

**FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102**

Item 1 Name and Address of Company

Adastra Labs Holdings Ltd. (the “**Company**”)
5451 275 Street
Langley BC V4W 3X8

Item 2 Date of Material Change

April 23, 2020.

Item 3 News Release

A news release was disseminated through Accesswire Canada Ltd. and filed on the SEDAR website at www.sedar.com.

Item 4 Summary of Material Change

The Company announced completion of commissioning and commencement of operations.

Item 5 Full Description of Material Change

See press release attached to Schedule "A"

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

The report is not being filed on a confidential basis.

Item 7 Omitted Information

No material information has been omitted. Full text is found in the news release.

Item 8 Executive Officer

Stephen Brohman, CFO
5451 275 Street
Langley, BC V4W 3X8
Tel: (778)-715-5011

Item 9 Date of Report

April 23, 2020

Adastra Announces Completion of Commissioning and Commencement of Operations

LANGLEY, BC / ACCESSWIRE / April 23, 2020 / Adastra Labs Holdings Ltd.

(CSE:XTRX)(FRANKFURT:D2EP) ("Adastra") a provider of same-site Health Canada Licensed cannabis processing and analytical testing services, is pleased to announce the completion of Commissioning and Commencement of Operations

"We are pleased to announce the completion of an extensive and rigorous commissioning program that has proven our processes and culminated in the commencement of initial processing operations. We have been taking every precaution possible to safeguard our employees, partners and customers during the COVID-19 pandemic. Adastra diligently adhered to Provincial and Federal guidance to ensure we implemented all necessary protocols to maintain our schedule for initial equipment commissioning and operational commencement. We remain committed to our first priority - the health and safety of our employees and community." - Andy Hale, CEO

The Adastra commissioning program required extensive retooling due to COVID-19 travel restrictions and utilized remote video conferencing coupled with on-site subject matter expert consultants to ensure the best possible start to initial operations. Adastra is extremely pleased with the successful demonstration of all facets of its process from biomass intake through to the production of high-quality cannabis distillate.

Adastra was issued a Standard Processing Licence from Health Canada on March 13, 2020. Under the terms of Adastra's Standard Processing Licence, Adastra will be able to possess and produce cannabis, by means other than cultivating it, and will sell cannabis in accordance with the *Cannabis Regulations*. The issuance of a Standard Processor Licence will permit Adastra to execute its business plan and produce cannabis extracts and formulated products. Adastra is initially capable of processing approximately 10,000 grams of dried cannabis every hour into cannabis extract. Adastra's process will create high-value cannabis extracts by supercritical CO₂ extraction and secondary distillation, which will be easily incorporated into a variety of value-added products such as; edibles, beverages, topicals, tinctures and vape cartridges that will serve the Canadian medical and adult-use cannabis markets.

About Adastra Labs Holdings Ltd.

Adastra Labs Holdings Ltd. is a Langley, BC-based cannabis company and through its wholly owned subsidiaries, Adastra Labs Inc. and Chemia Analytics Inc., is a licensed Standard Processor and licensed 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 enable the Company's 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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION: This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to Adastra's expectations concerning fulfilling its obligations under its agreements and receiving the economic benefits of such agreements. Forward-looking statements are 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 statements. Such factors include, but are not limited to general business, economic, competitive, political and social uncertainties. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, Adastra assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.