



AgraFlora Organics to Acquire Organic Flower's Assets

Reunites 2.2M sq.ft. Delta Facility and Adds Portfolio of Turnkey Domestic and International Downstream Assets

VANCOUVER, May 23, 2019 /CNW/ - **AgraFlora Organics International Inc.** ("**AgraFlora**" or the "**Company**") (**CSE: AGRA**) (**Frankfurt: PU31**) (**OTCPK: PUFXF**), a growth oriented and diversified international cannabis company, and **Organic Flower Investments Group Inc.** (**CSE: SOW**)(**FWB: 2K6**)(**OTC: QILFF**) ("**Organic Flower**" or "**OFIG**"), are pleased to announce they have entered into a binding Letter of Intent ("LOI") whereby AgraFlora will acquire 100 per cent of Organic Flower's assets including OFIG's 20% interest in the Delta Greenhouse Complex, an array of domestic downstream/product formulation operations and the rights to an trans-European distribution network (the "Proposed Transaction").

It is anticipated that the sale price for the assets will be comprised of 1.15 shares of AgraFlora for each one (1) issued and outstanding share of OFIG at the time of closing (the "Consideration Shares"), with the Consideration Shares to be distributed to the shareholders of OFIG. Closing of the Proposed Transaction remains subject to applicable corporate, securities and exchange approvals and/or filings, as the case may be.

The Proposed Transaction will thereby reunite 70 per cent ownership of Propagation Services Canada Ltd. and the 2.2 million square foot greenhouse complex in Delta, BC (the "Delta Greenhouse Complex"), under the AgraFlora corporate umbrella. The combined interest in 2020-funded production of the Delta Greenhouse Complex is forecasted to be 175,000,000 grams of premium dried cannabis flower.

AgraFlora's Delta Greenhouse Complex is widely considered to be one of the most technically-advanced and environmentally-friendly greenhouse operations in the World, which boasts industry leading cultivation infrastructure including:

- Fully integrated on-site natural gas-powered power plant:
 - Providing ample heat and electricity, while repurposing carbon dioxide emissions to benefit the plants;
- Proprietary energy efficient air exchange;
- Advanced climate and humidity control management infrastructure;
- Ebb and flow watering systems to enhance complete irrigation recapture and water treatment;
- 1.5-million-gallon hot water storage tank configured to store energy produced during the day, for redistribution during non-peak hours, thereby increasing operational efficiencies and reducing associated energy costs; and,
- Multistage supplemental lighting augmented by natural sunlight to foster an optimized illumination equilibrium.

"This is a paradigmatic transaction for AgraFlora, which will consistently amplify long-term shareholder value as the combined entity continues to execute on its corporate roadmap," said Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora Organics International Inc. "The reunification of the 2.2 million square foot Delta Greenhouse Complex will create the critical scale needed in today's evolving landscape for Canadian cannabis producers. The combined entity will be equipped with world-class upstream cultivation assets and diverse downstream capabilities that will

act as a beachhead into the 700-million-person European marketplace, as well as a crystalize a distinctive first mover advantage within the edibles, cannabinoid-infused beverage and product formulation market verticals."

AgraFlora's recently announced 100,000 kg off-take agreement with ICC International Cannabis Corp. coupled with Organic Flower's revenue sharing and distribution arrangement with ICC will allow the combined AgraFlora-Organic Flower entity to capture significant cash flows at both the upstream and downstream levels; realizing material exposure to both the wholesale and eventual retail distribution of dried cannabis into high value European territories.

AgraFlora's Delta operations are set to emerge as the World's second largest cannabis cultivation operation under glass and, coupled with Organic Flower's unique portfolio of downstream and product formulation assets, will solidify a first-mover trajectory into the second phase of cannabis normalization.

To date, Organic Flower has assembled a unique portfolio of downstream and product formulation operations/assets including:

CANDY, CHOCOLATE & EDIBLES

- Joint-Venture ("JV") with one of North America's largest manufacturer and distributor of chocolate and sugar confectionary products:
 - Planned development of a 50,000-square-foot manufacturing and product formulation facility, located in Winnipeg, Manitoba- fitted with industry-leading manufacturing equipment capable of producing an assortment of both cannabinoid/terpene-infused products for medicinal, functional and adult use
 - Forecasted to be fully operational by the first quarter of 2020 and projected to generate in excess of \$750-million in annual sales revenue once optimized
 - Operated by a roster of experienced chocolatiers and confectioners
 - Option to acquire 100% of JV Partner.

BEERS, CIDERS, ETC.

