

SHARE EXCHANGE AGREEMENT

THIS AGREEMENT MADE EFFECTIVE AS OF AUGUST 1, 2019 (the "Effective Date").

AMONG:

**THE PARTIES LISTED AS VENDORS
ON SCHEDULE "A" OF THIS AGREEMENT**

(individually a "Vendor" and collectively the "Vendors")

AND:

ADASTRA LABS HOLDINGS LTD., a corporation incorporated under the laws of British Columbia having a place of business at 5451-275th Street, Langley, BC V4W 3X8;

("Adastra")

AND:

ARROWSTAR RESOURCES LTD., a company incorporated under the laws of British Columbia having a registered and records office at c/o Gowling WLG (Canada) LLP, Suite 2300-550 Burrard Street, Vancouver, BC V6C 2B5;

("Arrowstar")

WHEREAS:

- A. The authorized share capital of Adastra consists of an unlimited number of common shares without par value of which 81,138,333 common shares (the "Adastra Shares") are issued and outstanding and an unlimited number of preferred shares without par value of which no shares are issued and outstanding. ;
- B. The Vendors are the registered and beneficial owners of the Adastra Shares as set out on Schedule "A";
- C. The Vendors have agreed to sell the Adastra Shares to Arrowstar and Arrowstar has agreed to purchase the Adastra Shares from the Vendors on the terms and conditions set forth in this Agreement (the "Reverse Takeover").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained, the parties hereto do covenant and agree (the "Agreement") each with the other as follows:

1. Representations and Warranties

- 1.1 In order to induce Arrowstar to enter into this Agreement and complete its obligations hereunder, Andrew Hale, Brian Brennan, Kenneth Johnson, and Leonard Mullock (collectively the "Adastra Founders") and Adastra jointly and severally represent and warrant to Arrowstar that:

- (a) Adastra was and remains duly incorporated under the laws of British Columbia and that Adastra:
 - (i) does not carry on business in any territory or province of Canada save and except for British Columbia; and
 - (ii) is in good standing with respect to the filing of annual reports with the Registrar of Companies of British Columbia;
- (b) the authorized and issued share capital of Adastra as at the date hereof is as described in the recitals to this Agreement and at the Time of Closing (as defined below), Adastra will have not more than 81,138,333 common shares issued and outstanding;
- (c) the Adastra Shares are validly issued and outstanding fully paid and non-assessable common shares of Adastra;
- (d) except for the Adastra Shares as set out in Schedule "A" there are no shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" (a "Security") of Adastra as that term is defined in the *Securities Act* (British Columbia) (the "Securities Act") and except as is provided for by operation of this Agreement there are no options, agreements, rights of first refusal or other rights of any kind whatsoever to acquire all or any part of the Adastra Shares or any interest in them from the Vendors or from any one of them, or any unissued shares of Adastra from Adastra, save and except:
 - (i) a current offering of convertible debentures (each a "Note"). Each Note can be converted to a Unit consisting of one Common share of Adastra at a price of \$0.45 and one share purchase Warrant of the Adastra. Each Warrant will entitle to the holder to purchase one additional common share of Adastra at a price of \$0.75 per share for a period of two (2) years from the date of issuance of the Convertible Debenture. The Note will bear 12% interest per annum. not to exceed \$5 million dollars and converting at no lower than \$0.45 per Unit and no lower than \$0.75 per common share for any warrants. The Notes will be secured against the Company's facility located at 5451 275 St, Langley, BC V4W 3X8, the Notes will be subordinate to the mortgage and general security agreement that is on the property;
 - (ii) an offering of up to 5,892,456 units of the Adastra (the "Units"), at a price of \$0.45 per Unit, with each Unit consisting to one common share of Adastra and one share purchase warrant, entitling the holder to purchase an additional share of Adastra at a price of \$0.60 per share for a period of three years from the date of issuance.
- (e) the constating documents of Adastra have not been altered since the incorporation of Adastra or, if they have been, all such alterations are contained and reflected in the minute book of Adastra;
- (f) all of the material transactions of Adastra have been promptly and properly recorded or filed in or with the books or records of Adastra and the minute books of Adastra contain all records of the meetings and proceedings of shareholders and directors of Adastra since its incorporation;
- (g) With the exception of pending health Canada licenses, Adastra holds all licences and permits that are required for carrying on its business (the "Business") in the manner in

which such Business has been carried on and in the manner in which such Business will need to be carried on in order for Adastra to meet its obligations under this Agreement;

- (h) Adastra is the registered and beneficial owner of all of its properties and assets (collectively the "Assets") as described in Schedule "B" certified by Adastra and such Assets represent all of the property and assets used by Adastra and which are necessary or useful in the conduct of its Business;
- (i) Adastra has the corporate power to own the Assets owned by it and to carry on the Business carried on by it and to meet its obligations under this Agreement, and Adastra is duly qualified to carry on business in all jurisdictions in which it carries on business;
- (j) Adastra has good and marketable title to the Assets free and clear of all liens, charges and encumbrances of any kind whatsoever save and except those specified as "Permitted Encumbrances" on Schedule "C" to this Agreement;
- (k) all machinery and equipment of any kind whatsoever comprised in the Assets are in reasonable operating condition and in a state of reasonable maintenance and repair taking into account their age and use;
- (l) the trademarks, trade names, business names, patents, inventions, know-how, copyrights, software, source code, object code, service marks, brand names, industrial designs and all other industrial or intellectual property owned or used by Adastra in carrying on the Business and all applications therefor and all goodwill connected therewith, including, without limitation, all licences, registered user agreements and all like rights used by or granted to Adastra in connection with the Business and all rights to register or otherwise apply for the protection on any of the foregoing (collectively the "Intellectual Property") included on Schedule "H" to this Agreement constitute all of the Intellectual Property of Adastra;
- (m) the Intellectual Property comprises all trade-marks, trade names, business names, patents, inventions, know-how, copyrights, software, source code, object code, service marks, brand marks, industrial designs and all other industrial or intellectual property necessary to conduct the Business;
- (n) Adastra is the beneficial owner of the Intellectual Property free and clear of all liens, charges or encumbrances of any kind whatsoever save and except the Permitted Encumbrances, and Adastra is not a party to or bound by any agreement or other obligation of any kind whatsoever that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, the Intellectual Property;
- (o) no person has been granted any interest in or right to use all or any portion of the Intellectual Property, and Adastra and the Adastra Principals are not aware of a claim of any infringement or breach of any industrial or intellectual property rights of any other person by Adastra, nor has Adastra or the Adastra Principals received any notice that the conduct of the Business, including the use of the Intellectual Property, infringes upon or breaches any industrial or intellectual property rights of any other person, and Adastra and the Adastra Principals, after due inquiry, do not have any knowledge of any infringement or violation of any of Adastra's rights in the Intellectual Property;
- (p) to the best of their knowledge (after due inquiry), the conduct of the Business does not infringe upon the patents, trade-marks, licences, trade names, business names, copyright or other industrial or intellectual property rights, domestic or foreign, of any other person

and Adastra and the Adastra Principals are not aware of any state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property;

