

Hill Street Beverage Co. and Lexaria Bioscience Enter Global Manufacturing & Licensing Partnership

Hill Street Licensed to Offer DehydraTECH Products, Ingredients, and Infused Beverages Worldwide.

KELOWNA, BC and TORONTO, July 24, 2019 /CNW/ - Hill Street Beverage Company Inc., (TSXV:BEER; "Hill Street") and Lexaria Bioscience Corp. (OTCQX: LXR) (CSE: LXX), an innovator in drug delivery platforms, today announced a multi-faceted expansion of their relationship .

Hill Street and Lexaria have entered into a Joint Manufacturing Partnership ("JMP") valid for 10 years to produce DehydraTECH™ commercial products under a new brand to be announced, including both processed THC and CBD powders in the form of compressed tablets, capsules, or sachets for new consumer products for sale in Canada and for export where permitted, subject to Health Canada approval. These new products could allow consumers to infuse any beverage with cannabis without affecting the taste, smell, or other physical attributes. The JMP will also produce similar powders for use as an ingredient for licensed producers in Canada seeking to use Lexaria's advanced infusion technologies in beverages, edibles and topicals.

Manufacturing will be done at Hill Street's recently announced OneLeaf Cannabis cultivation and processing facility in Regina, Saskatchewan, subject to closing of the OneLeaf acquisition, and its licensing by Health Canada. Hill Street will own and manage all aspects of the manufacturing business under Lexaria's own license and patents for DehydraTECH and its related processes. Profits from this business unit will be shared equally between Hill Street and Lexaria.

Both companies anticipate greatly enhanced cashflows from the JMP, and for Lexaria in particular, the JMP marks its first opportunity to more directly benefit from the emerging federally legal cannabis edibles industry in Canada.

"The new relationship between Hill Street Beverages, One Leaf, and Lexaria Bioscience marks the beginning of an unprecedented opportunity to deliver outstanding consumer experiences to cannabis consumers," said Chris Bunka, Chief Executive Officer of Lexaria Bioscience. "We are delighted to be working with the astute branding and cannabis expertise of the Hill Street/OneLeaf alliance team and believe that Canadian and global cannabis consumers will benefit greatly."

The new JMP between Hill Street and Lexaria will, for the first time ever, permit intermediate ingredients made from cannabis processed by Lexaria's DehydraTECH to be legally sold within Canada on a B2B basis between LP's and others licensed by Health Canada to manufacture cannabis-infused edibles, including both THC and CBD. Cannabis and hemp powders produced using DehydraTECH are extremely stable with two to three-year shelf life, are odorless and tasteless, and yet deliver full spectrum experiences for consumers without having to compromise with isolates and distillates of cannabis oil.

In addition to the manufacturing partnership, Hill Street has acquired a global semi-exclusive license (with minor exceptions) to utilize Lexaria's DehydraTECH™ THC beverage infusion technology and a global non-exclusive license to utilize Lexaria's DehydraTECH™ CBD beverage infusion technology around the world valid for 10 years. This expands the July 31, 2018 license award to Hill Street to use DehydraTECH for THC beverage formulation in Canada only, and positions Hill Street as the

only company in the world to have earned a license to use DehydraTECH globally. License royalties for the use of DehydraTECH will be activated as Hill Street enters national markets that have legally allowed the sale of products using Lexaria's technologies.

Hill Street's Chairman & CEO, Terry Donnelly, declared, "When we first began our relationship with Lexaria it was based on a comprehensive competitive review of the market with a single uncompromising vision: to find a technology partner who could provide water soluble cannabis, with zero impact on the award-winning taste and aroma of our products. Lexaria has proven themselves time and again to be the ideal infusion platform for our products, to be committed to continuous improvement and innovation, and to deliver the best consumer experience. This partnership takes our relationship to a whole new level, which we believe will help to set a global standard for excellence that consumers are looking for in cannabis edibles and beverages. Our manufacturing partnership will make this technology available to LP's interested in producing world class edibles, ensuring our industry is able to provide consumers broad-based access to this incredible technology in nearly any product format."

