

Hill Street Announces Definitive Agreement to Acquire Assets of Lexaria Canpharm, and Closing of Private Placement

Companies to continue both operational and research partnership for ten years

Toronto, Ontario--(Newsfile Corp. - November 18, 2020) - **Hill Street Beverage Company Inc. (TSXV: BEER)** ("**Hill Street**" or the "Company") today announces it has signed a definitive agreement to acquire the primary assets of **Lexaria Canpharm**, the cannabis-related division of **Lexaria Bioscience Inc. (CSE: LXX)**. 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 products containing THC and other psychoactive cannabinoids. In addition, the agreement expands **Hill Street's** license with **Lexaria HempCo** to make products containing CBD on a global basis for ten years.

Terms of the acquisition

- *Total consideration of \$3.85 million, including \$350K in cash upon closing and future payments of \$2.0 million.*
- ***Hill Street** will issue **Lexaria Bioscience** a total of \$1.5MM worth of Common Shares in the capital of the Company in three equal installments with the first tranche issuable on closing. The first tranche will be issued 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 hereof. All successive issuances shall be issued 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) \$0.0829;*

With over sixty patents for **DehydraTECH™** either issued or pending, this transaction positions **Hill Street** to expand its strategy of producing ingredients for Cannabis 2.0 products, allowing the Company to take advantage of growing demand for "quick onset and duration" recreational cannabis edibles and topicals. This transaction will allow **Hill Street** to expand its addressable market to every country in the world where cannabis is either medicinally or recreationally legal. **Lexaria's** Intellectual Property converts perishable cannabis products such as oils and extracts into shelf stable powders. **Hill Street** will manufacture these powders for sale to licensed cannabis processors at its own facility as well as sub-license the technology to licensed manufacturers globally. Shelf stable cannabis powders are the ideal ingredients upon which to build world class Cannabis 2.0 brands, including beverages, edibles, and topicals. The **DehydraTECH™** processes are well researched, market validated, and well protected through multiple patents, and will continue to improve as Lexaria continues its research.

Completion of the transaction is subject to the approval of the TSX Venture Exchange.

"With this transaction, we are building on an already strong partnership with **Lexaria**. We are gaining full ownership of the joint manufacturing partnership we created last year, and positioning **Hill Street** to become an early leader in the global market for cannabis 2.0 ingredients and products. Our cannabis processing facility is designed specifically to produce shelf stable ingredients using **DehydraTECH™** for the Cannabis 2.0 market," said Terry Donnelly, Chairman & CEO of **Hill Street**. "With a significant portion of the consideration in shares and future payments, this transaction demonstrates **Lexaria's** faith

in **Hill Street** to unlock the value of their innovations for their shareholders based on our success."

"**Hill Street's** team is executing a new and exciting strategy in the cannabis sector, designed to take advantage of the Cannabis 2.0 market and enhanced consumer expectations," stated Chris Bunka, Chairman & CEO of **Lexaria Bioscience**. "Their deep expertise in consumer goods will allow consumers to experience **Lexaria's** innovations through the highest performance products available in the Cannabis 2.0 sector. **Lexaria's** focus remains on creating the greatest innovations possible in drug delivery in the diverse sectors of nicotine, cannabinoids, and antivirals for both the therapeutic and pharmaceutical industries. Innovations in drug delivery in the pharmaceutical industry represents a massive global opportunity for **Lexaria**, and this transaction with **Hill Street** assists our ability to focus, while providing our shareholders with a significant carried interest in a fast growing startup well positioned for success in the cannabis 2.0 market."

Ongoing Relationship with Lexaria Bioscience

Hill Street will continue to partner with **Lexaria Biosciences** in certain markets for Cannabis 2.0 products using **Lexaria's** patented **DehydraTECH™** process by providing a license back to **Lexaria** to produce therapeutic and medicinal products containing THC. Upon full payment of the consideration for the transaction, **Hill Street** will earn royalties from the sales of **Lexaria's** products using the **Canpharm** licenses. Further, **Hill Street** will continue to have access to **Lexaria's** leading edge research capabilities into the use of **DehydraTECH™** with cannabinoid products. The **DehydraTECH™** processes provide for rapid onset and offset of the effects of cannabinoids and allows manufacturers to create shelf stable products from cannabis extracts. **Hill Street** has begun development of a facility in Mississauga where the cannabis ingredients will be manufactured. The Company expects the facility to be operational in 2021, pending Health Canada and other regulatory approvals.

Completion of Private Placement

The Company also announces that it has completed its previously announced non-brokered private placement of units ("**Units**"), for aggregate gross proceeds of \$850,950. Each Unit was issued at a price of \$0.05 and is comprised of one common share, and one whole warrant ("**Warrant**"), with each warrant entitling the holder to acquire one Common Share at an exercise price of \$0.13 for a period of two years from the date of closing, subject to acceleration. In connection with the private placement the Company paid finders fees of \$2,000 to Jamie Salter, \$2,025 to Victor Godinho, both arm's length parties to the Company.

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 product 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 (**V**)ia **SPRIZA** Cannabis Infused 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.

For further information:

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