- (q) to the best of their knowledge (after due inquiry), the conduct of Adastra and the Adastra Principals has not infringed upon the patents, trade-marks, licences, trade names, business names, copyright or other industrial or intellectual property rights, domestic or foreign, of any other person;
- (r) all of the Material Contracts (as defined below) of Adastra are listed on Schedule "E";
- (s) all of the bank accounts and safety deposit boxes of Adastra are listed on Schedule "F" to this Agreement;
- (t) Adastra maintains insurance against loss of, or damage to, the Assets by reasonable industry standard insurable risks on a replacement cost basis and reasonable insurance with respect to public liability for a business of its size (collectively the "Insurance Coverage"), and all of the policies (the "Insurance Policies") in respect of such Insurance Coverage are listed on Schedule "G" to this Agreement and all such Insurance Policies are in good standing in all material respects and not in default in any material respects;
- (u) the audited financial statements of Adastra for its fiscal year ended April 30, 2019 (the "Adastra Financial Statements"), as provided to Arrowstar, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Adastra for the periods then ended and the Adastra Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis;
- (v) the books and records of Adastra disclose all material financial transactions of Adastra since April 30, 2019, and such transactions have been fairly and accurately recorded;
- (w) except as disclosed in the Adastra Financial Statements:
 - (i) no dividends or other distributions of any kind whatsoever on any shares in the capital of Adastra have been made, declared or authorized;
 - (ii) Adastra is not indebted to the Vendors or any one of them;
 - (iii) none of the Vendors or any other officer, director or employee of Adastra is indebted or under obligation to Adastra on any account whatsoever; and
 - (iv) Adastra has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any person, firm or corporation of any kind whatsoever;
- (x) there are no material liabilities of Adastra, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the Adastra Financial Statements except those incurred in the ordinary course of business of Adastra since April 30, 2019 and such liabilities are recorded in the books and records of Adastra;
- (y) the accounts receivable of Adastra shown on the Adastra Financial Statements or recorded in the books and records of Adastra are bona fide, good and collectible without set-off or counterclaim;

- (z) since April 30, 2019:
 - (i) there has not been any material adverse change of any kind whatsoever in the financial position or condition of Adastra or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the Business or Assets of Adastra or the right or capacity of Adastra to carry on its Business, except as contemplated in this Agreement;
 - (ii) Adastra has not waived or surrendered any right of any kind whatsoever of material value;
 - (iii) except as permitted under this Agreement Adastra has not discharged, satisfied or paid any lien, charge or encumbrance of any kind whatsoever or obligation or liability of any kind whatsoever other than current liabilities in the ordinary course of its Business;
 - (iv) the Business of Adastra has been carried on in the ordinary course;
 - (v) no new machinery or equipment of any kind whatsoever has been ordered by, or installed or assembled on the premises of, Adastra other than in the ordinary course of business; and
 - (vi) except as set out in Adastra Financial Statements no capital expenditures exceeding in the aggregate \$20,000 have been authorized or made by Adastra;
- (aa) the directors, officers and key employees of Adastra and all of their compensation arrangements with Adastra, whether as directors, officers or employees of, or as independent contractors or consultants to, Adastra, are as listed on Schedule "D" to this Agreement;
- (bb) no payments of any kind whatsoever have been made or authorized by Adastra since the incorporation of Adastra to or on behalf of the Vendors or any one of them or to or on behalf of any of the directors, officers or key employees of Adastra except in accordance with those compensation arrangements specified on Schedule "D" to this Agreement and in respect of interest payments under existing shareholder loan arrangements;
- (cc) there are no pensions, profit sharing, group insurance or similar plans or other deferred compensation plans of any kind whatsoever affecting Adastra other than those specified on Schedule "D" to this Agreement;
- (dd) Adastra is not now, and has never been, a party to any collective agreement with any labour union or other association of employees of any kind whatsoever;
- (ee) the contracts and agreements included on Schedule "E" to this Agreement (the "Material Contracts") constitute all of the material contracts and agreements of Adastra;
- (ff) except as is noted on the appropriate Schedule to this Agreement, the Material Contracts are in good standing in all material respects and not in default in any material respect;
- (gg) except as is noted on the appropriate Schedule to this Agreement, all of the Material Contracts can be terminated by Adastra on not more than one month's notice;
- (hh) all tax returns and reports of Adastra required by law to have been filed have been filed and are substantially true, complete and correct and all taxes and other government

charges of any kind whatsoever of Adastra have been paid or accrued in the Adastra Financial Statements;

- (ii) Adastra has been and will be until the completion of the Reverse Takeover a Canadian-controlled private corporation within the meaning of the *Income Tax Act*, R.S.C. 1985 c. as amended (the "Tax Act");
- (jj) Adastra has made all elections required to have been made under the Tax Act in connection with any distributions made by it and all such elections were true and correct and made in the prescribed form and within the prescribed time period;
- (kk) adequate provision has been made for taxes payable by Adastra for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Adastra;
- (ll) Adastra and the Adastra Principals are not aware of any contingent tax liabilities of Adastra of any kind whatsoever or any grounds which would prompt a reassessment of Adastra including aggressive treatment of income and expenses in earlier tax returns filed;
- (mm) Adastra has made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections, deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Adastra carries on business;
- (nn) Adastra has complied in all material respects with all applicable environmental laws, and no investigation, action or review is pending or, to the knowledge of Adastra or the Adastra Principals, threatened by any governmental authority or other person against Adastra under any environmental law;
- (oo) there are no outstanding suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Adastra at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever nor to the best of their knowledge are there any pending or threatened;
- (pp) Adastra currently has four wholly owned subsidiaries, Adastra Labs Inc., Chemia Analytics Inc., Adastra Brands Inc, and 1178562 BC LTD;
- (qq) Adastra has not incurred any liability for brokers' or finder's fees of any kind whatsoever with respect to this Agreement or any transaction contemplated under this Agreement, save and except as set out in Section 1.1 (d);
- (rr) the representations and warranties of Adastra and the Vendors contained in this Agreement disclose all material facts specifically relating to the transactions involving the Vendors and Adastra contemplated under this Agreement which materially and adversely affect their respective abilities to perform their respective obligations under this Agreement; and

(ss) to the best of their knowledge (after due enquiry) the execution and delivery of this Agreement and the performance of their respective obligations under this Agreement will not:

- (i) conflict with, or result in the breach of or the acceleration of any indebtedness under, or constitute default under, the Articles of Adastra or any indenture, mortgage, agreement, lease, license or other instrument of any kind whatsoever to which Adastra, the Vendors or any one of them is a party or by which any one of them is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which any of the Vendors is bound; or
- (ii) result in the violation of any law or regulation of any kind whatsoever by any of the Vendors or by Adastra.

