FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **XTRX**

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

Date: April 4, 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 March 16, 2023, Adastra announced record shipment volume for January and February 2023 ("YTD 2023") and plans to further accelerate product and brand presence across Canada.

During January and February of 2023, Adastra shipped a record volume of 379,343 grams of cannabis products and achieved this result with over 1,300 orders, across a range of resellers who bought a variety of products, including its famous THC range and products under its Endgame brand, most notably "Astro Pink", "Kush Mints", "Tiger Cake x KK Mints", "Double Hitter" as well as at least ten other popular SKU's. This shipment volume is an increase of 152% over the average monthly shipments during 2022.

Adastra has also engaged Hybrid Brand Management ("Hybrid") to expand its sales coverage and product sell-through in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario, with regular in-store activations and staff product education sessions. Hybrid serves approximately 2,800 cannabis retailers in Canada.

Adastra products are currently stocked in approximately 1,600 retailers. With 30 vaporizer cartridge SKUs, 16 concentrate SKUs, such as: shatter, THCa diamonds, sugar wax, full spectrum extract cartridges, and 1 infused pre-roll SKU.

Adastra currently has 26 Phyto Extractions products and 24 Endgame products on the market with 7 more being developed and prepared for commercialization. The Phyto Extractions and Endgame products are available for sale in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Yukon, Northwest Territories, and Nunavut.

The Adastra intends to continue to work with retailers to enhance customer retention and lifetime value on existing products, whilst carefully assessing any new potential product development opportunities that may arise from either institutional or public clients, depending on the product category and relevant licence conditions.

Adastra received its Controlled Substances Licence ("Dealer's Licence") on August 24, 2022 and an amendment on February 17, 2023. Adastra's wholly-owned subsidiary Adastra Labs Inc. ("Adastra Labs") is licensed to conduct the following regulated activities: possession, production, assembling, sale/provision and sending, transportation and delivery with coca leaf, cocaine, and psilocybin. Adastra Labs may only produce 1,000 grams of psilocybin and 250 grams of cocaine in 2023.

The Dealer's Licence issued to Adastra Labs does not permit Adastra Labs to sell coca leaf, psilocybin or cocaine to the general public. For cocaine, and under the Dealer's Licence, Adastra Labs is only permitted to sell to other licensed dealers who have cocaine listed on their licence including pharmacists, practitioners, hospitals, or the holder of a section 56(1) exemption for research purposes under the *Controlled Drugs and Substances Act* (CDSA).

Adastra is not currently undertaking any activities with cocaine under the Dealer's Licence and before doing so, it will only undertake such activities legally permitted by the Dealer's Licence and after consultation with applicable Provincial Governments.

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

See Item 1 above.

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.

None.

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.

See Item 1 above.

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.

None.

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.

None.

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

None.

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.

None.

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.

On March 15, 2023, Adastra advised that it has been served with a civil claim filed in the Supreme Court of British Columbia pursuant to the Class Proceedings Act, R.S.B.C. 1996, c. 50 alleging that Adastra's press release of February 22, 2023 (the "Press Release") misstated certain material facts which mislead the plaintiff in the claim. The suit also names Adastra's subsidiary Adastra Labs Inc. and the Adastra's Chief Executive Officer Mr. Michael Forbes.

Adastra denies the allegations in the claim and specifically that the Press Release was misleading and intends to vigorously defend against these allegations should the class action be certified.

Currently, no specific amount of damages is claimed.

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

None.

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

None.

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

None.

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 April 4, 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 **March, 2023**	Date of Report YY/MM/DD **2023/04/04**
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://adastralabs.ca/	