Deal Terms

Under the terms of the agreement, Hill Street will issue \$800K USD in common shares to Lexaria at the lower of, the market price on the day prior to the announcement of this agreement or \$0.23 CAD per share, and Lexaria will issue \$250K USD in restricted common shares to Hill Street at the greater of the closing price on the day prior to grant of Lexaria shares or the day of the grant of Lexaria shares. In addition, Hill Street will issue an additional \$500K USD in shares at the 10 day VWAP for each of the first two international markets they enter at the time such market entry takes place, priced at a minimum of \$0.43 CAD per share, and to a maximum of \$0.66 CAD per share for the first international market entered and \$0.75 CAD per share for the second international market entered. All of the share issuances described herein are subject to TSXV and CSE approval, as applicable.

Closing of the Hill Street / Lexaria agreements is subject to normal regulatory approvals and the closing of the Hill Street / OneLeaf transaction previously announced by Hill Street.

About DehydraTECH

DehydraTECH produces rapid onset and stronger peak delivery of orally-ingested cannabis, beginning in as little as 2 minutes and delivering higher peak blood concentrations, as proven in third-party lab tests. DehydraTECH has also been proven to be "Fast-On" and "Fast-Off", with lower cannabinoid content in blood than some competitor's nanotech-enabled formulations after 4 hours, leading to a shorter-duration consumer experience in harmony with consumer demand.

The technology licensed by Hill Street includes the combined DehydraTECH with nano-emulsion technology uniquely developed by Lexaria, that delivers the most advanced beverage performance currently available. Lexaria's beverage formulation adaptations use patent-granted technology to deliver predictable experiences for consumers. Lexaria has already lab-tested Hill Street's alcohol-free red and white wines to formulate cannabinoid-infused wines, and such tests show virtually zero cannabis taste or odour.

About Lexaria

Lexaria Bioscience Corp. has developed and out-licenses its disruptive delivery technology that promotes healthier ingestion methods, lower overall dosing and higher effectiveness of lipophilic active molecules. Lexaria has multiple patents pending in over 40 countries around the world and has patents granted in the USA and in Australia for utilization of its DehydraTECH™ delivery technology. Lexaria's technology provides increases in intestinal absorption rates; more rapid delivery to the bloodstream; and important taste-masking benefits, for orally administered bioactive molecules including cannabinoids, vitamins, non-steroidal anti-inflammatory drugs (NSAIDs), nicotine and other molecules.

www.lexariabioscience.com

About Hill Street Beverage Company Inc. (TSX-V:BEER)

Founded in 2008, [Hill Street](#) is the world's most award-winning company exclusively focused on alcohol-free and cannabis-infused beer, wine, and adult format beverages. Hill Street's alcohol-free products include: Hill Street Craft Brewed Lager, Designated Draft alcohol-free beer, Vin(Zero) wines, and Vintense wines. Hill Street's award-winning products have won the Retail Council of Canada's Grand Prix, and numerous medals and accolades including three Gold, two Silver, and two Bronze Medals at the U.S. Open Beer Championships, and a prestigious Double Gold Medal at the San Francisco International Wine Challenge. As a result of the Royal Assent of Canada's Bill C-45, legislation to allow the sale of cannabis-infused beverages is expected to occur by October 17, 2019. Hill Street is currently applying for appropriate licenses to permit the production and sale of cannabis infused beverages in Canada. www.hillstreetbeverages.com

For regular updates, connect with Lexaria on Twitter (<https://twitter.com/lexariacorp>) and on Facebook <https://www.facebook.com/lexariabioscience/>

FORWARD-LOOKING STATEMENTS

Statements in this press release may contain forward-looking information. Any statements in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expects" and similar expressions. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances, such as future availability of capital on favourable terms, may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The forward-looking statements contained in this press release are made as of the date of this press release. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

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For further information: Lexaria Bioscience Corp., Alex Blanchard, Communications Manager, (250) 765-6424 Ext 202; for further information on Hill Street: Press only: Terry Donnelly, Chairman and CEO, Hill Street Beverage Company Inc., terry@hillstreetbevco.com, (416) 543-4904; For investors: Sean Peasgood, Investor Relations, sean@sophiccapital.com, (647) 797-0219

CO: Hill Street Beverage Company Inc.

CNW 07:30e 24-JUL-19