

FORM 51-102F3
Material Change Report

Item 1 Name and Address of Corporation

Adastra Holdings Ltd. (the "**Company**")
5451 – 275 Street
Langley City, BC V4W 3X8

Item 2 Date of Material Change

October 5, 2024

Item 3 News Release

News releases relating to the material change described herein were disseminated on September 26, 2024, October 8, 2024 and January 20, 2025 through the services of Canada Newswire and was subsequently filed on the System for Electronic Document Analysis and Retrieval + ("**SEDAR+**") at www.sedarplus.ca.

Item 4 Summary of Material Change

As a result of a review by the British Columbia Securities Commission (the "**BCSC**"), the Company issued a press release on January 20, 2025 to clarify its disclosure.

In news releases dated September 26, 2024 and October 8, 2024, the Company announced that Lachlan McLeod had resigned as Interim Chief Executive Officer ("**CEO**") effective September 26, 2024, and as Chief Financial Officer ("**CFO**") and Corporate Secretary effective October 5, 2024. Mr. McLeod continues to provide financial services to the Company as an external consultant and the management activities of the Company are currently being performed by the Company's board of directors, consisting of Jon Edwards, Andrew Hale and Paul Morgan. The Company is in the process of identifying candidates to fill the roles of CEO, CFO and Corporate Secretary.

Item 5 Full Description of Material Change

As a result of a review by the BCSC, the Company issued a press release on January 20, 2025 to clarify its disclosure.

In news releases dated September 26, 2024 and October 8, 2024, the Company announced that Lachlan McLeod had resigned as Interim CEO effective September 26, 2024, and as CFO and Corporate Secretary effective October 5, 2024.

Mr. McLeod continues to provide financial services to the Company as an external consultant. On October 15, 2024, the Company entered into an agreement (the "**Stornoway Agreement**") with Stornoway Consulting Corp. ("**Stornoway**"), an entity controlled by Mr. McLeod. Pursuant to the Stornoway Agreement, Stornoway provides certain financial consulting services to the Company on a part-time basis, including: (i) assisting management with the preparation and filing of quarterly and annual financial statements with the Company's external advisors; (ii) assisting management with the preparation of the Company's annual budget; and (iii) supporting the Company's external auditors with its annual audit. The Stornoway Agreement is effective until

May 31, 2025, unless extended by mutual agreement of the parties.

The management activities of the Company are currently being performed by the Company's board of directors, consisting of Jon Edwards, Andrew Hale and Paul Morgan. The Company is in the process of identifying candidates to fill the roles of CEO, CFO and Corporate Secretary.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

The Company currently does not have any executive officers. For further information, contact info@adastraholdings.ca or (778) 775 5011.

Item 9 Date of Report

January 20, 2025

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This material change report includes certain "forward-looking information" as defined under applicable Canadian securities legislation, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes information regarding the search for a permanent full-time CEO, CFO and Corporate Secretary. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: regulatory and licensing risks; changes in consumer demand and preferences; changes in general economic, business and political conditions, including changes in the financial markets; the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; compliance with extensive government regulation; public opinion and perception of the cannabis industry; and the risk factors set out in the Company's management's discussion and analysis for the nine months ended September 30, 2024, filed with Canadian securities regulators and available on the Company's profile on SEDAR+ at www.sedarplus.ca.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date of this material change report. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.