

FORM 7

MONTHLY PROGRESS REPORT

Name of Issuer: **Adastra Holdings Ltd.** ("Adastra").

Trading Symbol: **XTRX**

Number of Outstanding Listed Securities: **55,970,547**

Date: **September 6, 2023**

Report on Business

1. Provide a general overview and discussion of the development of Adastra's business and operations over the previous month. Where Adastra was inactive disclose this fact.

On August 17, 2023, Adastra announced the filing of its consolidated financial statements and related management discussion and analysis for the three and six months ended June 30, 2023.

On August 18, 2023, Adastra filed its Notice and Information Circular and Proxy for its annual general and special meeting to be held on September 14, 2023.

On August 28, 2023, Adastra announced it has received nominations for two noteworthy awards at the highly anticipated 2023 Growup Awards Gala. These nominations underscore Adastra's commitment to delivering quality cannabis brands, products, and its dedication to industry-leading practices.

One of the Company's nominations is for Brand of the Year for its premium brand, Endgame Extracts ("Endgame"). This nomination validates the Endgame's growing appeal and impact on the cannabis landscape.

Adastra's other nomination for Extraction Specialist of the Year for Endgame's Creed Taylor. This recognition celebrates the dedicated team at Adastra, who with their skills and dedication, power the Company's operations. This nomination additionally highlights the pivotal role that the Adastra team plays in making the company successful and strengthening its position as a top player in the industry.

2. Provide a general overview and discussion of the activities of management.

During the previous month, management was focussed on the following objectives:

- 1) **Increasing the processing throughput of the facility in Langley; and**
- 2) **Lowering the costs of inputs of production by negotiating with suppliers.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

No significant products or services discontinued.

5. Describe any new business relationships entered into between Adastra, Adastra's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of Adastra and provide details of the relationship.

No new significant business relationships.

6. Describe the expiry or termination of any contracts or agreements between Adastra, Adastra's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

No significant expired or terminated contracts or agreements.

7. Describe any acquisitions by Adastra or dispositions of Adastra's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of Adastra and provides details of the relationship.

No significant asset acquisitions or disposals.

8. Describe the acquisition of new customers or loss of customers.

No significant customers acquired or lost.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None.

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

No significant changes in Adastra's workforce.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which Adastra became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by Adastra together with the terms of such indebtedness.

No significant changes in Adastra's indebtedness.

14. Provide details of any securities issued and options or warrants granted.

No options or warrants granted.

15. Provide details of any loans to or by Related Persons.

All amounts due to Related Persons are in the normal course of business for reimbursable expenses or unpaid consulting fees.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact Adastra including trends in Adastra's market(s) or political/regulatory trends.

None.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of Adastra and has been duly authorized by a resolution of the board of directors of Adastra to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning Adastra which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that Adastra is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated September 6, 2023

Michael Forbes

Name of Director/Senior Officer

"Michael Forbes"

Signature

**Chief Executive Officer, Corporate
Secretary and Director**

Official Capacity

Issuer Details Name of Issuer Adastra Holdings Ltd.	For Month End August, 2023	Date of Report YY/MM/DD 2023/09/06
Issuer Address 5451 – 275 Street		
City/Province/Postal Code Langley, BC V4W 3X8	Issuer Fax No. 844.874.9893	Issuer Telephone No. 778.715.5011
Contact Name Michael Forbes	Contact Position Chief Executive Officer, Corporate Secretary and Director	Contact Telephone No. 778.715.5011
Contact Email Address michael@forbesgroup.ca	Web Site Address https://adastraholdings.ca/	