

## Adastra Enters Toll Processing Agreement with Sugarbud

February 11<sup>th</sup>, 2020 – Adastra Labs Holdings Ltd. (CSE: XTRX) (“Adastra”) is pleased to announce that it has entered into an agreement with Sugarbud Craft Growers Corp. (TSXV: SUGR, SUGR.WT) (“Sugarbud”) to supply cannabis contract (toll) processing services.

Under the terms of the agreement, Adastra will supply Sugarbud with standard processing services for a minimum of 1,200,000 grams of premium dried cannabis flower and trim over a period of 12 months beginning June 1st, 2020, subject to licensing and regulatory approvals.

Andy Hale, CEO of Adastra stated, "This latest agreement further develops our growing partnership with Sugarbud who will provide high-quality cannabis that will be used to create premium extract products. We look forward to our continuing collaboration with the team at Sugarbud."

Adastra submitted its Site-Evidence Package which was received by Health Canada on December 4<sup>th</sup>, 2019 and is in the final stages of licensing as standard processor. The issuance of a Standard Processing Licence from Health Canada would add to its already licensed analytical testing lab and permit Adastra to execute its plan to produce cannabis extract products and formulations. Adastra plans to create high-value cannabis extracts by supercritical CO<sub>2</sub> extraction and secondary distillation. These extracts can be incorporated into a variety of value-added products such as, edibles, beverages, topicals, tinctures and vape cartridges to serve the rapidly growing Canadian market once Adastra has received its license.

"We are pleased to be expanding our relationship with Adastra and look forward to collaborating with their entire team to develop novel value-added inhaled extract formulations and formats to complement our premium dried cannabis products," stated John Kondrosky, CEO of Sugarbud.

About Adastra Labs Holdings Ltd.

In Canada, Adastra is a British Columbia-based publicly traded cannabis company and, through its wholly owned subsidiaries, Adastra Labs Inc. and Chemia Analytics Inc., is in the application process to become a Standard Processor and is licensed as an Analytical Testing Laboratory under the Cannabis Act administered by Health Canada, with licences to produce cannabis extracts and provide third party analytical testing services. These licences will further enable Adastra and its subsidiaries to produce, package, sell (wholesale), and export medically focused and recreational cannabis extract and concentrate products in Canada to other licensed entities and internationally in jurisdictions where medical cannabis extraction products are legal.

[www.adastralabs.ca](http://www.adastralabs.ca)

About Sugarbud

Sugarbud is a federally licensed Alberta based craft cannabis company, focused on the cultivation and production of genetically diverse, high quality, select-batch, ultra-premium cannabis products.

<http://www.sugarbud.ca/>

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SOURCE: Adastra Labs Holdings Ltd.