

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

Item 1: Name and Address of Reporting Issuer

AgraFlora Organics International Inc. (the “Company”)
#804-750 West Pender Street
Vancouver, BC V6C 2T7

Item 2: Date of Material Change

December 15 and 31, 2018.

Item 3: News Release

News releases were issued and disseminated on December 31, 2018 and January 2, 2019 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Changes

The Company has completed debt settlements and entered into a supply agreement.

Item 5: Full Description of Material Change

The Company announced that it has completed debt settlements whereby the Company issued a total of 2,291,727 common shares at a deemed value of \$0.1667 per common share to certain persons for certain loans and management fees owed totaling approximately \$382,120.61.

The shares issued pursuant to the Agreement are subject to a four month hold period.

The Company also announced that it has executed its first propagation supply agreement with Alta-Sun Samson Holdings Corp., a wholly owned subsidiary of Cabbay Holdings Corp. The agreement calls for Propagation Services Canada to supply high-CBD cannabis plants for a 5-acre outdoor grow operation near Edmonton, Alberta.

Cabbay Holdings Corp.’s 100% owned subsidiary, Alta-Sun Samson Holdings Corp., has a lease on a 5-acre site on Enoch Cree Nation land near Edmonton, Alberta and potential to increase the growing area to 160 Acres in 2020, where it intends to develop an outdoor cannabis cultivation facility and will apply for a standard cultivation license under the Cannabis Act in Canada.

Propagation Services Canada is a joint venture company in the process of retrofitting a large-scale greenhouse complex in Delta, BC. The fully funded retrofit of the 2,200,000 square foot complex is to be completed in three phases:

- Phase 1 includes the retrofit of 350,000 square feet, including 100,000 post-production facilities, completion scheduled for Q2 2019;
- Phase 2 includes an additional 1,450,000 square feet to be completed by Q4 2019;
- Phase 3 consists of 400,000 square feet scheduled for completion in Q2 2020.

The Delta greenhouse complex includes advanced growing systems for greenhouse HVAC, watering and lighting. It includes its own natural gas co-gen energy plant which provides cost effective electricity for lighting and heating of the large-scale greenhouse. The result is a highly efficient and one of the most cost-effective growing operations in the industry.

About AgraFlora Organics International Inc.

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It owns an indoor cultivation operation in London, ON and is a joint venture partner in Propagation Service Canada and its large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC. The Company has a successful record of creating shareholder value and is actively pursuing other opportunities within the cannabis industry.

For more information please visit: www.agraflora.com.

Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

None.

Item 8: Executive Officer

For further information, please contact:

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Item 9: Date of Report

January 4, 2019.