1.2 The representations and warranties of Adastra and the Adastra Principals as set out in section 1.1 above, are true and correct as of the Effective Date and shall be true and correct at the Time of Closing (as defined below) as though they were made at that time, and should such not be the case, Arrowstar shall be entitled for a period of two years following Closing, to seek remedy against Adastra and the Adastra Principals for any such misrepresentation or breach of warranty.

1.3 In order to induce Arrowstar to enter into this Agreement and complete its obligations hereunder, each of the Vendors and Adastra, on a several and not joint basis, represents and warrants that:

- (a) He, she or it has good and sufficient right and authority to enter into this Agreement and to carry out his, her or its obligations under this Agreement on the terms and conditions set forth herein, and this Agreement is a binding agreement on him, her or it enforceable against him, her or it in accordance with its terms and conditions;
- (b) the Adastra Shares registered in the names of the Vendors are beneficially owned by the Vendor as set forth in Schedule "A" to this Agreement, free and clear of all voting restrictions, liens, charges or encumbrances of any kind whatsoever, and the Vendor has the full authority to sell his, her or its Adastra Shares to Arrowstar; and
- (c) to the extent that they might prevent him, her or it from meeting his, her or its obligations under this Agreement, there are no outstanding or pending actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting him, her or it at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever, nor are there, to the best of his, her or its knowledge, any pending or threatened.

1.4 The representations and warranties of Adastra and the Vendors as set out in section 1.3 above, are true and correct as of the Effective Date and shall be true and correct at the Time of Closing (as defined below) as though they were made at that time, and should such not be the case, Arrowstar shall be entitled for a period of two years following Closing, to seek remedy against Adastra and the Vendors for any such misrepresentation or breach of warranty.

1.5 In order to induce the Vendors and Adastra to enter into this Agreement and complete their respective obligations hereunder, Arrowstar represents and warrants to the Vendors and Adastra that:

- (a) Arrowstar was and remains duly incorporated under the laws of British Columbia and:
 - (i) Arrowstar is a "reporting issuer" as that term is defined in the Securities Act and Arrowstar is not in material default of any of the requirements of the applicable securities laws of British Columbia;
 - (ii) Arrowstar is in good standing with respect to the filing of annual reports with British Columbia Registrar of Companies; and
 - (iii) the common shares of Arrowstar are currently listed (the "Listing") but not trading on the TSX Venture Exchange ("TSXV");
- (b) as at the Effective Date and as at Closing:
 - (i) the authorized share capital of Arrowstar consists of an unlimited number of common shares without par value of which 21,656,030 common shares will be issued and outstanding at Closing;
 - (ii) there are no commitments, plans or arrangements of any kind whatsoever to issue shares of Arrowstar, nor are there any outstanding Securities of any kind whatsoever calling for the issuance of any of the unissued shares of Arrowstar, nor any rights of first refusal or other rights of any kind whatsoever in respect of any unissued shares of Arrowstar, save and except as follows:
 - (A) the shares of Arrowstar to be issued pursuant to this Agreement;
 - (B) share purchase warrants for the purchase 496,000 shares @ \$0.75 per share until February 20, 2020 and for the purchase of 1,023,100 shares @ \$1.00 per share until April 26, 2020; and
 - (C) private placement Concurrent Financing of \$500,000.00 (10,000,000 shares at \$0.05 per share), which 10,000,000 shares are included in the issued and outstanding in Section 1.5(b).
- (c) upon their issuance, the Arrowstar Shares (as defined below) will be validly issued and outstanding, fully paid and non-assessable common shares of Arrowstar registered as directed by the Vendors, free and clear of all trade restrictions (except as provided for herein) and, except as may be created or permitted by the Vendors, free and clear of all liens, charges or encumbrances or any kind whatsoever;
- (d) all prospectuses, exchange offering prospectuses, offering memorandums, filing statements, information circulars, material change reports, shareholder communications, press releases and other disclosure documents of Arrowstar including, but not limited to, financial statements, contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (e) the constating documents of Arrowstar have not been altered since the incorporation of Arrowstar or, if they have been, all such alterations are contained in and reflected in the minute book of Arrowstar;

- (f) all of the material transactions of Arrowstar have been promptly and properly recorded or filed in or with the books or records of Arrowstar and the minute books of Arrowstar contain all records of the meetings and proceedings of shareholders and directors of Arrowstar since its incorporation;
- (g) Arrowstar holds all licences and permits that are required for carrying on its business in the manner in which such business will need to be carried on in order for Arrowstar to meet its obligations under this Agreement;
- (h) Arrowstar has the corporate power to own the assets owned by it and to carry on the business carried on by it and to meet its obligations under this Agreement, and Arrowstar is duly qualified to carry on business in all jurisdictions in which it carries on business;
- (i) the audited financial statements of Arrowstar for its fiscal year ended December 31, 2018 (the "Arrowstar Financial Statements") are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Arrowstar for the periods then ended and the Arrowstar Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis;
- (j) the books and records of Arrowstar disclose all material financial transactions of Arrowstar since December 31, 2018, and such transactions have been fairly and accurately recorded;
- (k) except as disclosed in the Arrowstar Financial Statements:
 - (i) no dividends or other distributions of any kind whatsoever on any shares in the capital of Arrowstar have been made, declared or authorized;
 - (ii) Arrowstar has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any person, firm or corporation of any kind whatsoever.
- (l) there are no material liabilities of Arrowstar, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the Arrowstar Financial Statements except those incurred in the ordinary course of business of Arrowstar since December 31, 2018 and such liabilities are recorded in the books and records of Arrowstar;
- (m) since December 31, 2018:
 - (i) there has not been any material adverse change of any kind whatsoever in the financial position or condition of Arrowstar or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of Arrowstar or the right or capacity of Arrowstar to carry on its Business except as contemplated by this Agreement;
 - (ii) Arrowstar has not waived or surrendered any right of any kind whatsoever of material value;
 - (iii) except as permitted under this Agreement, Arrowstar has not discharged, satisfied or paid any lien, charge or encumbrance of any kind whatsoever or obligation or liability of any kind whatsoever other than current liabilities in the ordinary course of its business; and

