



EMPLOYEE HANDBOOK

Employee: for the purposes of this handbook the capitalized term “Employee” shall mean any employee, officer, director or consultant of Lexaria Bioscience Corp. or its subsidiaries or affiliates.

Mission Statement

To create an energetic, innovative, collaborative, transparent and respectful work environment for the purposes of managing, complying with applicable regulations and advancing the research, partnerships and corporate growth of Lexaria Bioscience Corp. (together with its subsidiaries the “**Company**”). These purposes form the basis of accomplishing our main overarching goal of improved health and wellness for everyone.

Values

We believe in providing consumers with healthy alternatives and additional choices through advancing and licensing our technology to provide greater consumer satisfaction with less harmful methods of substance use, such as reducing smoking to reduce lung disease and other complications.

We view our licensees and related partners as allies in providing our communities with such healthy alternatives, accordingly, we treat them with respect, fairness and integrity and expect the same in return.

We believe strongly in the value of our Employees and believe that all ideas have far reaching potential and impact. We value and seek the opinions of our Employees and expect that our management and Employees will be respectful to each other and recognize the value of the opinions and ideas of others, even if there is not an agreement with such opinions and ideas. Our expectation is that management and Employees will provide their opinions in a manner that positively challenges conflicting ideas in order to achieve well contemplated decisions.

Whistleblower Protection Policy

Federal laws prohibit retaliatory action by public companies against their Employees who take certain lawful actions when they suspect wrongdoing on the part of their employer. In furtherance of the Company’s obligations under federal law, neither the Company nor any of its Employees, may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any other Employee because of any lawful act done by such Employee to:

- a) provide information to or otherwise assist in an investigation by a federal regulatory or law enforcement agency, any member of Congress or committee of Congress, or any person

with supervisory authority over the Employee (or such other person working for the Company who has the authority to investigate, discover or terminate an Employee), where such information or investigation relates to any conduct that the Employee reasonably believes constitutes a violation of federal mail fraud, wire fraud, bank fraud or securities fraud laws, any Securities & Exchange Commission (the “SEC”) rule or regulation, or any other federal law relating to fraud against shareholders; or

- b) file, testify, participate in, or otherwise assist in a proceeding relating to alleged violations of any of the federal fraud or securities laws described in (a) above.

Any Employee who feels that the Company or any of its executives have taken actions in violation of subsection a) above are encouraged to file a complaint in the manner prescribed under the heading “Filing Complaints” below.

Internal Code of Conduct

Purposes

The Board of Directors of the Company has created this Internal Code of Conduct (the “Code”) to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “SEC”) and in other public communications made by the Company;
- avoidance of conflicts of interest with the interests of the Company, including disclosure to an appropriate person of any material transaction or relationship that could be expected to give rise to such a conflict;
- confidentiality of corporate information;
- fair dealing practices and the deterrence of wrongdoing;
- protection and proper use of corporate assets and opportunities;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of any violations of this Code to an appropriate person or person identified in the Code; and
- accountability for adherence to the Code.

This Code provides guidance to you on your ethical and legal responsibilities. We expect all Employees to comply with the Code, and the Company is committed to taking prompt and consistent action against violations of the Code. Violation of the standards outlined in the Code may be grounds for disciplinary action up to and including termination of employment or other business relationships. Employees who are aware of suspected misconduct, illegal activities, fraud, or abuse of the Company’s assets or violations of the standards outlined in the Code are responsible for reporting such matters.

Because rapid changes in our industry and regulatory environment constantly pose new ethical and legal considerations, no set of guidelines should be considered to be the absolute last word under all circumstances.

Behaviour Expectations

While we promote freedom of expression and open communication, all Employees should be respectful of each other and demonstrate their efforts to avoid offending others, participating in serious disputes and disrupting the workplace. Discriminatory behaviour, harassment and/or victimization will not be tolerated.

We expect Employees to be ethical and responsible when dealing with our finances, products, partnerships and public image.

Honest and Ethical Conduct

The Company's policy is to promote high standards of integrity by conducting its affairs honestly and ethically. It is the Company's expectation that each Employee will act with integrity and observe the highest ethical standards of business conduct in his or her dealings with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her duties. Specifically, no Employee shall take unfair advantage of any such parties through manipulation, concealment, abuse or privileged information, misrepresentation of facts or any other unfair dealing practice.

Professionalism

All Employees must show integrity and professionalism in the workplace, in this regard, we discourage Employees from accepting gifts valued at more than \$100 from licensees and specifically prohibit bribes for the benefit of any external or internal party. In addition, an Employee should not engage in any activity, practice or act which conflicts with the interests of the Company, as more particularly described under "*Conflicts of Interest*".

