

Hill Street Beverage Co Inc.

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Hill Street Beverage acquires global rights to Lexaria Bioscience's THC assets for \$3.85M; completes private placement

Hill Street Beverage Company Inc (CVE:BEER) is strengthening its portfolio with the acquisition of Lexaria Bioscience Inc's (CSE:LXX) THC-related assets in a C\$3.85 million deal, the company announced Thursday.

The transaction gives Hill Street exclusive global rights in perpetuity to Lexaria's DehydraTECH technology to make products that contain THC and other psychoactive cannabinoids. The agreement also expands Hill Street's license with Lexaria HempCo to make products that contain CBD on a global basis for 10 years.

Toronto-based Hill Street and Lexaria also agreed to replace previous agreements with a global non-exclusive license that gives Hill Street the right to produce non-pharmaceutical CBD products with less than 0.3% THC using the DehydraTECH technology for a period of ten years in exchange for a yet-to-be determined royalty to Lexaria.

READ: Hill Street Beverage Company sees revenue and gross profits increase thanks to returning customers during FY2020

Hill Street CEO Terry Donnelly told shareholders that the two firms are building on an already strong partnership.

"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," Donnelly said in a statement.

Hill Street is starting development at its Mississauga, Ontario facility where the cannabis ingredients will be manufactured. The company expects the facility to be operational in 2021, pending Health Canada and other regulatory approvals.

"Our cannabis processing facility is designed specifically to produce shelf-stable ingredients using DehydraTECH™ for the Cannabis 2.0 market," Donnelly added. "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."

Under the terms of the deal, Hill Street will pay \$350,000 in cash on closing, an additional \$2 million payable over time in the form of a promissory note bearing 10% interest per year, and \$1.5 million in shares of Hill Street, issuable in three equal tranches of \$500,000 at closing; \$500,000 eight months after closing; and \$500,000 16 months after closing.

Private placement

Separately, Hill Street announced it has completed a private placement to raise gross proceeds of C\$850,950. Each

Price: 0.115

Market Cap: \$15.54 m

1 Year Share Price Graph



Share Information

Code: BEER
Listing: TSX-V
52 week High: 0.17
52 week Low: 0.04

Sector: Food & drink

Website: www.hillstreetbeverages.com

Company Synopsis:

We believe in supporting folks who suffer from conditions that conflict with alcohol consumption, along with friends who simply have no interest in boozing (yes, we know you're out there). Today there are over 400 medications that come with a bright yellow 'DO NOT TAKE WITH ALCOHOL' warning, and when those little pills are the only things keeping you around, you tend to listen.

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unit was issued at a price of C\$0.05 and is comprised of one share and one whole warrant exercisable at \$0.13 for a period of two years from the date of closing, subject to acceleration.

In connection with the private placement, Hill Street paid finders fees of \$2,000 to Jamie Salter and \$2,025 to Victor Godinho, both arm's length parties to the company.

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