

**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**

January 7, 2019.

**Item 3: News Release**

A news release was issued and disseminated on January 7, 2019 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Item 4: Summary of Material Changes**

The Company has engaged good manufacturing practices (“GMP”) facility experts to design post production exports for the European Union (“EU”) in preparation for the first crop of cannabis to be planted at its the large-scale Delta Greenhouse Complex later this year.

**Item 5: Full Description of Material Change**

The Company has engaged GMP facility experts to design post production exports for the EU in preparation for the first crop of cannabis to be planted at its the large-scale Delta Greenhouse Complex later this year. The Company has also initiated discussions regarding supply agreements and product development partnerships with several EU based pharma companies.

The Company’s management team is actively establishing a customer base for its medical cannabis flower and propagating plants including the recently announced medical cannabis supply agreement with Namaste Technologies and propagation plant supply agreement with Cabbay Holdings Corp.

The EU represents a significant opportunity for the Company as it is home to more than 500 million people, a population significantly larger than the combined population of the United States and Canada—the two largest cannabis markets in the world today. The legalization of medical and recreational cannabis is gaining traction across Europe including Germany, one of the fastest-growing medical cannabis marketplaces in the world.

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 the most cost-effective growing operation 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](http://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 7, 2019.