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ARROWSTAR SIGNS LOI WITH ADASTRA LABS HOLDINGS LTD.

Vancouver, B.C. – August 8, 2019 Phillip Thomas, President of Arrowstar Resources Ltd. (“Arrowstar” or the “Company”) (TSX.V AWS), is pleased to announce that it has entered into a letter of intent (the “LOI”) to enter into a Share Exchange Agreement with Adastra Labs Holdings Ltd. (“Adastra”) whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by Adastra (the “Transaction”). Pursuant to the Transaction, the Company will first apply to delist from the TSX Venture Exchange (the “TSXV”), then on closing of the Transaction (the “Closing”) all of the issued and outstanding common shares of Adastra (the “Adastra Shares”) will be exchanged for common shares of the Company (the “AWS Shares”), which will result in Adastra becoming a wholly-owned subsidiary of the Company or otherwise combining its corporate existence with a wholly-owned subsidiary of the Company. The resulting issuer upon completion of the Transaction (the “Resulting Issuer”) will change its business from mining to cannabis standard processor and analytical testing laboratory and apply to be listed on the Canadian Securities Exchange (the “CSE”).

Description of Adastra and its Business

Adastra is a private company incorporated under the British Columbia Business Corporations Act in 2018 to capitalize on the significant opportunities in the cannabis industry. It is headquartered in Langley, British Columbia where it has invested in re-purposing a former food manufacturing facility into a cannabis standard processor and analytical testing laboratory. Adastra’s focus is to provide B2B services for cannabis extractions and concentrates through its standard processing subsidiary Adastra Labs Inc. while offering full-spectrum cannabis analytical testing services to its customers through its testing lab subsidiary Chemia Analytics Inc., co-located in their Langley facility. Adastra is also developing its own cannabis extracts-related products through its brand subsidiary Adastra Brands Inc. Adastra expects to provide these services to the cannabis industry on a global basis but only in jurisdictions where all laws and statutes governing the business are complied with at all levels of government. Adastra has focused on developing a GMP-compliant facility design using the latest technology to allow high volume production of cannabis extractions. Adastra subsidiaries submitted licence applications in October 2018 and anticipate being licensed and in operation by Q4 2019. Future investments are expected to focus on international markets.

Transfer of Listing to the CSE

Upon Closing of the Transaction and subject to receipt of approvals of the TSXV for the delisting of the AWS Shares from the TSXV (the “TSXV Delisting”) and the CSE for the listing of the AWS Shares on the CSE (the “CSE Listing”), the listing of AWS Shares will be transferred from the TSXV to the CSE. The TSXV Delisting is subject to the Company receiving approval from the TSXV and the CSE Listing is subject to the Company receiving approval from the CSE. There can be no assurance that the TSXV will approve the proposed TSXV Delisting or that the CSE will approve the listing of the Resulting Issuer's shares. Non-approval of the transfer of the listing will prohibit or negatively impact closing of the Transaction with the result that the Company may need to seek and secure another acquisition of a business or assets to ensure that the Company will meet the TSXV's continued listing requirements.

Shareholder Approvals for AWS

Prior to the completion of the Transaction, AWS will call a meeting of its shareholders for the purpose of approving, among other matters, (i) the TSXV Delisting; (ii) the Listing on the CSE; and (iii) the approval of the Transaction.

The Transaction is a non-arm's length transaction. AWS has prepared and filed with the CSE a CSE Form 2A listing statement (the "Listing Statement") providing comprehensive disclosure on Adastra and the Transaction in connection with the application to list on the CSE.

Adastra Private Placement

Prior to or concurrently with Closing, Adastra is to complete up to \$4,000,000 12% Secured Convertible Debentures convertible to units and a private placement of a minimum \$1,000,000 and a maximum of \$5,000,000 (the "Adastra Private Placement"). Final terms of the Adastra Private Placement such as pricing, financing structure, commission and finder's or agent's fees will be subject to final approval by Adastra, the CSE and/or other applicable regulatory authorities.

Securities Exchange and AWS Warrants

Pursuant to the Transaction, all of the existing 80,798,000 Adastra Shares will be acquired by AWS in consideration of AWS issuing one (1) AWS Shares for each one (1) Adastra Share issued and outstanding immediately prior to Closing (the "Exchange Ratio").

In addition, all Adastra Shares issued in the Adastra Private Placement will be exchanged into additional AWS Shares upon completion of the Transaction at the Exchange Ratio, and all Adastra convertible securities issued in the Adastra Private Placement shall be exchanged, at the Exchange Ratio, for an equivalent number of AWS convertible securities on the same terms and conditions with the exercise/conversion price adjusted based on the Exchange Ratio.

Further, following Closing, the outstanding AWS Warrants will remain in effect.

Management of the Resulting Issuer

Upon closing of the Transaction, Philip Thomas and Andrew Jarvis, AWS's current directors and officer, will resign; the board of directors of the Resulting Issuer will consist of four directors, including Blaine Bailey, Stephen Brohman, who will also be appointed CFO, George Routhier and Andy Hale, who will be appointed President and CEO of the Resulting Issuer.

More details of insiders and proposed directors and officers of the Resulting Issuer will be disclosed in a further news release.

Name Change

It is anticipated that Arrowstar will be renamed "Adastra Labs Holdings Ltd." following completion of the Transaction.

Arrowstar

Arrowstar will consolidate its shares on a of five (5) old AWS shares for one (1) new AWS share prior to closing of the Transaction. It is a condition to the Share Exchange Agreement that prior to the Closing of the completion of the Transaction, Arrowstar will complete an equity offering (the "**Concurrent Financing**"), post share consolidation, to raise \$500,000, such Concurrent Financing to consist of 10,000,000 common shares (the "**Offering Shares**") at a price of Cdn.\$0.05 per Offering Share, or such other terms as Arrowstar and Adastra may agree, mutually in writing.

Closing Conditions

The completion of the Transaction is subject to several conditions, including but not limited to the following:

- completion of mutually satisfactory due diligence;
- completion of the Private Placement; and
- receipt of all required regulatory, corporate and third-party approvals, including approvals by the TSXV, the CSE, the shareholders of AWS and Adastra, and fulfilment of all applicable regulatory requirements and conditions necessary to complete the Transaction.

Trading Halt

Trading in the Company's shares was halted on June 13, 2018 and is expected to remain halted until closing of the Transaction and listing on the CSE.

Recycling Fuel Technologies Inc. ("RFT")

The Company has terminated the RFT letter of intent dated June 12, 2018.

Further information

Further details about the Transaction and the Resulting Issuer will be provided in the Listing Statement to be prepared and filed in respect of the transaction on the SEDAR profile of AWS and in a comprehensive news release and in the disclosure document to be prepared and filed in respect of the Transaction.

Investors are cautioned that, except as disclosed in the Listing Statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the common shares of the Company should be considered highly speculative.

The securities to be issued in connection with the Transaction have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Completion of the Transaction is subject to several conditions, including TSXV and CSE acceptance and shareholder approval, if applicable. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

For more information, please contact:

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Adastra Labs Holdings Ltd.

Andrew Hale, Director and CEO – andy@adastralabs.ca 778-980-0655

On Behalf of the Board of Directors,

Arrowstar Resources Ltd.

"Phillip Thomas"

President

Investor Contact:

604-687-7828

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.”

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's transaction. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Arrowstar believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are disclosed under the heading "Risk Factors" and elsewhere in the corporation's periodic filings with Canadian securities regulators.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this press release.