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After the initial surge of interest in the Medical Marijuana sector, things leveled off with the uncertainty around long wait times for Licenses from Health Canada.

I think the market was ahead of itself, we all should know that Government bureaucracy slows things down. It could be a lot worse when you consider a mining permits in Canada probably takes 5 to 10 years, but

One company that is doing things right and not just waiting around for a license is Lexaria.

I have met with the Principals of the company a few times over the past several months and believe now is the time for Investors to take a serious look at:

**Lexaria Corp TSXV:LXX OTC:LXRP Recent Price C\$0.15 US\$0.13**  
52 week trading range C\$0.06 to C\$0.65 **The stock trades more volume on US side than Canada**

Shares out approx. 35.5 million

#### **What I like about Lexaria,**

LXX has **their medical marijuana application in and have taken the right steps** to get the Government approval, but they continue to be active on other fronts with large potential related to the sector.

LXX is in a JV with Enertopia CSX"TOP, who is paying 45% of the costs to license and develop a Grow facility in Hamilton Ont. **Enertopia can earn 51%. This JV reduces the expense for LXX**

LXX had producing oil assets and **negotiated the sale of these for US\$1.4 million before the Oil market collapsed** and this really helped the balance sheet.

While progressing towards a license they have **obtained a patent pending technology that provides a good delivery system to the body of beneficial Cannabinoids**. So far they are selling this in form of a tea (ViPova Tea). It is not Marijuana and has no THC so it is completely legal to sell in all U.S. states and many countries abroad.

**Don't under estimate Tea.** Last week a Canadian Tea company announced a US\$75 million IPO. According to the US Tea Association, Americans consumed over 79 billion servings of tea in 2012,

**The CEO and Chairman has been aggressively buying the stock on the market**

## Management

**John Docherty, MSc, President**, has over 20 years experience in the pharmaceutical and biopharmaceutical industries. He was former President and CEO of Helix BioPharma Corp., where he led the company's pharmaceutical development programs for its plant and recombinantly derived therapeutic protein product candidates. At Helix, Mr. Docherty was also instrumental in the areas of investor/stakeholder relations, capital raising, capital markets development, strategic partnering, regulatory authority interactions and media relations, and he also served as a management member of its board of directors.

Prior to this, Mr. Docherty was president and a board member of PharmaDerm Laboratories Ltd., a Canadian drug delivery company that developed unique microencapsulation formulation technologies for use with a range of active compounds. Mr. Docherty has also held positions with companies such as Astra Pharma Inc., Nu-Pharm Inc. and PriceWaterhouseCoopers's former global pharmaceutical industry consulting practice. He is a named inventor on issued and pending patents and he has an MSc in pharmacology and a BSc in toxicology from the University of Toronto.

**Chris Bunka, Chairman and CEO** since October, 2006. Since 1988, Mr. Bunka has been CEO of two privately-held holding companies. He is a venture capitalist and corporate consultant and formerly, a business commentator and author. He brings to Lexaria extensive experience in the capital raising markets, corporate governance, project acquisition and finance. He has assisted in raising growth capital for many firms since 1998. Mr. Bunka is primarily focused on the development of growth companies and was formerly the Chairman and CEO of Enertopia Corp, a publicly traded company in Canada and the United States that is now a leader in the Canadian medical marijuana sector.

**Bal Bhullar, CFO, Director** brings 20 years of diversified financial and risk management experience program development, corporate financing, and corporate governance/internal controls in both private and public companies, including mining, marine, oil & gas, and energy industries. 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. Ms. Bhullar is a Certified General Accountant and holds a CRM designation from Simon Fraser University and a diploma in Financial Management from British Columbia Institute of Technology.

## Project and Products

Lexxari has a 49% interest in a large Marijuana grow facility in Hamilton Ontario and has had their application into Health Canada for almost a year now.

I am not concerned how long it takes to get this license as the bigger potential and near term potential is their ViPova Tea. You may think Tea is kind of trivial or taken for granted. I am a coffee drinker myself and I bet you will be surprised about Tea and ViPova is not just another Tea but very unique.

In fact I learned the tea can be any of a number of products, and it is used to transport something very special.

## ViPova Tea

Globally, tea is the most widely consumed beverage in the world after water, with over three billion servings of tea per day. According to the Tea Association of the USA Inc., Americans consumed over 79 billion servings of tea in 2012, its popularity far outstripping any alternative health sector. On any given day, over 150 million Americans consume tea, **and 84% of all tea consumed is black tea.**

As I mentioned above, Canadian Tea company, David's Tea is expanding with a \$75 million IPO in the U.S. This specialty tea chain with a distinctive teal and white logo was founded in 2008 by entrepreneur David Segal and his cousin Herschel Segal, founder of the fashion chain Le Chateau. It has 158 stores across Canada and the U.S. and is known for a creative lineup of 150 loose-leaf tea blends, many of them rotating on a seasonal basis.