We expect our Employees to arrive for and continue their work day unaffected by alcohol or other recreational drugs, to be neat in appearance and to refrain from wearing clothing that exposes the midriff area and/or would be deemed to be "beachware". In addition, Employees engaged for the purposes of working within our Kelowna, BC lab facility may be required to wear additional specialized clothing and/or equipment in order to ensure compliance with industry standards and all regulatory requirements of Health Canada and/or safety guidelines as set out by WorkSafe BC.

All Employees should fulfill their job duties with integrity and respect toward each other, our partners, our stakeholders and the community. Management of the Company must not abuse their authority and are expected to delegate any duties to Employees, taking into account their competences and workload. Likewise, we expect Employees to follow instructions and complete their duties with skill, with regard to safety and in a timely manner. Abusive or harassing conduct and/or communications of any kind are prohibited and any person who feels abused or harassed is encouraged to file a complaint in the manner prescribed under the heading "Filing Complaints" below.

Employees are expected to comply, both in letter and spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Company operates and in situations where an Employee is not aware of all such applicable laws, rules and regulations, it is important that the Employee know enough to determine when to seek advice from appropriate personnel. Questions about compliance should be addressed to the Legal Department.

Employees are required to familiarize themselves with the Company's Insider Trading and Blackout Period Policy and to comply with same.

Conflicts of Interest

A conflict of interest occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of the Company as a whole. A conflict of interest can arise when an Employee (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an Employee (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company.

Loans by the Company to, or guarantees by the Company of obligations of, Employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or officer or their family members are expressly prohibited.

Whether or not a conflict of interest exists or will exist can be unclear. Employees who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization or approval from, the Chief Executive Officer of the Company. The Chief Executive Officer may not authorize or approve conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first providing the Board of Directors with a written description of the activity and obtaining their written approval. If the Chief Executive Officer is himself involved in the potential or actual conflict, the matter should instead be discussed directly with the Company's Head of Legal Department, Vanessa Carle.

Protection of Company Property

All Employees should treat our Company's property, whether material or intangible, with respect and care. Employees should not misuse Company equipment or use it frivolously and should respect all kinds of incorporeal property, including trademarks, patents, copyright and other property (information, reports etc.) which should only be used to complete their job duties. Employees should protect company facilities and other material property from damage and vandalism, whenever possible. Company-owned intellectual property is integral to the Company's success and Employees **may never under any circumstances** copy, forward, authorize the use of or otherwise provide Company-owned intellectual property to persons outside of the Company unless under management direction or under non-disclosure agreements.

Request for Vacation

Vacation requests that require more than two (2) consecutive days off should be made at least three (3) weeks prior to the commencement of the vacation time request and, where possible, should be avoided by the requestor during times when the requestor's specialized skills are anticipated to be required. By way of example, it is preferable to not have more than one member of our accounting team on vacation during the periodic filing of financial statements.

Requests should be made by emailing the Company's Director of Operations, Kristin Hamilton at khamilton@lexariabioscience.com confirming the dates of vacation, the number of vacation days used and the balance of vacation days remaining.

Absenteeism and Tardiness

Employees are expected to follow their agreed upon work schedule, however we understand that certain personal matters may need to take place during such allocated time and will provide flexibility to accommodate such matters on the understanding that any time used during the work schedule for a personal event shall be made up either by extra time spent at work on a different day or work being conducted at home.

Employees will be provided with ten (10) sick days per year, however it is expected that, for four (4) or more consecutive sick days, a physician's note will be provided outlining the illness that is the cause of such extended time away from the office. Unused sick days do not accumulate.

It is expected that if the arrival at work is after the agreed upon time of arrival, the Employee or consultant will make up such time either during the lunch period or after work.

Communications

As representatives of the Company and its affiliates, the Employees are expected to communicate with licensees, partners, media outlets, regulatory authorities, legal counsels and all others (any of whom are "Third Parties") with clarity, courtesy, respect and professionalism. Any communications with Third Parties that slander or damage the reputation of the Company will not be tolerated and can form the grounds for dismissal with cause.

Further Employees are expected to maintain the confidentiality of information entrusted to them by the Company or by its customers, suppliers or partners, except when disclosure is expressly authorized or is required or permitted by law. Confidential information includes all nonpublic information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

Employees should not use their Company email address for the purposes of sending non-work-related correspondence out to others.

Use of the Company's equipment for the purposes of making personal phone calls, personal email correspondence and/or conducting personal searches on the internet should be very limited in nature and must not conflict with, or result in, unnecessary delays of work production.

Should an Employee have a complaint or a concern about the violations of the obligations contained within this Handbook, the Employee is encouraged to file a complaint in the manner prescribed under the heading “Filing Complaints” below.