- (iv) the business of Arrowstar has been carried on in the ordinary course except as contemplated in this Agreement.
- (n) none of the directors, officers or key employees of Arrowstar has any compensation arrangements with Arrowstar, whether as directors, officers or employees of, or as independent contractors or consultants to, Arrowstar, and no payments of any kind whatsoever have been made or authorized by Arrowstar since the incorporation of Arrowstar to or on behalf of any director, officer, employee, independent contractor or consultant to Arrowstar, except as set out in the Arrowstar Financial Statements;
- (o) there are no pensions, profit sharing, group insurance or similar plans or other deferred compensation plans of any kind whatsoever affecting Arrowstar;
- (p) Arrowstar is not now, and has never been, a party to any collective agreement with any labour union or other association of employees of any kind whatsoever;
- (q) Arrowstar has no current material contract or agreements which will survive the Time of Closing;
- (r) all tax returns and reports of Arrowstar required by law to have been filed have been filed and are substantially true, complete and correct and all taxes and other government charges of any kind whatsoever have been paid or accrued in the Arrowstar Financial Statements;
- (s) Arrowstar has made all elections required to have been made under the Tax Act in connection with any distributions made by it and all such elections were true and correct and made in the prescribed form and within the prescribed time period;
- (t) adequate provision has been made for taxes payable by Arrowstar for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Arrowstar;
- (u) Arrowstar is not aware of any contingent tax liabilities of Arrowstar of any kind whatsoever or any grounds which would prompt a reassessment of Arrowstar including aggressive treatment of income and expenses in earlier tax returns filed;
- (v) there are no amounts outstanding and unpaid for which Arrowstar has previously claimed a deduction under the Tax Act;
- (w) Arrowstar has made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections, deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Arrowstar carries on business;
- (x) Arrowstar has good and sufficient right and authority to enter into this Agreement and to carry out its obligations under this Agreement on the terms and conditions set forth herein and this Agreement is a binding agreement on Arrowstar enforceable against it in accordance with its terms and conditions;

- (y) there are no outstanding or pending actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Arrowstar, at law or in equity or before or by any Federal, Provincial, State, Municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best of its knowledge, any pending or threatened;
- (z) to the best of its knowledge, Arrowstar is not in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever;
- (aa) the execution and delivery of this Agreement and the performance of its obligations under this Agreement will not:
 - (i) conflict with, or result in the breach of or the acceleration of any indebtedness under, or constitute default under, the Memorandum and Articles of Arrowstar, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which Arrowstar is a party or by which it is bound, or any judgment or order of any kind whatsoever of any Court or administrative body of any kind whatsoever by which Arrowstar is bound; or
 - (ii) to the best of its knowledge, result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever by Arrowstar;
- (bb) Arrowstar has not incurred any liability for broker's or finder's fees of any kind whatsoever with respect to this Agreement or any transaction contemplated under this Agreement; and
- (cc) the representations and warranties of Arrowstar contained in this Agreement disclose all material facts specifically relating to the transactions involving Arrowstar contemplated in this Agreement which materially or adversely affect or in the future may materially or adversely affect Arrowstar or Arrowstar's ability to perform its obligations under this Agreement.

1.6 The representations and warranties of Arrowstar are true and correct as of the Effective Date and shall be true and correct at the Time of Closing as though they were made at that time and should such not be the case, Adastra and the Vendors shall be entitled for a period of two years following the Closing Date, to seek remedy against Arrowstar for any such misrepresentation or breach of warranty.

2. Purchase and Sale

2.1 Subject to the terms and conditions of this Agreement, each Vendor agrees to sell, on his, her or its own behalf and not on behalf of any of the other Vendors, his, her or its Adastra Shares to Arrowstar, and Arrowstar agrees with each of the Vendors to purchase all of his, her or its Adastra Shares, on the Closing Date in consideration for the issuance of a total of 81,138,333 common shares without par value in the capital of Arrowstar (the "Arrowstar Shares") at an ascribed price of \$0.45 per Arrowstar Share to be distributed as set out in Schedule "A".

2.2 The Vendors acknowledge to and agree with Arrowstar that:

- (a) some of the Arrowstar Shares may be subject to escrow restrictions imposed by the Canadian Securities Exchange ("CSE") (the "Escrow Requirement"). The extent to which the Arrowstar Shares will be escrowed and the terms of that escrow (the "Escrow Agreement"), will be dependent upon the requirements of the CSE. As at the Effective

Date of this Agreement, the parties expect the terms of release for applicable shareholders to be substantially in accordance with the following:

Release Dates	Percentage of Total Escrowed Securities to be Released
Date of Exchange Notice*	10%
Date 6 months following Exchange Notice	15%
Date 12 months following Exchange Notice	15%
Date 18 months following Exchange Notice	15%
Date 24 months following Exchange Notice	15%
Date 30 months following Exchange Notice	15%
Date 36 months following Exchange Notice	15%
TOTAL	100%

*Date of final CSE acceptance of the Listing.

The terms of the Escrow Agreement set forth above are subject to the final approval of the CSE and may be varied in accordance with CSE's requirements.

- (b) The Arrowstar Shares and any shares issued hereunder will also be subject to certain resale or other restrictions under MI 45-102, British Columbia securities legislation, CSE policies and the rules, policies, notices and orders issued by the British Columbia Securities Commission and the certificates issued for the Arrowstar Shares will bear a legend to that effect.

3. Covenants, Agreements And Acknowledgements

3.1 The Vendors and Adastras jointly and severally covenant and agree with Arrowstar that the Vendors and Adastras shall:

- (a) from and including the Effective Date through to the Time of Closing permit Arrowstar, through its directors, officers, employees and authorized agents and representatives (collectively the "Arrowstar Representatives") at Arrowstar's own cost, full access to Adastras's books, records and property including, without limitation, all of the Assets, contracts and minute books of Adastras, so as to permit Arrowstar to make such due diligence investigation (the "Arrowstar Investigation") of Adastras as Arrowstar deems necessary;
- (b) provide to Arrowstar all such further documents, instruments and materials and do all such reasonable acts and things as may be required by Arrowstar to obtain any required Regulatory Approval of the Reverse Takeover;
- (c) from and including the Effective Date through to and including the Time of Closing, do all such acts and things necessary to ensure that all of the representations and warranties of Adastras or the Vendors or any one of them contained in this Agreement or any certificates or documents delivered by them or any one of them pursuant to this Agreement remain true and correct;

- (d) from and including the Effective Date through to and including the Time of Closing, preserve and protect the goodwill, Assets, business and undertaking of Adastra and, without limiting the generality of the foregoing, carry on the business of Adastra in a reasonable and prudent manner;
- (e) except as may be required by a stock exchange or other trading facility or by any rule, regulation or law of any kind which is applicable to them, while this Agreement is in effect and for a period of two years thereafter, keep confidential all discussions, documents and communications between the parties regarding material undisclosed proprietary or confidential information and, if so requested by Arrowstar to do so, the Vendors and Adastra shall arrange for their respective directors, officers, employees, authorized agents and representatives, as applicable, that are or may become aware of the relationship between the parties created by this Agreement, to provide to Arrowstar a letter confirming their agreement to be personally bound by these non-disclosure provisions, save and except as may be required by securities law and regulation;
- (f) not do any such act or thing that would render any representation or warranty of the Vendors or any one of them contained in this Agreement or any certificates or documents delivered by them or any one of them pursuant to this Agreement untrue or incorrect; and
- (g) not negotiate with any other person in respect of a purchase and sale of any of the Adastra Shares or any part of the Assets of Adastra, other than in the ordinary course of business, or as set out on Schedule "A".

