

John Docherty, M.Sc. - Director & President
Over 20 years of senior executive experience in the pharmaceutical and bioscience sectors with an emphasis in the development of drug delivery technologies. Former President and COO of Helix BioPharma Corp. (TSX: HBP). Named inventor on multiple issued and pending patents. M.Sc. in pharmacology and B.Sc. in toxicology from the University of Toronto.

Ted McKechnie – Director
Senior entrepreneurial executive with extensive senior management / board experience in the consumer goods industry in National and Retail brands. Former President and COO of Maple Leaf Foods and executive positions with Kraft, Frito Lay, General Foods, PepsiCo, and Philip Morris Companies. Founder, Chairman and CEO of Canada’s Technology For Food.

Dr. Edward Ergenzinger - Advisor
U.S. licensed patent attorney, doctorate in Neuroscience (with concentrations in Pharmacology and Physiology). Over 15 years of experience providing patent services to clients that have ranged from small start-ups to some of the world’s largest pharmaceutical and biotechnology companies.

Dr. Philip Ainslie - Advisor
Co-Director for the Centre for Heart, Lung and Vascular Health, Canada, Research Chair in Cerebrovascular Physiology and Professor, School of Health and Exercise Sciences, Faculty of Health and Social Development at the University of British Columbia.
Stock Information

Trading symbol: CSE:LXX, OTCQB:LXRP
Shares o/s: 70 m
Fully diluted: 80 m
Recent price: C$2.15 / US$1.69
Insider ownership: 15m (21%)
Fiscal year-end: August 31
Cash on hand: US$ 2.5M (Aug 31), US$0.3M received in subsequent warrant exercises.

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