Public Company Obligations

As a public company, the Company is responsible for providing timely, consistent and credible dissemination of information, consistent with the disclosure requirements of applicable securities laws and relevant stock exchange policies. In addition, the Company is required to maintain effective “disclosure controls and procedures” so that financial and non-financial information is reported timely and accurately both to our senior management and in the filings we make. Accordingly, you are expected, **within the scope of your duties**, to support the effectiveness of our disclosure control procedures which shall include, as applicable:

- compliance with applicable federal securities laws and SEC rules with respect to the Company's periodic reports and other documents filed with the SEC, including all financial statements and other financial information;
- ensuring that the Company's books, records and accounts are accurately maintained and fully cooperating with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and counsel;
- familiarity and compliance with the Company's disclosure controls and procedures and its internal control over financial reporting; and
- ensuring that all filings with the SEC and all other public communications about the financial and business condition of the Company provide full, fair, accurate, timely and understandable disclosure.

Filing Complaints

No person who brings forth a complaint or a concern shall be penalized or be subject to retaliation from any other Employee of the Company. Employees are asked to file their complaints in the following manner:

Whistleblower Complaints

Should you believe or have concerns that actions taken by the Company or its executive management team are unlawful acts as noted in the Whistleblower Protection Policy portion of this Handbook, please send your concern to the Company's Head of Legal Department, Vanessa Carle at vcarle@lexariabioscience.com. Ms. Carle will then discuss the concern confidentially with members of the Company's independent board of directors or with the Company's legal counsel, Borden Ladner Gervais LLP (“BLG”), to determine whether the concern has validity and an independent internal investigation should be conducted or whether the concern is invalid and can be clarified with a conference call between Ms. Carle, independent board members or BLG and the whistleblower.

Code Violation Complaints

Should you have a complaint or concern about the violations of the obligations contained within this Handbook, the complaint should be directed to Chris Bunka, the Chief Executive Officer at cbunka@lexariabioscience.com unless the complaint is against one of the Company's executive management team members, in which case the complaint should be directed to the Company's Head of Legal Department, Vanessa Carle at vcarle@lexariabioscience.com who will then apprise the independent directors of the Company of the complaint.

Use of Company's DehydraTECH Technology

Employees who have been provided with information and the processes to enact the Company's patented DehydraTECH Technology (collectively the "Proprietary Information") are expressly prohibited from using the Proprietary Information outside of the following areas:

1. The Company's Health Canada licensed lab facility located in Kelowna, British Columbia;
2. The Company's facility located in Phoenix, Arizona;
3. A licensed lab facility of a potential licensee or joint venture partner of the Company;
4. A research facility where a government or such other regulatory authority has authorized the conduct of the research study;
5. The facility of any licensed manufacturer who has been engaged to incorporate the DehydraTECH Technology into the Company's or its licensee's products; and
6. Any other location as authorized in writing in advance, by executive management of the Company from time to time.

The use of the Company's Proprietary Information outside of the above-noted areas, even if done for the purposes of advancing the Company's intellectual property, shall be grounds for immediate disciplinary review that may include termination.

Additional Policies

The Company may currently have or may choose to adopt additional policies that Employees will be required to comply with. Such policies will be narrow and specific in their purpose and will be provided either concurrently with this Employee Handbook or at such time that the policy has been finalized and approved by the Company's management. The Employee shall also be responsible for complying with the terms and obligations of their employment/engagement agreement and any other agreements, including, but not limited to equity award agreements, that are entered into with the Company or its affiliates.

Disciplinary Actions

If an Employee fails to follow our policies as listed above, or if a Whistler Blower or Code Violation Complaint against an Employee is found to be valid, management may need to take disciplinary action against such Employee. Except in situations where the Employee has violated the use of the Company's DehydraTECH Technology, management shall, prior to taking any disciplinary action, communicate the issues with the Employee and determine a plan for compliance. Should the Employee continue to fail to follow our policies as noted above, management shall be entitled to take any of the following actions: demotion, reprimand,

suspension, unpaid leave or termination for more serious offenses. We may take legal action in cases of corruption, theft, embezzlement or other unlawful behavior.

[Please sign and return the acknowledgement receipt located on the following page]

Receipt of Employee Handbook

I confirm that I have received a copy of the Lexaria Bioscience Corp. Employee Handbook (the “Handbook”) and acknowledge that I have read and understand its contents. Specifically I acknowledge and understand the prohibitions associated with using the Company’s DehydraTECH Technology and that my violation of such prohibitions may result in immediate termination. I further understand my obligation to comply with this Handbook and my obligation to report to appropriate personnel within the Company any and all suspected violations of the Handbook. I understand that the Company expressly prohibits any Employee of the Company from retaliating against any other person for reporting suspected violations of the Handbook. I am familiar with all resources that are available if I have questions about specific conduct, Company policies, or the Handbook.

I confirm that I am an Employee of the Company as that term is defined in this Handbook.

Printed Name: _____

Signature: _____

Position: _____

Date: _____

Please complete and sign above and deliver this page to Vanessa Carle, Head of Legal.