3.2 The Vendors and Adastra jointly and severally acknowledge to and agree with Arrowstar that the Arrowstar Investigation shall in no way limit or otherwise adversely affect the rights of Arrowstar as provided for hereunder in respect of the representations and warranties of the Vendors contained in this Agreement.

3.3 Arrowstar covenants and agrees with the Vendors and with Adastra that Arrowstar shall:

- (a) from and including the Effective Date through to the time of Closing permit the Vendors, themselves and through their authorized agents and representatives (collectively the "Vendors' Representatives"), at their own cost, full access to Arrowstar's property, books and records including, without limitation, all of the assets, contracts and minute books of Arrowstar, so as to permit the Vendors' Representatives to make such due diligence investigation (the "Vendors' Investigation") of Arrowstar as the Vendors deem necessary;
- (b) use its best efforts to obtain all requisite Approvals for this Agreement and the transactions contemplated hereunder as soon as is reasonably possible, including the approval of the shareholders of Arrowstar to this Share Exchange Agreement, the delisting from the TSXV, and the conditional listing on the CSE;
- (c) use its best efforts to obtain all necessary shareholder approvals for the transactions contemplated hereunder and the change of name of Arrowstar to a name chosen by Adastra and agreed to by Arrowstar, provided such name is acceptable to the CSE and the British Columbia Registrar of Companies;
- (d) from and including the Effective Date through to and including the Time of Closing, do all such acts and things necessary to preserve and protect the Listing and to ensure that all of the representations and warranties of Arrowstar remain true and correct and not do any such act or thing that would render any representation or warranty of Arrowstar untrue or incorrect; and

(e) except as may be required by a stock exchange or other trading facility or by any rule, regulation or law of any kind which is applicable to it, while this Agreement is in effect and for a period of two years thereafter, keep confidential all discussions, documents and communications between the parties regarding material undisclosed proprietary or confidential information and, if so requested by any of the Vendors or by Adastra to do so, Arrowstar shall arrange for its directors, officers, employees, authorized agents and representatives that are or may become aware of the relationship between the parties created by this Agreement to provide to the Vendors and Adastra a letter confirming their agreement to be personally bound by these non-disclosure provisions, save as may be required by securities law and regulation.

3.4 Arrowstar acknowledges to and agrees with the Vendors that the Vendors' Investigation shall in no way limit or otherwise adversely affect the rights of the Vendors as provided for hereunder in respect of the representations and warranties of Arrowstar contained in this Agreement.

3.5 At the request of any of the Vendors, Arrowstar covenants to elect jointly with the Vendors under section 85 of the Tax Act to execute and deliver to each Vendor, for filing, the form of election specified in section 85 of the Tax Act, and in so electing will elect as "proceeds of disposition" of that Vendor an amount specified by that Vendor that is not greater than the fair market value of that number of the Arrowstar Shares issuable to that Vendor under this Agreement and not less than the "cost amount" to that Vendor of the Adastra Shares sold by that Vendor as that amount is calculated and determined for the purposes of the Tax Act.

4. Financing

4.1 On or before the Closing Date, Arrowstar will complete an equity offering (the "Concurrent Financing") 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;

5. Conditions Precedent

5.1 Arrowstar's obligations under this Agreement including, without limitation, its obligation to close this Agreement, are subject to the fulfilment, to its satisfaction, of the following conditions that:

- (a) on or before the Time of Closing, Arrowstar shall have been able to complete the Arrowstar Investigation to its reasonable satisfaction;
- (b) at the Time of Closing, the directors of Adastra shall consist of Andrew Hale, Georges Routhier and Blaine Bailey;
- (c) as of the Time of Closing, the Vendors and Adastra shall have complied with all of their respective covenants and agreements contained in this Agreement in all material respects; and
- (d) as of the Time of Closing, the representations and warranties of Adastra and the Vendors or any one of them referred shall be completely true as if such representations and warranties had been made by Adastra and the Vendors as of the Time of Closing.

The conditions precedent set forth above are for the exclusive benefit of Arrowstar and may be waived by it in whole or in part on or before the Time of Closing.

5.2 Adastra and the Vendors' respective obligations under this Agreement including, without limitation, their obligations to close this Agreement, are subject to the fulfillment, to their satisfaction, of the following conditions that:

- (a) on or before the Time of Closing, the Vendors shall have been able to complete the Vendors' Investigation to their reasonable satisfaction;
- (b) as of the Closing Date, the Concurrent Financing will have been or will be completed;
- (c) as at the Time of Closing, all officers of Arrowstar and all directors of Arrowstar except Stephen Brohman and Blaine Bailey will have resigned and the board of directors of Arrowstar (the "New Board") will consist of Andrew Hale, and Georges Routhier, for a total of four board positions initially (the "Board Requirement"). A fifth independent director, satisfactory to the new board will be appointed as soon as practicable thereafter;
- (d) as at the Time of Closing, the officers of Arrowstar will consist of Andrew Hale as President, Chief Executive Officer and Secretary, Stephen Brohman as Chief Financial Officer (the "Officer Requirement");
- (e) as at the Time of Closing, there will be no continuing stock options or convertible securities outstanding in Arrowstar or any other rights in respect of unissued shares of Arrowstar save and except 1,519,200 warrants;
- (f) prior to the Time of Closing, the Shareholders of Arrowstar will have approved of the transactions contemplated hereunder (the "Shareholder Approval Requirement");
- (g) prior to the Time of Closing, there will not have been any adverse material change in the business or affairs of Arrowstar such to include, without limitation, the following:
 - (i) no investigation, cease trading order or other securities regulatory action have been taken against Arrowstar; or
 - (ii) Arrowstar being bankrupt, insolvent or in receivership, or being subject to any proceeding to cause any of the foregoing; or
 - (iii) any other adverse "material change" as that term is defined in the Securities Act;
- (h) as of the Time of Closing, Arrowstar shall have complied with all of its covenants and agreements contained in this Agreement in all material respects; and
- (i) at the Time of Closing, the representations and warranties of Arrowstar shall be completely true as if such representations and warranties had been made by Arrowstar as of the Time of Closing.

