

FORM 7

MONTHLY PROGRESS REPORT

Name of Issuer: **Adastra Holdings Ltd.** (the “Adastra”).

Trading Symbol: **XTRX**

Number of Outstanding Listed Securities: **65,970,547**

Date: **December 2, 2021**

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.

Grant of Stock Options

On November 2, 2021, Adastra announced it granted an aggregate of 215,000 Options to certain employees and a consultant for the purchase of up to 215,000 common shares of Adastra at a price of \$0.95 per common share. Each Option is exercisable for a period of five (5) years.

Private Placement

On November 16, 2021, Adastra announced a private placement financing (the “Financing”), to raise gross proceeds of up to \$2,500,000 through issuance of up to 2,631,578 Units (each, a “Unit”) at a price of \$0.95 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 \$1.00 per Warrant Share until 5:00 p.m. (Vancouver time) three years from the closing of the Financing.

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 Financing is strategic and currently only offered to warrant holders holding share purchase warrants with an exercise price of \$2.25 (the “\$2.25 Warrants”). Participation in the Financing is conditional upon such warrant holders entering into a warrant cancellation agreement to cancel the \$2.25 Warrants effective on the closing of the Financing.

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

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.

None.

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.

None.

- 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.

See Item 1 above.

- 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.

As a result of the COVID-19 novel coronavirus, including quarantine initiatives of the federal and provincial governments and trade and travel restrictions, Adastra could be subject to material disruptions to its business operations, including but not limited to, unavailability of sufficient safety equipment, mandatory quarantine of key persons, restrictions on import or export of products, and transport inefficiencies. To date, Issuer has not experienced any material disruptions.

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 December 2, 2021

Michael Forbes

Name of Director/Senior Officer

"Michael Forbes"

Signature

Chief Executive Officer and Director

Official Capacity

Issuer Details Name of Issuer Adastra Holdings Ltd.	For Month End November, 2021	Date of Report YY/MM/DD 2021/12/02
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 and Director	Contact Telephone No. 778.715.5011
Contact Email Address michael@forbesgroup.ca	Web Site Address https://adastralabs.ca/	