

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Company

Adastra Holdings Ltd. (the “**Company**”)
5451 – 275 Street
Langley, BC V4W 3X8

Item 2. Date of Material Change

October 15, 2021

Item 3. News Release

The news release was issued and disseminated via Stockwatch and BayStreet on October 15, 2021 and filed on SEDAR at www.sedar.com.

Item 4. Summary of Material Change

The Company announced it intends to undertake a private placement financing (the “**Financing**”) to raise gross proceeds of \$134,999.70 through issuance of 122,727 Units (each, a “**Unit**”) at a price of \$1.10 per Unit.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

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.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Michael Forbes, President, CEO & Director (Chairman)
Telephone: (778) 715-5011

Item 9. Date of Report

October 18, 2021