The conditions precedent set forth above are for the exclusive benefit of each of the Vendors and Adastra and may be waived by each of them in whole or in part on or before the Time of Closing.

5.3 The parties acknowledge and agree each with the other that this Agreement and the transactions contemplated under this Agreement may be subject to the approval ("Regulatory Approval"): In the event that the Closing of the Reverse Takeover has not occurred on or before September 30, 2019, this Agreement shall terminate on written notice by any party to the other parties, in which case this Agreement will be of no further force or effect.

6. Closing

- 6.1 The completion of the transactions contemplated under this Agreement shall be closed (the "Closing") at the offices of Gowling WLG LLP, our address Suite 2300 – 550 Burrard Street, Vancouver, British Columbia at 10:00 a.m. local time in Vancouver, B.C. (the "Time of Closing") on a date (the "Closing Date") within five business days following the date Approvals are given.
- 6.2 At the Time of Closing on the Closing Date, Adastra and the Vendors shall deliver to Arrowstar the following Closing documents:
- (a) a certified true copy of the unanimous resolutions of the directors of Adastra and, if necessary, the shareholders of Adastra evidencing that the board of Adastra and, if applicable, shareholders of Adastra, have approved this Agreement and all of the transactions of Adastra contemplated hereunder and the resolutions shall include specific reference to:
 - (i) the sale and transfer of the Adastra Shares from the Vendors to Arrowstar as provided for in this Agreement;
 - (ii) the cancellation of the share certificates (the "Old Share Certificates") representing the Adastra Shares as held by the Vendors;
 - (iii) the issuance of a new share certificate (the "New Share Certificate") representing the Adastra Shares registered in the name of Arrowstar;
 - (b) the Escrow Agreement referred to in paragraph 2.2 of this Agreement;
 - (c) a certificate of confirmation signed by the Adastra Principals and Adastra in the form attached as Schedule "I" to this Agreement;
 - (d) if the parties settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other Closing documents as are listed on that Closing agenda as Closing documents to be delivered by the Vendors and by Adastra; and
 - (e) if the parties choose not to or are unable to settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other materials that are, in the opinion of Arrowstar acting reasonably, required to be delivered by the Vendors and by Adastra in order for them to have met their obligations under this Agreement.
- 6.3 At the Time of Closing on the Closing Date, Arrowstar shall deliver to the Vendors:
- (a) certified true copies of the resolutions of the directors of Arrowstar and of the shareholders of Arrowstar, evidencing that the board of Arrowstar and the shareholders of Arrowstar have approved this Agreement and all of the transactions of Arrowstar contemplated hereunder;
 - (b) evidence that any required Regulatory Approvals have been obtained;
 - (c) share certificates representing Arrowstar Shares registered in the names of the Vendors as provided for in paragraph 2.1 of this Agreement;
 - (d) evidence in a form satisfactory to Adastra, acting reasonably, that the Escrow Requirement referred to in paragraph 2.2 of this Agreement has been complied with;

- (e) evidence in a form satisfactory to Adastra, acting reasonably, that the Board Requirement referred to in subparagraph 5.2(c) of this Agreement has been complied with;
- (f) evidence in a form satisfactory to Adastra, acting reasonably, that the Officer Requirement referred to in subparagraph 5.2(d) of this Agreement has been complied with;
- (g) evidence in a form satisfactory to Adastra, acting reasonably, that the Share Capital Requirement referred to in subparagraph 5.2(e) of this Agreement has been complied with;
- (h) evidence in a form satisfactory to Adastra, acting reasonably, that the Shareholder Approval Requirement have been complied with;
- (i) a certificate of confirmation signed by two directors or officers of Arrowstar in the form attached as Schedule "J" this Agreement;
- (j) if the parties settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other Closing documents as are listed on that Closing agenda as Closing documents to be delivered by Arrowstar; and
- (k) if the parties choose not to or are unable to settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other materials that are, in the opinion of the Vendors and Adastra acting reasonably, required to be delivered by Arrowstar in order for it to have met its obligations under this Agreement.

7. Power of Attorney

- 7.1 Each Vendor hereby irrevocably nominates, constitutes and appoints the President of Adastra (the "Representative") as his, her or its agent and attorney-in-fact to act on his, her or its behalf with full power and authority in his, her or its name, place and stead to deliver all certificates for Adastra Shares to Arrowstar, execute and deliver a stock power to transfer the Adastra Shares to Arrowstar and to execute any required Escrow Agreement, take such action in order to ensure that the representations and warranties set out in this Agreement are true and correct as of the Effective Date and shall be true and correct at the Time of Closing of this Agreement as though they were made at that time, execute and deliver all such further documents and instruments and do all such acts and things as any party may, either before or after the Time of Closing of this Agreement, reasonably require of the other in order that the full intent and meaning of this Agreement is carried out, give and receive notices, communications and payments, and take all actions necessary or appropriate in the judgment of the Representative for the accomplishment of the foregoing, including without limitation the right to amend this Agreement and to resolve any disagreements or disputes, and to exercise such rights, power and authority as are incidental thereto, and this power of attorney shall terminate upon the termination of this Agreement.
- 7.2 In the event the President of Adastra is unavailable to act as Representative, or becomes incapable (through death or legal incapacity) of acting as Representative, then such person as is then designated by a majority of the members of Adastra's Board of Directors, as constituted immediately prior to the Closing of this Agreement, is authorized and directed to take such action on behalf of each Vendor and to exercise such rights, power and authority as are authorized, delegated and granted to the Representative under this Agreement.
- 7.3 Each Vendor agrees to be bound by any representations made and actions taken by the Representative pursuant to this power of attorney in accordance with the terms hereof and

hereby waives any and all defences which may be available to the Vendor to contest, negate or disaffirm the action of the Representative taken under this power of attorney.

7.4 The Representative and Adastra, its directors, officers, employees, advisors and agents shall not be liable for any act done or omitted hereunder as attorney for a Vendor. Each Vendor indemnifies the Representative, Adastra, its directors, officers, employees, advisors and agents and holds them harmless against any loss, liability or expense arising out of, or in connection with, any actions taken pursuant to this power of attorney.

8. General

8.1 Time and each of the terms and conditions of this Agreement shall be of the essence of this Agreement and any waiver by the parties of this paragraph or any failure by them to exercise any of their rights under this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

8.2 The Schedules to this Agreement and the recitals to this Agreement constitute a part of this Agreement. The headings in this Agreement are for reference only and do not constitute terms of the Agreement. Whenever the singular or masculine is used in this Agreement the same shall be deemed to include the plural or the feminine or the body corporate as the context may require.

