



Adastra Announces Private Placement

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LANGLEY, BC / October 15, 2021 / Adastra Holdings Ltd. (CSE: XTRX) (FRA: D2EP) (“**Adastra**” or the “**Company**”) is pleased to announce that it intends to undertake a private placement financing (the “**Financing**”) to raise gross proceeds of \$135,000 through issuance of 122,727 Units (each, a “**Unit**”) at a price of \$1.10 per Unit. Each Unit will be comprised of one common share of the Company and one transferrable common share purchase warrant (each, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire one common share of the Company (each, a “**Warrant Share**”) at a price of \$1.75 per Warrant Share until 5:00 p.m. (Vancouver time) two years from the closing of the Financing. The closing shall occur on the date as may be determined by the Company in its sole discretion.

The Warrants are subject to an acceleration provision whereby, at any time on or after the closing of the Financing, if the daily closing price of the common shares of the Company as quoted on the Canadian Securities Exchange closes at or above \$2 per share for 50 consecutive trading days, then the Company may accelerate the expiration date of the Warrants to the date that is 30 trading days from the date that notice of such acceleration is given via news release. From and after the new accelerated expiration date, no Warrants may be exercised, and all unexercised Warrants will be void.

All securities issued in connection with the Financing are subject to a statutory hold period expiring four months and one day after the closing of the Financing.

The Company intends to use the proceeds of the Financing towards general working capital.

None of the securities issued have been registered under the *United States Securities Act of 1933*, as amended (the “**1933 Act**”), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

About Adastra Holdings Ltd.

Founded in 2018 and formerly known as Phyto Extractions Inc., Adastra is a leading manufacturer and supplier of innovative ethnobotanical and cannabis science products designed for the adult-use and medical markets and forward-looking therapeutic applications. Adastra is renowned throughout Canada for its popular line of Phyto Extractions branded cannabis concentrate products available on shelves at over 1,400 adult-use retailers across the country. The Company also operates Adastra Labs, a 13,500 sq. ft. agricultural-scale Health Canada licensed facility located in Langley, BC., focused on extraction, distillation, and manufacturing of cannabis-derived products. Adastra has now successfully taken the first steps in becoming a licensed cultivator, tester, extractor, and seller of controlled substances, including Psilocybin, Psilocin, MDMA, N, N-Dimethyltryptamine (DMT), 5- MeO-DMT, and LSD by applying for a Controlled Substances Dealer's Licence, which is under review by Health Canada. Pending Health Canada approval, Adastra is poised to be a drug formulation and development leader in this emerging sector. In addition, with the recent acquisition of 1225140 B.C. Ltd., doing business as PerceiveMD, Adastra operates a multidisciplinary centre for medical cannabis and psychedelic therapies, working alongside doctors and healthcare professionals within the regulated environment to help create efficacious remedies that address the actual needs of patients.

ON BEHALF OF THE BOARD

ADASTRA HOLDINGS LTD. (CSE: XTRX)

Donald Dinsmore, Chief Operating Officer
P: (778) 715-5011, E: Donald@adastralabs.com

Cody Simpson, Communications Manager
P: (778) 715-5011, E: cody@adastraholdings.ca

Disclaimer for Forward-Looking Information

All statements, other than statements of historical fact, included herein are forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “likely” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking statements in this news release include statements regarding the closing of the Financing and the expected use of proceeds from the Financing. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements, including, without limitation, adverse market conditions, that the Canadian Securities Exchange (the “CSE”) may not approve the Financing and such other factors beyond the control of the Company. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. The Company does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

The CSE does not accept responsibility for the adequacy or accuracy of the contents of this news release.