



Adastra Commissions Industrial Scale Cryo-Ethanol System to Triple Capacity

LANGLEY, BC / October 2, 2020 / Adastra Labs Holdings Ltd.

(CSE:XTRX)(FRANKFURT: D2EP) ("Adastra") a Health Canada Licensed cannabis processing and analytical testing services Company, is pleased to announce the completion of installation and start of commissioning of its cryo-ethanol extraction system from Evolved Extraction Solutions ("Evolved").

"We are pleased to announce the installation of a high-capacity cryo-ethanol system from Evolved Extraction Solutions. The industrial scale EV-MASS cryo-ethanol extraction system allows Adastra to triple our capacity for production of cannabis oil that can then be further refined into cannabis distillate." - Andy Hale, CEO Adastra.



Figure 1 - Cryo-Ethanol Extraction System Installed in Adastr

The Evolved team provided equipment and installation services along with support from the Yellowstone Falling Film Evaporator OEM. The combination of the EV-MASS cryo-ethanol system with the high-volume ethanol recovery unit from Yellowstone substantially reduces the time to produce large volumes of cannabis oil ready for molecular distillation into high potency THC distillate.

Commissioning and training services for the EV-MASS cryo-ethanol system has commenced with full operational capability planned in the coming weeks to ensure the EV-MASS system meets performance requirements. The cryo-ethanol extraction system is capable of processing 650 KG of cannabis or hemp biomass per day, producing winterized (de-waxed) cannabis or hemp oil.

The EV-MASS integrated solution provides an optimized process flow that is expected to reduce the costs of production. The modular design permits Adastr to easily scale up capacity with simplified installation in the event of increased market demand. Further, the cryo-ethanol system frees up Adastr's CO₂ extraction line for other types of concentrate products and will reduce the time required to produce cannabis oil as it comes online.

"This has been an innovative installation at Adastr, we were able to integrate new technologies to maximize the facilities potential. We are eager to demonstrate the performance of this customized EV-MASS integrated solution. With the benefit of being only a few minutes from Adastr, the Evolved Team is able to provide ongoing support to ensure Adastr achieves the production and efficiency its business operations require." Adam Temple, CEO, Evolved Extraction Solutions.

About Adastr Labs Holdings Ltd.

Adastr Labs Holdings Ltd. is a Langley, BC-based cannabis company with a co-located Health Canada Licensed Standard Processing Facility and Analytical Testing Laboratory. Adastr can produce cannabis extract through supercritical CO₂ extraction and secondary distillation as well as conduct in-process quality testing. Such extracts can easily be incorporated into edibles, beverages, topicals, tinctures, vape cartridges and other products that will serve the Canadian medical and adult-use cannabis markets.

www.adastralabs.ca

About Evolved Extraction Solutions

Evolved Extraction Solutions manufactures and distributes industry leading modular cannabis processing equipment. We integrate the EV-MASS ethanol extraction modules into a single, customized end-to-end processing system designed to fit with our client's specific objectives and facility layout. Our flagship EV-MASS solution design allows for versatile configuration and simplifies the installation at our client's facilities. By being the single touchpoint for our clients, we obtain a wholistic view on the client's entire process and business objectives. This heightens

our ability to support them throughout their unique journey in founding, operating and scaling their business. We stock hundreds of products needed to operate a commercial cannabis processing facility, streamlining the procurement all of the supplies with one trusted source. This high touch model helps us understand our client's needs so we can optimize their operations and scale up their throughput quickly when they need more capacity. This is all backed by our industry leading "Evolved Performance Promise" meaning our job is not complete until our client has met their objectives. Evolved now serves small, medium and enterprise clients across Canada and the United States.

For more information about Evolved Extraction Solutions, please visit our website,

www.evolvedextraction.com

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Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law including statements relating to repurposing production lines, expansion of services, capabilities of extraction equipment, increasing production capacities, expected growth of the business, expected product quality and margins, capabilities to provide white label products. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE and Health Canada, economic, business, competitive, political and social uncertainties, failure to install and correctly utilize equipment, failure to effectively evaluate the equipment's capabilities and efficiencies, unexpected contamination of products, saturation of the market for the Company's current and proposed future product offerings,

termination of expected supply agreements and loss of key personnel. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for the Company as described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which are available at www.sedar.com.

SOURCE: Adastra Labs Holdings Ltd.