8.3 This Agreement constitutes the entire Agreement between the parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied, collateral hereto other than as expressly set forth or referred to herein.

8.4 The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may, either before or after the Closing, reasonably require of the other in order that the full intent and meaning of this Agreement is carried out.

8.5 The provisions contained in this Agreement which, by their terms, require performance by a party to this Agreement subsequent to the Closing Date of this Agreement, shall survive the Closing Date of this Agreement.

8.6 No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement shall be valid and binding upon the parties hereto unless such alteration, amendment, modification or interpretation is in written form executed by all of the parties to this Agreement.

8.7 Any payment, notice, request, demand, election and other communication of any kind whatsoever (a "Communication") to be given under this Agreement shall be in writing and shall be delivered by hand, e-mail or by fax to the parties at their following respective addresses:

To the Vendors or Adastra:

Adastra Labs Holdings Ltd.
4649-248th Street
Langley, BC V4W 1C9

Attention: Andrew Hale

Email: andy.hale@adastralabs.ca

To Arrowstar:

Arrowstar Resources Ltd.
Suite 2300-550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Blaine Bailey

Email: BBAiley@arrowstarresources.com

or to such other addresses as may be given in writing by the parties hereto in the manner provided for in this paragraph, and the party sending such notice should request acknowledgment of delivery and the party receiving such notice should provide such acknowledgment. Notwithstanding whether or not a request for acknowledgment has been made or replied to, whether or not delivery has occurred will be a question of fact. If a party can prove that delivery was made as provided for above, then it will constitute delivery for the purposes of this Agreement whether or not the receiving party acknowledged receipt.

- 8.8 Each of the Vendors hereby appoints Adastra as its nominee for the purpose of receiving a Communication from Arrowstar pursuant to this Agreement.
- 8.9 This Agreement may not be assigned by any party hereto without the prior written consent of all of the parties hereto.
- 8.10 All references to number of issued and outstanding shares of Arrowstar where referred to in this Agreement are references to such shares of Arrowstar as constituted on March 12, 2002 unless otherwise indicated.
- 8.11 This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereby attorn to the jurisdiction of the Courts of British Columbia.
- 8.12 This Agreement may be signed by fax and in counterpart, and each copy so signed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date first above written.

ARROWSTAR RESOURCES LTD.

"Blaine Bailey"

Per: _____
Authorized Signatory

ADASTRA LABS HOLDINGS LTD.

"Andrew Hale"

Per: _____
Authorized Signatory

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

"Blaine Bailey"

BLAINE BAILEY

Witness

"Brian Brennan"

BRIAN BRENNAN

Witness

"Stephen Brohman"

STEPHEN BROHMAN

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra

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Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

"Gail Foster"

GAIL FOSTER

Witness

"Robert Foster"

ROBERT FOSTER

Witness

"Andrew Hale"

ANDREW HALE

Witness

"Kenneth Johnson"

KENNETH JOHNSON

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

"Leonard Mullock"

LEONARD MULLOCK

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

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Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.

Witness

SCHEDULE "A"

LIST OF SECURITIES OF ADASTRA (SEE 1.1(D))

Common Shares

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
Leonard Mullock	8,060,000	8,060,000
Brian Brennan	7,800,000	7,800,000
Kenneth Johnson	7,800,000	7,800,000
Andrew Hale	2,340,000	2,340,000
Leonard Mullock	6,200,000	6,200,000
Brian Brennan	6,000,000	6,000,000
Kenneth Johnson	6,000,000	6,000,000
Andrew Hale	1,800,000	1,800,000
Stephen Brohman	500,000	500,000
<div style="background-color: black; width: 100px; height: 15px; margin-bottom: 5px;"></div> Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.	500,000	500,000
<div style="background-color: black; width: 100px; height: 15px; margin-bottom: 5px;"></div> Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.	250,000	250,000
<div style="background-color: black; width: 100px; height: 15px; margin-bottom: 5px;"></div> Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.	250,000	250,000

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	250,000	250,000
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	800,000	800,000
<p>████████████████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	1,013,333	1,013,333
<p>████████████████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	160,000	160,000
<p>████████████████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	2,666,667	2,666,667
<p>████████████████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	2,080,000	2,080,000
<p>████████████████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	533,333	533,333

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
Robert Foster	4,000,000	4,000,000
Gail Foster	4,000,000	4,000,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	2,666,667	2,666,667
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	1,406,667	1,406,667
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	533,333	533,333
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	800,000	800,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	533,333	533,333
Blaine Bailey	200,000	200,000
Leonard Mullock	66,667	66,667
Brian Brennan	100,000	100,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	300,000	300,000

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	380,000	380,000
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	60,000	60,000
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	1,000,000	1,000,000
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	780,000	780,000
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	200,000	200,000
Robert Foster	1,500,000	1,500,000
Gail Foster	1,500,000	1,500,000
<p>[REDACTED]</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	833,333	833,333

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	60,000	60,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	200,000	200,000
<p>██████████████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	133,333	133,333
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	250,000	250,000
<p>██████████████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	166,667	166,667
<p>██████████████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	333,333	333,333
Leonard Mullock	50,000	50,000
Brian Brennan	70,000	70,000

Name of Vendor	No. of Aداstra Shares Sold	No. of Arrowstar Shares Received
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	150,000	150,000
<p>████████████████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	190,000	190,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	30,000	30,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	500,000	500,000
<p>████████████████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	390,000	390,000
<p>██████████</p> <p>Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Aداstra.</p>	100,000	100,000
Robert Foster	750,000	750,000
Gail Foster	750,000	750,000

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	166,667	166,667
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	200,000	200,000
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	100,000	100,000
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	100,000	100,000
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	101,667	101,667
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	116,667	116,667
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	83,333	83,333

Name of Vendor	No. of Adastra Shares Sold	No. of Arrowstar Shares Received
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	33,333	33,333
<p>██████████ Name of Vendor Redacted for confidentiality and as disclosure would be seriously prejudicial to interest of Vendor and Adastra.</p>	250,000	250,000
TOTAL	81,138,333	81,138,333

SCHEDULE "B"

LIST OF ADASTRA ASSETS 1.1(h)

