

**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**

March 20, 2019.

**Item 3: News Release**

A news release was issued and disseminated on March 20, 2019 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Item 4: Summary of Material Changes**

The Company announced it is acquiring an additional 10% of the shares of Propagation Services Canada Inc. (“PSC”) for \$14 million payable by common shares of the Company at a price of \$0.68 per share, equivalent to 20,588,235 common shares.

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

The Company announced it is acquiring an additional 10% of the shares of PSC for \$14 million payable by common shares of the Company at a price of \$0.68 per share, equivalent to 20,588,235 common shares. The transaction has been agreed to in principle and approved by both boards of directors of the Company and PSC. Following the transaction, the ownership of PSC will consist of the Company as to 60%, the Houwelings Partnership Group as to 30% and the investors of Delta Organics Cannabis Corp. (“DOCC”) as to 10%.

The Company is issuing common shares at \$0.68 per share which is an approximate 53% premium to the shares paid to DOCC at \$0.445 for its 20% purchase of PSC, as announced in November 2018. The 10% acquired by the Company comes from four shareholders of PSC who have shown confidence in the Company management team by converting their PSC shares into shares of the Company. This is an arm’s length transaction and no finder’s fees are to be paid.

Upon closing the final \$20 million payment of a previously announced financing, DOCC will receive an additional 10% from the Company and the Company will remain the majority shareholder with a 50% ownership position of PSC, with the Houwelings Partnership Group with 30% and the investors of DOCC with 20%. The Company’s 50% ownership of PSC will entitle it to 50% of the annual estimated production of 250,000,000 grams from the Delta Greenhouse Complex.

	<b>Company</b>	<b>2020 Estimated Annual Capacity (in grams)</b>	<b>Current Market Capitalization (in CAN)</b>
1	Aurora Cannabis	700,000,000	\$9,363,165,980
2	Canopy Growth Corp.	525,000,000	\$21,086,608,500
3	Aphria	255,000,000	\$3,431,750,100
4	AgraFlora & PSC*	250,000,000	\$274,616,000
5	Tilray	225,000,000	\$9,363,165,980
6	The Green Organic Dutchman	195,000,000	\$1,487,491,200
7	Cronos Group	150,000,000	\$9,449,098,000
8	OrganiGram Holdings	113,000,000	\$1,359,645,800
9	Hexo Corp.	108,000,000	\$1,936,048,000
10	CannTrust Holdings	105,000,000	\$1,375,432,800

(\*2021, data source: public filings, company estimates, Motley Fool, Marijuana Index)

**About Propagation Services Canada Inc.**

Propagation Services Canada is a joint venture company focused on the cannabis flower and propagation market in Canada. Its Delta Greenhouse Complex covers approximately 2.2 million square feet and is one of the most technologically advanced greenhouses in North America, with an experienced staff, full propagation services, advanced HVAC, lighting and water systems and its own 8.8 MW powerplant.

**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:

AgraFlora Organics International Inc.  
 Tim McNulty  
 E: [ir@agraflora.com](mailto:ir@agraflora.com)  
 T: (800) 783-6056

For French inquiries:  
 Maricom Inc.  
 Remy Scalabrini  
 E: [rs@maricom.ca](mailto:rs@maricom.ca)  
 T: (888) 585-MARI

**Item 9: Date of Report**

March 20, 2019.