



AgraFlora Organics International Inc. and Blox Labs Inc. Enter Letter of Intent to Form Cannabis Operations Management Company

VANCOUVER and TORONTO, Jan. 7, 2019 /CNW/ - **AgraFlora Organics International Inc.** (formerly PUF Ventures Inc.) ("**AgraFlora**" or the "**Company**") (CSE: **AGRA**) (Frankfurt: **PU31**) (OTCPK: **PUFXF**), a growth oriented and diversified international cannabis company, and **Blox Labs Inc.** ("**BLOX**") (CSE: **BLOX**) (Frankfurt: **BR1B**) (OTCPK:**BLLXF**), are pleased to announce a letter of intent ("LOI") to negotiate in good faith a definitive agreement whereby AgraFlora and BLOX intend to form a joint venture company to build a best-in-class team of professionals from the cannabis, agriculture and pharmaceutical sectors to manage and operate state-of-the-art agricultural greenhouse facilities. Currently BLOX has executed a letter of intent with Best Cannabis Products Inc. (BCP) to enter into a definitive agreement to acquire a 180,000 sq. ft greenhouse facility on 50 acres of land in Leamington, Ontario.

"I am very pleased to announce the letter of intent with AgraFlora Organics to create a cannabis operations management company that would oversee future cannabis operations including our potential ownership in the Leamington, Ontario project," said Jeff Zanini, CEO and Director, Blox Labs Inc. "Derek has built an impressive management and operations team for AgraFlora and its large-scale greenhouse complex in Delta, BC and we will work together to do the same for the Leamington cannabis greenhouse and other projects. AgraFlora brings years of large-scale greenhouse experience to BLOX and the Leamington project and we will leverage this experience to introduce industry best practices to create the most efficient operation possible."

"I am very pleased to be joining Blox Labs to establish management and operational best practices for medical cannabis cultivations for projects like the operation at Leamington, Ontario," said Derek Ivany, President & CEO of AgraFlora Organics International Inc. "What impressed me the most with the Leamington project was the size of potential expansion of up to 1,000,000 sq. ft. of growing area. As our industry matures it will be those companies with large and efficient operations who succeed. Our management and operating team overseeing the retrofit of a former tomato greenhouse complex in Delta, BC, has many years' experience operating high tech greenhouses. The Delta Greenhouse Complex will be one of the most efficient greenhouses in the country with advanced technology operating HVAC, water and lighting, its own natural gas co-gen energy plant and prime location in Delta, BC. We will take a similar approach to the Leamington greenhouse and other potential projects. I look forward working with Jeff and his team as we finalize a definitive agreement and begin building the management team for the conversion at Leamington."

The LOI calls for AgraFlora and BLOX to form a joint venture company to build a best-in-class team of professionals from the cannabis, agriculture and pharmaceutical sectors to manage and operate cannabis greenhouses. The LOI also includes management of the Leamington cannabis greenhouse whereby AgraFlora would receive up to 19.99% ownership, subject to the satisfaction of certain milestones, in BLOX or the "Newco" upon closing of the BCP arrangement. AgraFlora is to be named the manager of the Leamington cannabis greenhouse and will receive the following compensation assuming BLOX completes its acquisition of BCP within the timeframe to be referenced in the Definitive Agreement:

- (i) a management services fee of 4% of the total cost of annual operations; and
- (ii) a total of 71,364,300 special warrants ("**Special Warrants**") priced at a deemed value of \$0.04 per Special Warrant (for a total value of \$2,854,572).

The Special Warrants are comprised of Series A, Series B and Series C with each series containing 23,788,100 Specials Warrants. Each Special Warrant is convertible, subject a conversion limitation of AgraFlora Organics not owning more than 19.99 percent of BLOX at any time, into one common share in the capital of BLOX on the basis certain conditions and milestones being met including the completion of the acquisition of BCP by BLOX.

AgraFlora will also provide services and resources related propagation and genetics, greenhouse design and operation and large-scale cultivation to the Leamington cannabis project. In addition, AgraFlora will contribute rights relating to its existing cannabis operations and non-exclusive brands currently being sold in Canada.

The management contract of the Leamington cannabis greenhouse between AgraFlora and BLOX is conditional upon the completion of the acquisition of BCP by BLOX.

About Blox Labs Inc.

On October 12, 2018, BLOX announced it had entered into a non-binding letter of intent to acquire all the issued and outstanding securities of BCP in exchange for approximately 240 million common shares of Blox which would result in a reverse takeover and a change of business for BLOX. BCP is a Canadian company headquartered in Toronto, Ontario that recently acquired a state-of-the-art agricultural facility in Leamington, Ontario – a preeminent locale for cannabis cultivation in Canada. The current greenhouse facility consists of 180,000 sq. ft. of cultivation space with the potential future expansion of up to 1,000,000 sq. ft.

For more information please visit: www.bloxlabs.ca.

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.

ON BEHALF OF THE BOARD OF DIRECTORS

Derek Ivany
President & CEO

No stock exchange or securities regulatory authority has reviewed or accepted responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

Certain statements and information contained in this press release constitute "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of applicable Canadian securities laws, which are referred to collectively as "forward-looking statements". The United States Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-

looking statements. In some cases, forward-looking statements can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this and other press releases include but are not limited to statements and information regarding Blox's acquisition of BCP and receipt of certain cannabis licenses. Such forward-looking statements are based on a number of material factors and assumptions and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those anticipated in such forward-looking information. You are cautioned not to place undue reliance on forward-looking statements contained in this press release. Actual results and future events could differ materially from those anticipated in such statements. Blox undertakes no obligation to update or revise any forward-looking statements included in this press release if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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