



Phyto Extractions Inc. Completes Acquisition of PerceiveMD, a Multidisciplinary Centre for Medical Cannabis and Psychedelic Therapies

LANGLEY, BC, Aug. 31, 2021 /CNW/ - Phyto Extractions Inc. (formerly Adastra Labs Holdings Ltd.) (CSE: XTRX) (FRA: D2EP) ("**Phyto**" or the "**Company**") is pleased to announce, further to its news release dated August 11, 2021 that it has acquired, indirectly through its wholly-owned subsidiary Adastra Labs Inc. ("**Adastra**") all of the issued and outstanding shares in the capital of 1225140 B.C. Ltd., doing business as PerceiveMD ("**PerceiveMD**") from the shareholders (the "**Vendors**") of PerceiveMD, pursuant to the terms of a share purchase agreement dated August 10, 2021 (the "**Share Purchase Agreement**").

In consideration for the acquisition of PerceiveMD, the Company paid to the Vendors, on a pro rata basis, an aggregate purchase price of \$2,300,000 (the "**Purchase Price**") consisting of: (i) \$10,000 by Adastra as a non-refundable deposit on the execution of the Share Purchase Agreement; and (ii) \$2,290,000 by way of the issuance by Phyto, on behalf of Adastra, of 2,513,720 unrestricted common shares in the capital of Phyto.

"The acquisition of PerceiveMD opens the door for Phyto and Adastra to break new ground as providers of cannabis and psychedelic therapies to Canadians and people around the world. We believe that the use of these drugs has the potential to revolutionize healthcare. Leveraging Adastra's high-capacity, world class laboratory and PerceiveMD's lean digital patient care platform will establish Phyto as a leader in this exciting field of drug development and patient care," said Director, Corporate Secretary and COO, Donald Dinsmore.

The Company's acquisition of PerceiveMD constitutes a "related party transaction" as defined within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as Michael Forbes, Chief Executive Officer and a director of Phyto, is also a director and controlling shareholder of PerceiveMD. Payment of the Purchase Price by the issuance of the Company's shares to Michael Forbes is considered a "related party transaction" within the meaning of MI 61-101, but such issuance is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the Company's shares issued to Michael Forbes did not exceed 25% of the Company's market capitalization.

About Phyto Extractions Inc.

Founded in 2014, Phyto built a successful reputation as a house-hold name in cannabis concentrates, among consumers and retailers alike. Adastra Labs Inc. was founded in 2018 and is an award-winning agricultural-scale cannabis extraction, distillation, and product manufacturer, located in Langley, BC. Operating out of its 13,500 sq. ft. Health Canada Licensed Standard Processing facility, now named Phyto Extractions Inc., the Company produces and distributes cannabis-derived products, designed for medical cannabis and forward-looking therapeutic use.

As a leading supplier, Phyto currently distributes its product-line to 1400+ adult-use retailers and a web-based medical platform, CannMart Inc., across the country seeking to provide consistent, quality concentrate products and alternative treatment options to patients.

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**ON BEHALF OF THE BOARD
PHYTO EXTRACTIONS INC. (CSE: XTRX)**

Forward-Looking Information

This news release contains 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 statements with respect to the ability of Phyto and Adastra to break new ground as providers of cannabis and psychedelic therapies through the acquisition of PerceiveMD; the ability of the drugs to revolutionize healthcare; and the ability of Phyto to be established as a leader in the field of drug development and patient care. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. Important factors that could cause actual results to differ materially from those expressed in the forward-looking information include adverse market conditions and other factors beyond the control of the Company. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.

The Canadian Securities Exchange has not reviewed or approved of any contents of this news release.

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