

Adastra Progresses Toward Iconic Phyto Extractions Brands Acquisition

LANGLEY, BC / ACCESSWIRE / October 7, 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 completion of initial due diligence for the acquisition of Phyto Extractions Brands ("Phyto Extractions").

Following the Letter of Intent ("LOI") announced September 18, 2020 between Adastra and a BC-based company, Adastra has completed its initial due diligence for the acquisition of the Phyto Extractions set of cannabis concentrates brands. The LOI is non-binding and negotiation is currently underway towards a definitive agreement for the acquisition of all of the assets of the private company. The terms will be announced once the definitive agreement is signed.

"We are excited to progress the due diligence for the Phyto Extractions brand acquisition. We have requested a third party valuation be conducted to complete the terms negotiation that has been ongoing. We expect this valuation to be completed shortly and look forward to advancing towards a definitive agreement." Stephen Brohman, CFO Adastra.

Under the terms of the LOI, Adastra and Phyto Extractions are negotiating the purchase of intellectual property and existing licensing agreements. Phyto Extractions has trademarked 21 design and wordmarks associated with their cannabis concentrates and two for CBD-related concentrates in Canada, as well as submitted trademark protection in the U.S.



Figure 1 - Several Phyto Extractions Marks

Phyto Extractions products have been available in the regulated Canadian cannabis market since December 2019. A total of 11 vaporizing SKUs are currently offered and Phyto Extractions recently introduced two live resin SKUs, along with a unique High-Terpene Full Spectrum Extract (HTFSE) CO₂ terp sauce SKU.

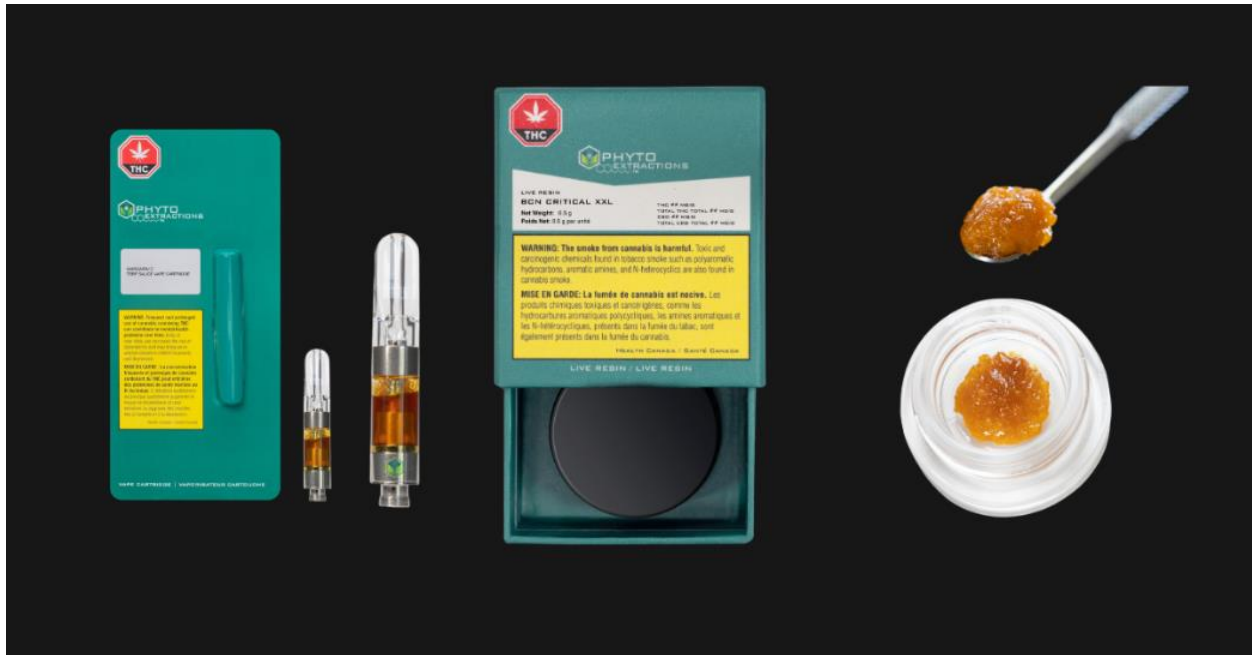


Figure 2 - Phyto Extractions HTFSE & Live Resin Products

"With strong penetration in BC, AB, MB, SK and ON, Phyto Extractions is now available, on average, in approximately 28% of the licensed retailers in those provinces and rapidly growing. For example, in BC, over 50% of the licensed retailers stock Phyto Extractions products. The exceptionally high brand recognition and loyalty are converting to strong market presence and market-share in the recently legalized cannabis concentrates category."- Andy Hale, CEO Adastra.

About Adastra Labs Holdings Ltd.

Adastra Labs Holdings Ltd. is a Langley, BC-based cannabis company with a co-located Health Canada Licensed Standard Processing Facility and Analytical Testing Laboratory. Adastra 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.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

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 Phyto Extraction brands sales, expansion into alternative production lines, commencement of certain operations, installation of equipment, expected product quality and margins, development of new product lines and delivery to the market. 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 commission equipment, unexpected contamination of products, saturation of the market for the Company's current and proposed future product offerings, failure of third parties to deliver on expected timelines, overestimation of competencies of third parties, termination of commercial engagements, 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.