**In 2012 Starbucks bought out Teavana, a seller of high-end teas, for \$620 million in cash.**

### Tea is big business

Lexaria has initially acquired 51 per cent of PoViva Corp., and can ultimately acquire up to 75 per cent of the company through staged transactions. PoViva literally means "taking in life."

**PoViva uses a patent-pending process to bind active Cannabinoids (CBD) ingredients with a lipid**, allowing for a more efficient and comforting delivery of the CBD than competing products that do not have the benefit of the company's patent-pending process. PoViva owns two patents pending that govern the process used to infuse the CBD into food products, and both patents pending are part of the acquisition.

Founder of PoViva, Marian Washington, lends her extensive leadership and knowledge of athletic physiology to the company. Ms. Washington has master's degree in biodynamics and administration and was awarded an honorary doctorate from West Chester State College. For 30 years, Ms. Washington served as head woman's basketball coach of prominent division one university. Ms. Washington has been received into multiple halls of fame, received prominent athletic leadership awards, and coached national and international teams, including coaching the 1996 Olympic woman's basketball team to a gold medal.

Michelle Reillo, PhD, the co-founder of PoViva, will drive production and new products within PoViva as the product and research manager. Ms. Reillo has a BSc in nursing; an MS in gerontology; and a PhD in education. She has extensive experience with both federal and private proposal development and submission and research projects, including CDC, NIH, NCI, NIDA and AmFar. She is a former clinical director of Hyperbaric Medical Clinic. Ms. Reillo is the author of *AIDS Under Pressure* and pioneered retroviral research in hyperbaric medicine and HIV/AIDS. She is the author of many highly regarded research papers in the medical community.

ViPova Tea is completely legal because the Cannabinoids are derived from Hemp Oil which is legal to import and use in the U.S. Cannabinoids are of more beneficial medical use than the THC in Marijuana.

A new study from Orrin Devinsky, MD, of the New York University School of Medicine, suggests that Cannabidiol (CBD) may radically reduce seizures in patients with epilepsy.

<http://financialpress.com/2014/11/24/epilepsy-seizures-drops-50-in-cannabidiol-study/>

It is currently not available in Canada as rules under Canada's Medical Marijuana are more complex

Hemp refers to strains of *Cannabis sativa* that have been bred specifically for fiber used for clothing and construction, oils and topical ointments, nutritional benefits and a wide and growing variety of other purposes that don't involve intoxication.

“The [legal] definition of hemp is a plant that has low THC and perhaps has a higher level of CBD,”

Cannabis is believed to be one of the oldest domesticated crops. Throughout history, humans have grown different varieties of cannabis for industrial and medical uses. Tall, sturdy plants were grown by early civilizations to make a variety of foods, oils and textiles, such as rope and fabrics.

ViPova Tea is legal in all 50 States so Lexaria does not have the impedance barrier that is in front of most of the other Public companies in the sector

### I think of Lexaria more as a Health Food Company



Humans were meant to receive the benefits of Cannabinoids as there are Cannabinoid Receptors in the body known as CB1 and CB2

**CB1 receptors are primarily located on nerve cells in the brain, spinal cord, but they are also found in some peripheral organs and tissues such as the spleen, white blood cells, endocrine gland and parts of the reproductive, gastrointestinal and urinary tracts. In the brain, the CB1 receptors are abundant in the cerebellum, basal ganglia, hippocampus and dorsal primary afferent spinal cord regions, which is why cannabinoids influence functions such as memory processing, pain regulation and motor control.**

**CB2 receptors** are mainly found on white blood cells, in the tonsils and in the spleen. The immune cells also express CB1, although there are fewer of them than CB2. In the immune system, one important function of the cannabinoid receptors is the regulation of cytokine release. Stimulation of the CB1 receptor produces marijuana-like effects on the psyche and circulation, while no such effect is seen when the CB2 receptor is activated. Therefore, selective CB2 receptor agonists have become increasingly popular subjects of research for their potential anti-inflammatory and anti-cancer effects.

Now anyone can mix some leaves together and brew a tea, but to derive the most benefit of any vitamins, proteins and such a delivery system is required for the body to absorb them. Just as vitamins in different forms can be absorbed better by the body, PoViva's patent-pending process to combine Cannabinoids with lipids is what makes the difference.

