



## **ADASTRA LABS ANNOUNCES PHYTO EXTRACTIONS™ ACQUISITION UPDATE; FINANCING; AND CORPORATE RE-BRANDING & CONSOLIDATION**



**LANGLEY, BC / ISSUEWIRE / March 23, 2021 - Aداstra Labs Holdings Ltd. (CSE: XTRX) (FRANKFURT: D2EP) (“Aداstra Labs” or the “Company”) is pleased to announce that the Company is proceeding with steps towards closing on the acquisition of a 51% controlling interest in Phyto Extractions™ Brands (the “Acquisition”) including a Right of First Refusal for the Company to acquire the remaining 49% interest. In conjunction with the Acquisition and recently obtained Health Canada sales license addendum, the Company is conducting an equity unit offering for working capital and to expand the sales and marketing of Phyto Extractions™ Brands.**

### **Acquisition Update**

Aداstra Labs and Phyto Extractions™ have received and signed off on an independent fairness opinion regarding the share consideration along with fair market values of CAD\$61,500,000 and CAD\$56,450,000 (51%), for the respective companies. The parties are also continuing under their agreed exclusivity and freeze period until closing of the definitive acquisition agreement that is also subject to any required securities exchange approvals.

### **Financing**

The Company’s planned equity unit offering will consist of one common share and one whole warrant (the “Unit”) priced at \$1.10 per Unit to raise working capital for expanded growth of business operations, Phyto Extraction™ product offerings (16+ new SKUs) (pending closing of the acquisition), marketing, and sales throughout Canada. Each warrant will have an exercise price of \$1.75 per share with 2-year expiry, which would accelerate in the event the Company’s common shares trade at or above \$2 per share for more than 50 trading days. The financing will be a private placement on an exempt basis to qualified investors, mainly accredited investors. The private placement offering will be on a good efforts basis. The Company will commence the private placement after this news release subject to compliance with applicable law including CSE policies and will close the financing in one or more tranches. Interested parties can contact the Company for more information and should consult their own independent financial and legal advisors with respect of their interest and potential investment into the Company.

### **Update on Rebranding and Restructuring; Consolidation**

As previously disclosed in the Company’s press release of March 16, 2021, the Company has been considering undergoing corporate re-branding and restructuring prior to closing of the Phyto Extractions acquisition. As a step towards the acquisition the Company has reserved to complete

its name change to Phyto Extractions Inc. and will provide its new CUSIP/ISIN numbers in a separate press release. In the event that the acquisition does not complete, the Company has permission to use its new name and may continue operations under the new name. The Company also intends to effect a consolidation of its common shares by consolidating each 3 current common shares to 1 post consolidation common shares. The Company is concurrently applying for new CUSIP/ISIN numbers with respect of the proposed consolidation. The re-branding and consolidation are subject to applicable laws including any exchange policies and conditions.

### **About Phyto Extractions™ Brands**

Phyto Extractions™ products have been available in the regulated Canadian cannabis market since December 2019 when they launched 4 SKUs. Since that time, the brand has grown over four-fold to offer 18 SKUs including 0.3-gram disposable vaporizers (vapes) in four strains/flavours, 0.5-gram vaporizing cartridges in six strains/flavours with one kit, recently expanded to the 1.0-gram cartridge format in four strains/flavours, two strains of Live Resin and a unique High-Terpene Full Spectrum Extract (HTFSE) terp sauce SKU. Phyto Extractions™ has new product launches planned for 2021, including edibles, beverages, flower (bags, pre-rolls), hydrocarbon extracts (butter, diamond, shatter, terp sauce, wax), and topicals (roll-on, creams, oils, oral spray, path).

Phyto Extractions™ products are currently sold in the provinces of BC, AB, MB, SK and ON.



*Figure 1 – Phyto Extractions Line Up of Concentrate Products and power cell.*

### **About Adastra Labs**

Adastra Labs is an agricultural-scale cannabis extraction, distillation and product manufacturer located in Langley, BC at its co-located Health Canada Licensed Standard Processing (extraction, no cultivation), Sales (extracts, topicals, and edibles) and Analytical Testing Laboratory (Chemia Analytics) facilities. Chemia Analytics is a wholly owned subsidiary of the Company. Adastra Labs also has an R&D license amendment pending Health Canada approval.

### **ON BEHALF OF THE BOARD**

#### **ADASTRA LABS HOLDINGS LTD.**

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Forward-Looking Information:

*This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business of the Company. Forward-looking information is based on certain key expectations and assumptions made by the management of the Company. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Forward-looking information in this news release, includes those with respect of the possible acquisition of Phyto Extractions™, the private placement, proposed re-branding, proposed consolidation, and the development and future business opportunities of the Company as described in this press release; there is no guarantee whether the acquisition will occur or if it does, it will be on the terms currently disclosed, and there is no guarantee whether any such acquisition or other transaction will have a net positive effect for the Company's business or finances. All current and proposed transactions and corporate changes are subject to applicable laws including stock exchange policies, and terms and conditions of such transactions may change. There is also to guarantee that the Company's current business will perform as it has in the past. The Company's pending sales and R&D license applications are subject to Health Canada approval, and although Company's management believes that it will receive the approval, there is no guarantee that such approval would be granted or granted within the timeframes or terms currently expected. Information about Phyto Extractions™ was received by the Company from Phyto Extractions™ and to the Company's management's knowledge is believed to be true as of the date of this press release only. Forward-looking statements contained in this press release are made as of the date of this press release. The Company disclaims any intent or obligation to update publicly any forward-looking information or other information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, such as regulatory and business changes in the Company's industry. The reader is cautioned not to place undue reliance on any forward-looking information contained in this news release. The CSE has not reviewed or approved of any contents of this news release.*