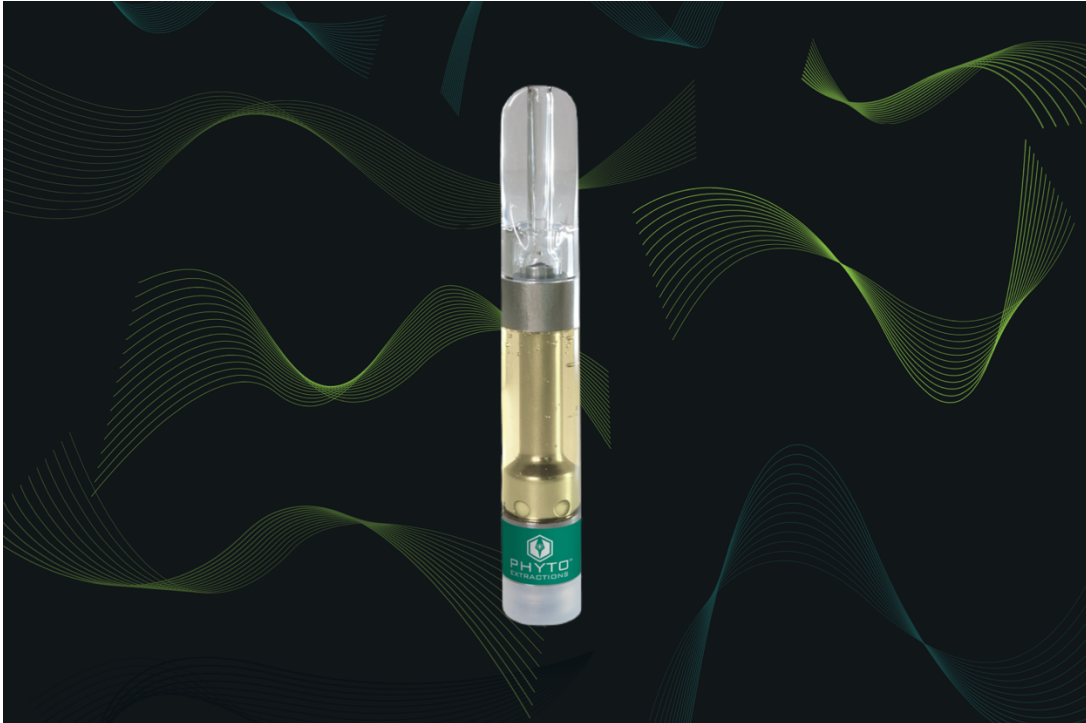




Adastra Launches Phyto Extractions Full Spectrum Shatter Vape Cartridge Line

*Hydrocarbon extracted shatter containing cannabis terpenes with 79-82% THC potency;
First-of-its-kind product, targeting first-time consumers of cannabis products*



Langley, BC / September 3, 2021 – Adastra Holdings Ltd. (formerly Phyto Extractions Inc.) (CSE: XTRX) (Frankfurt: D2EP) ("Adastra" or the "Company"), a leader in innovative ethnobotanical and cannabis science products, is pleased to announce the acceptance of its first Shatter vaporizer cartridge, under the Phyto Extractions brand. This product line represents a category expansion at the OCS as it is a novel product, offering a convenient-use format to the fast-growing extracts segment of the Canadian adult-use marketplace.

Designed with two strain-specific varieties, Santa Cruz Haze and Jet Fuel, the Shatter vaporizer cartridge product line is a hydrocarbon extracted concentrate containing 3-5 % total cannabis-derived terpenes with 79-82% THC potency. Phyto's iconic Shatter, sought after by retailers and consumers, is formulated and filled for convenient use in a CCELL® 510 thread 1g cartridge.

Donald Dinsmore, COO of Phyto, commented, "The Jet Fuel variety is derived from Powdered Donuts, a Jet Fuel Gelato and Orange Cookies hybrid, while Santa Cruz Haze is derived from Blue Dream. Both strains



are BC grown and extracted, creating two unique and satisfying full spectrum experiences derived entirely from cannabis. The products are designed for newcomers to the cannabis market, providing an approachable concentrate for people who have yet to dab or lack the full expertise and equipment. Our innovative Shatter Cartridge will help bring customers along their cannabis journey, from flower to distillate vape, shatter vape, and eventually dabbables like shatter and live resin. There is nothing quite like this in the market, and we believe it addresses an underserved and compelling segment of a rapidly growing consumer base."

The Shatter Cartridge is expected to launch in licensed adult-use retailers in Ontario this fall and next to British Columbia, Alberta, Saskatchewan, and Manitoba.

For the best experience, the Company recommends pairing its cartridges with CCELL® compatible, low, or multi-temp batteries, such as the M3B model. Concentrates are best consumed at lower temperatures to optimize the flavour profile and effect of the strain.

About Adastra Holdings Ltd.

Founded in 2014, Adastra Holdings Ltd. built a successful reputation as a household name in cannabis concentrates among consumers and retailers alike. Adastra Labs Inc. was founded in 2018 and is an agricultural-scale cannabis extraction, distillation, and product manufacturer, located in Langley, BC. Operating out of its 13,500 sq. ft. Health Canada Licensed Standard Processing facility, now named Adastra Holdings Ltd., produces and distributes cannabis-derived products designed for medical cannabis and forward-looking therapeutic use.

Known for its renowned cannabis concentrate 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.

As a leading supplier, Adastra Holdings Ltd. currently distributes its product line to 1400+ adult-use retailers and a web-based medical platform, CannMart Inc., seeking to provide consistent, quality concentrate products and alternative treatment options across the country to patients.

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ON BEHALF OF THE BOARD

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Forward-Looking Information:

This news release includes forward-looking information within the meaning of Canadian securities legislation, concerning the business of the Company. Forward-looking information is based on certain key expectations and assumptions made by the management of the Company. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Forward-looking information in this news release includes statements with respect to the Controlled Drugs and Substances Dealer's License; the changing regulations surrounding certain psychedelics and associated treatments; societal acceptance of psychedelic treatments; the ability of the Company to conduct testing, production, or sales of any compounds beyond cannabis; and the ability of the Company to work with partners such as medical doctors, pharmaceutical companies and pharmacies if it is permitted to conduct extraction research and develop psychedelic compounds. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward looking information, including: (i) adverse market conditions; (ii) risks inherent in the cannabis extraction sector in general; (iii) changes in regulations surrounding multiple controlled substances; and (iv) other factors beyond the control of the Company. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.

The Canadian Securities Exchange has not reviewed or approved of any contents of this news release.