**In fact these patents allow the cannabinoids to “hide” inside the lipids, coaxing the body to digest the lipids – which it usually does very efficiently – and giving the cannabinoids a theorized more effective pathway to the body.**

This is a really big deal if the science holds up. In conversations with CEO Chris Bunka I learned that Lexaria is trying to stake a claim to some valuable land: the land of intellectual property. And Lexaria’s ambitions here are enormous, the existing patents-pending are for both CBD and THC. And it sounds as though the company is working on additional intellectual property that they hope to claim.

Consulting to the company are two PhD’s and three Master’s level experts – Lexaria has quietly built one of the strongest intellectual teams in this sector anywhere in Canada or the USA. Imagine that, if they pull all the pieces together, they could even be licensing their technology to other firms for the delivery of CBD in food, and the more efficient delivery of THC for medical marijuana patients in those areas where MMJ is legal.

Cannabinoids are not that tasty so it is important that binding with lipids also improves taste

**ViPovia uses China Black Tea Leaves that have a reputation as the best in the World and with the most Health Benefits, so combining this with Cannabinoids has the potential to make this the Cadillac of the Tea/Health market!!**

<http://www.teavivre.com/info/health-benefits-of-black-tea/>

Lexaria will strive to make its name synonymous with rejuvenation and healthy living. Lexaria believes that feelings of good health are a luxury to be enjoyed by all and will introduce products aimed to provide comfort and well-being. The company is currently conducting its investigation of entering several popular food and drink sectors where its patent-pending cannabidiol delivery might prove particularly popular.

Lexaria has just begun selling the PoViva Teas **as its first CBD-infused product** using its patent-pending processes. It is selling for US\$99 and that makes around 60 cups of Tea

Couple weeks ago they announced the manufacturing of delicious ViPova tea in conventional tea bags. Over 80% of all tea sold in North America is sold within tea bags. Simplicity of use should make it easier for consumers to achieve more consistent portions and cannabidiol per serving.

This will allow Lexaria the opportunity to offer its tea in smaller retail packages at lower cost to its customers. This should be available in late April/early May

## **Medical Marijuana Facility -Lexaria 49%**

To implement and run a Medical Marijuana facility involves specific skill sets that few companies in the sector possess, so LXX is well ahead in this regard

Greg Boone, Human Resource Manager, will source key managers and executives not just in the new Burlington Ontario production facility, but also company wide as necessary. Mr. Boone is the president of HEC Group, an executive search and management consulting company that specializes in building high-performance teams to build and grow emerging companies. For more than 15 years, Mr. Boone has built relationships with a significant network of professionals in many industrial sectors, including food, pharmaceutical, regulatory/quality assurance, logistics/supply chain and more.

Clark Kent, Media Manager to implement media needs for the new Ontario production facility as well as broader company media strategies. Mr. Kent has over eight years experience in media

management, communications and marketing, and will be a single point of contact for media and communications enquiries within Canada. He has previous experience in fields such as resources and also in medical diagnostics. Mr. Kent will produce corporate marketing materials and work with the media to ensure consistent and concise messaging.

Don Shaxon, Ontario operations manager, having responsibility for Lexaria's current facility as well as potential future production locations. Mr. Shaxon has nearly 20 years experience in the public markets, and has worked in the cannabis industry in the United States for both Cannabis Science Inc. and for Endocan Corp., and more recently has joined Enertopia Corp. Mr. Shaxon held a Canadian medical marijuana production license under the recent MMAR program. Mr. Shaxon will be intimately involved in production design, layout and continuing operations.

Jason Springett, Master Grower for the new facility and the Lexaria advisory board. Mr. Springett has extensive knowledge and experience in the medical marijuana sector, having been a licensed grower under existing Health Canada regulations for many years. He has experience with multistrain growing, including THC-free CBD strains; with both organic growing and non-toxic pest control, and non-organic growing techniques; with yield optimizations strategies, such as highly monitored and controlled light, heat and carbon dioxide; remote monitoring and controls; and much more.

Chris Hornung as assistant operations manager. Mr. Hornung has been vice-president of Kenex Manufacturing Co. in Brampton, Ont., since 1999. During this time he has co-founded and grown several successful new divisions. As well, Mr. Hornung is a partner in and is responsible for several different real estate holding companies in Vaughan and Brampton, Ont.

Brian Mullan, Security Advisor. Mr. Mullan is the former chief of police of the Hamilton Police Service (City adjacent to LXX's Burlington facility) and will provide advice to the board of directors and to management on the safe production, storage and shipment of controlled substances; as well as provide and manage security protocols and procedures consistent with the needs of a medical marijuana facility and its staff.

