

Adastra's Application for Controlled Substances Dealer's License Under Review by Health Canada



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LANGLEY, BC, Sept. 1, 2021 /CNW/ - Adastra Holdings Ltd. (formerly Phyto Extractions Inc.) (CSE: XTRX) (Frankfurt: D2EP) ("Adastra" or the "Company"), a leader in innovative ethnobotanical and cannabis science products, announced that its wholly owned subsidiary Adastra Labs Inc. ("Adastra Labs") has received acceptance of its application for a Controlled Drugs and Substances Dealer's License by Health Canada. Health Canada is now formally reviewing the application.

A Dealer's License would permit Adastra to perform the following activities:

- Procure controlled substances, including by import, synthesis, propagation, cultivation, and harvesting of psychedelic mushrooms for Psilocybin extraction;
- Research and manufacture controlled substances such as Psilocybin and Psilocin;
- Business-to-business sale of controlled substances, including by export; and
- Sale of controlled substances via pharmacies.

Known for its renowned cannabis concentrate products, Adastra has now successfully taken the first steps to become a licensed cultivator, tester, extractor, and seller of controlled substances, including Psilocybin, Psilocin, MDMA, N, N-Dimethyltryptamine (DMT), 5-MeO-DMT, and LSD. When the Dealer's license is formally approved, Adastra Labs expects to conduct the majority of this work out of its 13,500 square foot, state-of-the-art extraction, and production facility located in Langley, BC.

"Adastra Labs' laboratory is perfectly positioned to conduct groundbreaking research into psychedelic formulations and testing due to the existing GMP-compliant construction, security and our proven track record operating in the cannabis sector," said Donald Dinsmore, COO, Corporate Secretary and a director of the Company. "With this infrastructure in place, securing a Controlled Drugs and Substances Dealer's License a logical next step for the Company. Putting quality first throughout, our processes will allow us to serve the emerging medical market for these substances."

The Company expects that having the ability to do extraction research and development into psychedelic compounds will prepare it to collaborate with partners such as medical doctors, pharmaceutical companies, and pharmacies as clinical trials lead to the legalization of psychedelics

and the advancement of micro-dosing in the near future.

"Ongoing research into compounds like Psilocybin has demonstrated that there may be significant positive impacts when psychedelics are used to treat mental health issues such as PTSD, anxiety, depression, and even migraines," said Michael Forbes, CEO and a director of AdastrA. "With our team's extensive background in plant biochemistry, pharmacology, and chemistry, as well as clear indications of changing societal and regulatory environments regarding psychedelic treatments for mental health issues, it is clear that AdastrA is well-suited to enter into the psychedelic space."

Health Canada has advised that it commits to 270 calendar days from the date of receipt for processing these applications and expects to finish the review of AdastrA's application by March 2022.

Submission of the Company's Dealer's Licence application is subject to compliance with applicable securities laws, including any necessary approvals by the CSE.

About AdastrA Holdings Ltd.

Founded in 2014, AdastrA Holdings Ltd. built a successful reputation as a household name in cannabis concentrates among consumers and retailers alike. AdastrA Labs Inc. was founded in 2018 and is an 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 AdastrA Holdings Ltd. , produces and distributes cannabis-derived products designed for medical cannabis and forward-looking therapeutic use. Recently, the Company announced its entry into psychedelics by applying for a Controlled Substances Dealer's License, which is under review by Health Canada.

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

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ON BEHALF OF THE BOARD ADASTRA HOLDINGS LTD. (CSE: XTRX)


Forward-Looking Statements:

This news release includes 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 Controlled Drugs and Substances Dealer's License; the changing regulations surrounding certain psychedelics and associated treatments; societal acceptance of psychedelic treatments; the ability of the Company to conduct testing, production, or sales of any compounds beyond cannabis; and the ability of the Company to work with partners such as medical doctors, pharmaceutical companies and pharmacies if it is permitted to conduct extraction research and develop psychedelic compounds. 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, including: (i) adverse market conditions; (ii) risks inherent in the cannabis extraction sector in general; (iii) changes in regulations surrounding multiple controlled substances; and (iv) other factors beyond the control of the Company. Actual results and future

events could differ materially from those anticipated in such information. 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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