

Hill Street Announces Closing of Asset Acquisition of Lexaria Canpharm

Toronto, Ontario--(Newsfile Corp. - December 10, 2020) - **Hill Street Beverage Company Inc. (TSXV: BEER)** ("**Hill Street**" or the "Company") today announces that further to its press release dated November 18, 2020, it has closed the acquisition of the primary assets of **Lexaria Canpharm ULC**, the cannabis-related division of **Lexaria Bioscience Corp. ("Lexaria")**. This acquisition provides **Hill Street** with the exclusive rights in perpetuity to use **Lexaria's** ground-breaking **DehydraTECH™** patent portfolio on a global basis to make any type of non-pharmaceutical product containing 0.3% or greater THC and other psychoactive cannabinoids. In addition, the agreement expands **Hill Street's** license with **Lexaria Hemp Corp.** to make products containing CBD on a global basis for ten years.

Hill Street intends to begin commercializing the intellectual property earned from **Lexaria** immediately through both licensing and B2B sales of Cannabis 2.0 ingredients, as well as using the proprietary and breakthrough **DehydraTECH™** process in its own brands marketed under the Hill Avenue Cannabis name.

"We believe this acquisition positions us to become both the taste and experience leader in Cannabis 2.0 products," said Terry Donnelly, Chairman & CEO of **Hill Street**. "Our goal is to create products that consumers will love, and that provide all of the benefits and promise of the cannabis plant. This breakthrough technology gives us the ability to produce truly delicious and delightful experiences for consumers in any form of beverage or edible with rapid onset and more predictable duration."

"**Hill Street** has already proven they can shake up categories that are dominated by big mainstream brands, as they have in the alcohol-free beverage segment. We can't wait to see what they planned both in the near and long term for cannabis consumers with the full power of **DehydraTECH™** supporting them," said Chris Bunka, Chairman & CEO of **Lexaria**.

Terms of the acquisition

- Total consideration of \$3.85 million, including \$350K in cash upon closing and a VTB Note of \$2.0 million.
- On Closing Hill Street issued Lexaria Bioscience \$500,000 worth of common shares of Hill Street at a price of \$0.0829 per share, which is equal to the 10-day volume weighted average closing price of the Common Shares on the TSX Venture Exchange on the date the transaction was announced. Hill Street will issue Lexaria a further \$1,000,000 worth of common shares on the eight and sixteen month anniversaries of closing, at the greater of (A) the 10-day volume weighted average closing price of the Common Shares on the TSX Venture Exchange on such payment date; and (B) \$0.085 per share, being the closing price of the Hill Street Shares on the date the transaction was announced.
- The VTB Note shall accrue interest at the rate of 10% per annum, has no fixed maturity date and is repayable based on a percentage of quarterly sales earned by Hill Street from cannabis infused product sold by Hill Street or its licences utilizing the acquired technology.

About Hill Street Beverage Company Inc. (TSXV: BEER)

Hill Street Beverage Company is a leading and award-winning company focused on alcohol-free beer, wine, and adult-format beverages. **Hill Street's** brands include **Hill Street Craft Brewed Lager, Vin(Zero)** and **Vintense** wines, and have won numerous medals and accolades around the world. **Hill Avenue Cannabis**, the Company's wholly owned subsidiary, will produce and sell cannabis-infused

adult beverages and other cannabis products with expected distribution at licensed outlets in 2020. Check out **Hill Street's** award-winning line-up and order products to be delivered straight to your home at www.hillstreetbeverages.com.

Cannabis-infused Adult Beverages

In October 2020, **Hill Street** announced the launch of its **Hill Avenue Cannabis (V)ia** Beverages brand, to be manufactured in a partnership with **Molecule Inc.**, a licensed producer of cannabis beverages. The Company anticipates that these beverages will be available through licensed cannabis retailers in Ontario in December 2020, with a planned roll out to major markets nationally in 2021. The Company continues to explore the development of additional Cannabis 2.0 products which would be accretive to its business.

About Lexaria Bioscience Corp.

Lexaria Bioscience Corp.'s proprietary drug delivery technology, DehydraTECH™, improves the way active pharmaceutical ingredients (APIs) enter the bloodstream by promoting healthier oral ingestion methods and increasing the effectiveness of fat-soluble active molecules, thereby lowering overall dosing. The Company's technology can be applied to many different ingestible product formats, including foods, beverages, oral suspensions, tablets, and capsules. DehydraTECH increases bio-absorption by up to 5-10x, reduces time of onset from 1 - 2 hours to minutes, and masks unwanted tastes for orally administered bioactive molecules, including anti-virals, cannabinoids, vitamins, non-steroidal anti-inflammatory drugs (NSAIDs), nicotine, and other molecules. Lexaria has licensed DehydraTECH to multiple companies including a world-leading tobacco producer for the development of smokeless, oral-based nicotine products and for use in industries that produce cannabinoid beverages, edibles, and oral products. Lexaria operates a licensed in-house research laboratory and holds a robust intellectual property portfolio with 18 patents granted and approximately 60 patents pending worldwide. For more information, please visit www.lexariabioscience.com.

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