Mr. Mullan was a career police officer who retired as the chief of Hamilton Police Service in December, 2009, after having been a member for over 35 years. He is the president of Bmullan and Associates. Mr. Mullan has received the Police Exemplary Service Medal and he has been appointed as a member of the Order of Merit for Police. Mr. Mullan has a bachelor's degree in business administration. He is a graduate of the FBI Academy in Quantico, Va., and the FBI's prestigious National Executive Institute. Mr. Mullan has also attended the University of Toronto's Rotman School of Business, Mohawk College and Bay Area Leadership Program, and has been active in his community.

## **Facility**

Enertopia/Lexaria's facility in Burlington Ontario is 30,000-square-foot that can be increased to 75,000 square feet.

Planned production areas have 22-foot ceilings which will allow for the possibility of a second mezzanine level in many areas, allowing for additional future expansion. Enertopia will own 51-per-cent interest in the production facility by paying 45 per cent of all initial and continuing expenses related to the project. Enertopia's joint venture partner, Lexaria Corp, will own a 49-per-cent interest in the production facility and pay 55 per cent of costs. An initial five-year lease has been entered, with options to renew the lease for another 15 years.

The production of medical marijuana in compliance with Health Canada MMAR regulations has received final municipal zoning approval for the Lexaria Corp./Enertopia joint venture.

## Financial

The last financing LXX did was about US\$230,000 at US\$0.15 per share and they recently sold their Oil assets for \$1.4 million. This currently leaves them with about Cdn \$1 million in cash.

They recently announced a US\$500,000 at \$0.10 and judging how the stock is trading this must mostly spoke for. I also like the fact the warrant is well above the market at US 25 cents. This puts Lexaria in great financial shape

## Summary

The stock has come down a long way and appears to have bottomed around 10 cents so the risk at this entry price appears small.

The CEO/Chairman seems to agree too, he has bought 774,666 shares on the market recently. This increases his ownership and/or control of 7,145,252 common shares, representing 20.6% of the issued and outstanding shares

The company should not need to finance any time soon, if at all.

They have begun Sales of their Tea through numerous channels, including the recent announcement with Amazon.com. This will start to bring in cash flow to help fund operations and expansions.

Currently the market is not giving much consideration for the potential of their Tea and future related products.

The Tea market is huge, they only need to penetrate a fraction of that market:

For example, David's Tea that is going to IPO is going to be worth at least US\$75 million. Sales have grown at an annual compound rate of about 50%, rising to US\$141.9-million last year from US\$41.9 million in fiscal 2011.

Naturally Splendid TSXV:NSP is another comparable. They just got started closing an acquisition about 2 months ago. They have some patent pending process to enhance Cannabinoids and Omega into foods/drinks.

That stock just ran up to about \$1.00 so that was a Cdn\$50 million market cap. Recently at \$0.70

LXX at US\$0.13 has a market cap of just US\$4.6 million so it is easy to see that this stock has lots of room to move higher.

And the market is giving no valuation for a Potential Marijuana production license, at some point in the future this is likely to happen which would re value the stock upwards.

To get an idea of this value, a recent company Auroa Cannabis was awarded a license in February. It was acquired by Prescient Mining-PMC. Although PMC was not trading, as it was halted for the deal, last price was about \$1.00, they issued 60 million shares to acquire Auroa, so this suggests \$60 million value on a license. When it came back to trade it was mostly around 40 cents with 105 million shares out so a value just above \$40 million

Black Sparrow Capital acquired a licensed grower - Aphria Inc APH.T hey issued 52 million shares and the stock came back to trade around 70 to 80 cents and quickly went to \$1.00 so giving a value to a licensed facility around \$50 million.

**LXX will have 49% interest in their facility in Hamilton, so potential to add Cdn\$20 to 25 million to their valuation if/when they get a license**

The stock chart is the US\$ price. I used it because more trading/volume occurs on the US side



The stock came down with the sector last year and then seen some Tax loss selling to mid December that put a bottom in. Note worthy that in comparison volume was fairly light during the correction and has picked up this year as a solid Stage 1 Base has been built between roughly US 8 and 12 cents,

A break out above this base which appears to be underway is very bullish and there is not much resistance until the low 20s. The next resistance would be around \$US0.35 to \$0.40 and then the high around \$0.60.

[www.vipova.com/product/tin-can-vipova/](http://www.vipova.com/product/tin-can-vipova/)

The new Lexaria website at [lexariaenergy.com](http://lexariaenergy.com) is under construction and expected to be operational very soon.

Lexaria Corp. Contact Chris Bunka Chairman & CEO (250) 765-6424

**Additional disclosure: Last August I was paid a one time Cdn\$3,000.00 consulting fee and I currently control 127,000 shares.**

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