Name of Registered Holder	Nature of Asset
1178562 BC LTD	Property legally described as PID 023-316-586, LOT 12 SECTION 5 TOWNSHIP 14 NEW WESTMINSTER DISTRICT PLAN LMP26792, 5451 275 St, Langley, BC V4W 3X8 with the following equipment: One (1) only Water Heater- Gas Fired 85gal, one (1) Water Heater- Gas Fired 99 gal, two (2) Compressors – Cancoil, two (2) Compressors – Tecumseh, one (1) HVAC - Engineered Air, nine (9) Exhaust Fans -Greenheck,
Adastra Labs Holdings Ltd.	Office Furnishings including: one (1) 10 foot Conference Table, eight (8) conference chairs, four (4) desks and cabinets, eight (8) desk chairs, one (1) 30" round meeting table, one (1) Samsung 65" Smart TV, one (1) HP Color LaserJet MFP M281fdw, (1) sofa, one (1) coffee table, one (1) beverage refrigerator, one (1) Original Line Nespresso coffee maker, one (1) Jive IP phones system with four (4) Yealink IP base-stations, phones and wireless dongles, one (1) office shredder, two (2) decorative wood carvings, three (3) framed art prints,
Adastra Labs Holdings Ltd.	Laboratory equipment including: One (1) Balance Scale - ENTRIS22011-1S, One (1) Across International AccuTemp 0.9 CF Vacuum Oven with Ai EasyVac 7 cfm Compact Vacuum Pump, Miscellaneous lab glassware
Adastra Labs Holdings Ltd.	Marketing assets including: One (1) Adastra Labs & Chemia Analytics 10' x 20" Tradeshow booth.

SCHEDULE "C"

PERMITTED ENCUMBRANCES

The following are the "Permitted Encumbrances" on the Assets of Adastra (see 1.1(j)):

Name of Registered Holder	Nature of Interest Secured	Amount Owed as of May 31, 2019
MortEq Lending Corp.	General Security Agreement and Mortgage on Property legally described as PID 023-316-586, LOT 12 SECTION 5 TOWNSHIP 14 NEW WESTMINSTER DISTRICT PLAN LMP26792, 5451 275 St, Langley, BC V4W 3X8	\$2,446,000

SCHEDULE "D"

LIST OF DIRECTORS, OFFICERS AND KEY EMPLOYEES
OF ADASTRA (SEE 1.1(AA),(BB), (CC) AND (DD))

Name and Address	Position	Compensation Arrangements (include base compensation plus pensions, profit sharing, insurance plans etc.)*
Andrew M. Hale [REDACTED] Address Redacted for confidentiality.	CEO & Director	\$180,000 Annual Salary
Blaine Y. Bailey [REDACTED] Address Redacted for confidentiality.	Director	None
Stephen J. Brohman [REDACTED] Address Redacted for confidentiality.	CFO & Director	\$2,000 per month
Georges Routhier [REDACTED] Address Redacted for confidentiality.	Director	None

SCHEDULE "E"

MATERIAL CONTRACTS OF ADASTRA

Material Contracts of AdastrA (see 1.1(r) and 1.1(ee)):

Supplier	Material	Amount	Paid	Balance Due
United Science – extraktLAB	One (1) extraktLAB 140 Extractor with ASME stamming, one (1) CO2 Recycler System, one (1) CO2 Cage, one (1) DrainDroyd Complete Starter Kit, one (1) CO2 Pump For CO2 Feed to Bundle, one (1) Extractor Chiller, one (1) Hanningfield U10 Grinder, one (1) Uni-Dust Type 5 High Efficiency Cyclone, one (1) Across International 75a 7.5 cf vacuum oven, one (1) Across International SolventVap SE53 20L Rotary Evaporator, Design services & Commissioning Services	\$756,900 USD	\$216,900 USD	\$540,00 USD

The following are the Material Contracts which **cannot** be terminated by AdastrA on one month's notice (see 1.1(gg)):

None

SCHEDULE "F"

BANK ACCOUNTS AND SAFETY DEPOSIT BOXES

Bank Account of Adastra:

Bank	Account Type
TD Canada Trust	EveryDay Checking
TD Canada Trust	Business Investor Savings

Safety Deposit Boxes of Adastra: None

SCHEDULE "G"

INSURANCE COVERAGE

Insurance Policies (see 1.1(t)):

Insurer	Insured	Term of Coverage	Policy Type	Amount of Coverage
Certain Lloyd's Underwriters under Contract NA18BE10 as arranged by Can-Sure Underwriting	1178562 BC Ltd a/o Adastra Labs Holdings Ltd.	June 3, 2019 to November 3, 2019	Builder's Risk Wrap-Up Liability	\$3,000,000 \$5,000,000
As arranged by O2 Insurance Services Inc –Certain Underwriters with Lloyds 50% Property; As arranged by Strategic Underwriters – Wawanesa 25% Property; As arranged by Strategic Underwriters – Sovereign General 12.5% Property; As arranged by Strategic Underwriters – Inter Hannover 12.5% Property	1178562 BC Ltd	January 8, 2019 to January 8, 2020	Commercial Property – Building Commercial General Liability	\$2,600,000 \$5,000,000

SCHEDULE "H"

INTELLECTUAL PROPERTY

Name of Registered Holder	Nature of Asset
Adastra Labs Holdings Ltd.	One (1) Adastra Labs website (www.adastralabs.ca), one (1) Adastra Labs Instagram page (@adastracanada), one (1) Adastra Labs Linked In page, one (1) Chemia Analytics website (www.chemia.ca) , one (1) Chemia Analytics Instagram Page (@chemia), one (1) Chemia Analytics Linked In page
Adastra Labs Holdings Ltd.	Adastra Labs Standard Operating Procedures (SOPs)
Adastra Labs Holdings Ltd.	Chemia Analytics SOPs.

SCHEDULE "I"

CERTIFICATE OF CONFIRMATION

Pursuant to the Share Exchange Agreement made effective as of the ___ day of _____, 2019 (the "Agreement") between the Vendors, Adastra and Arrowstar, the Vendors and Adastra jointly and severally confirm to Arrowstar that the representations and warranties of the Vendors and Adastra contained in the Agreement are true and correct in every respect as of the Time of Closing on the Closing Date of the Agreement.

Dated this ___ day of _____, 2019.

ADASTRA LABS HOLDINGS LTD.

Per:

Authorized Signatory

Name and Title: Andrew M. Hale

President and CEO

Authorized Signatory

Name and Title: Stephen J. Brohman

CFO

Brian Brennan

Kenneth Johnson

Leonard Mullock

SCHEDULE "J"

CERTIFICATE OF CONFIRMATION

Pursuant to the Share Exchange Agreement made effective as of the ____ day of _____, 2019 (the "Agreement") between the Vendors, Adastra and Arrowstar, Arrowstar confirms to the Vendors that the representations and warranties of Arrowstar contained in the Agreement are true and correct in every respect as of the Time of Closing on the Closing Date of the Agreement.

Dated this ____ day of _____, 2019.

ARROWSTAR RESOURCES LTD.

Per:

Authorized Signatory
Name and Title: _____

Authorized Signatory
Name and Title: _____