- Exclusive partnership with a leading Toronto-based Brewhouse with planned output capacity of over 200,000 HL per annum, to formulate, manufacture and distribute cannabinoid-infused beverages;
 - Brewhouse has completed multiple production runs for prominent European beverage brands such as: Guinness, Augustine, and Innes & Gunn
 - Proprietary brewing processes and associated technologies
 - 24-head rotary canning line, capable of packaging a variety of container dimensions at a rate of over 100,000,000 containers per year
 - Product formulation and batch testing to commence Q2 of 2019, with forecasted commercial production slated to begin in Q4 2019.

COSMETICS

- Proposed acquisition of a Canadian CBD cosmetics/topicals manufacturing company (Canutra Naturals Ltd), equipped with a vertically integrated, farm-to-face model:
 - 76 acres of un-zoned agricultural land with 1,000 feet of river frontage in Kent County, New Brunswick- formerly a federally owned farm and research facility and is equipped with over 17,500 square feet of commercial-grade facilities and 12 separate structures
 - Industrial hemp licence for its New Brunswick land parcel in 2017
 - Co-packing agreements
 - Whole Hemp Health brand sold by way of brick-and-mortar retail outlets, Amazon Prime, as well as direct to consumer, through an integrated Shopify e-commerce platform

- Cannabis research licence granted by Health Canada in 2018.

CBD-INFUSED PERFORMANCE PRODUCTS

- Exclusive North American contract manufacturing and distribution agreement with the world's first professional sports team to introduce its own branded CBD-infused product line:
 - To produce a suite of athlete-focused, CBD performance products including, CBD-infused topical creams, therapeutic relief balms, sport pain CBD tinctures, CBD-infused soaks and CBD-infused roll-ons and healing sticks
 - Extraction-ready hemp inventories will result in near-immediate access to superior CBD concentrates and hemp oils
 - Immediate access to the vast captive audience of professional sports:
 - International broadcast reach to over 140,000,000 homes
 - Facebook Live game day audience of over 200,000 viewers (50,000 of viewers originating in the UK)
 - Social media presence of over 100,000 verified followers
 - THC-free, non-GMO, gluten free, vegan and organic accreditations.

BEVERAGES AND BOTTLING

- Exclusive cannabinoid-infused supply and distribution agreement with a premier Canadian Bottler:
 - Throughput of up to 30 million bottles per year
 - State-of-the-art bottling equipment, configured to conduct rapid production runs, with minimal downtime for production line changeovers
 - Pharmaceutical-grade mixing tanks
 - Advanced UV sterilization
 - Custom extended-shelf-life ("ESL") bottling lines.

UNIQUE DELIVERY SYSTEMS IP

- Sole Canadian manufacturer and distributor of an innovative beverage dispensing cap technology, equipped with a proprietary cannabinoid delivery mechanism:
 - Certified for health care and pharmaceutical applications
 - Research and development expenditures of \$30-million
 - Exclusive licensing agreement will extend for an initial period of 10 years, option to extend the exclusive licensing agreement for an additional successive 10-year term.

ACCESS TO THE EUROPEAN MARKET

In addition, AgraFlora will inherit Organic Flower's European distribution and EU-GMP cannabis processing/finishing agreement capabilities. Organic Flower's trans-European distribution network is comprised of 80,000 retail outlets and pharmacies, spanning 16 countries, including: Germany, the United Kingdom, Ireland, Denmark, Italy, France, Spain, Poland, the Netherlands and Greece. The European distribution network is augmented by various value-added services, including:

- Strategic procurement;
- Warehousing;
- Product registration; and,
- Regulatory representations

AgraFlora's recently announced commercial rights and off-take agreement with ICC International Cannabis Corp. (CSE: WRLD.U)(FWB: 8K51)(OTC: WLDCF) ("ICC" or "International Cannabis") is further complemented by Organic Flower's European downstream and EU-GMP cannabis processing capabilities. Under the terms of the agreement, ICC may purchase up to 100,000,000 grams of premium dried cannabis flower from AgraFlora's Delta Greenhouse Complex cultivation

operations, over a five-year term.

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.

ABOUT ORGANIC FLOWER INVESTMENTS

Organic Flower, an investment holding firm, is leveraging strategic relationships, proprietary investments and exclusive partnerships with preeminent international cannabis cultivators and formulators for the development of best in class products and brands to be marketed and distributed throughout our global footprint.

ON BEHALF OF THE BOARDS OF DIRECTORS

"Brandon Boddy"

Brandon Boddy
Chairman & CEO
AgraFlora Organics International Inc.

"Joel Dumaresq"

Joel Dumaresq
CEO, Director
Organic Flower Investments Group Inc.

Learn more about Organic Flower by visiting our website at: <https://sowcannabis.ca/>

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Notice Regarding Forward Looking Information:

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. This information is only a prediction. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout this news release. Forward-looking information includes, but is not limited to: political changes in Canada and internationally, future legislative and regulatory developments involving cannabis in Canada and internationally, the Company's ability to secure distribution channels in international jurisdictions, competition and other risks affecting the combined assets in particular and the cannabis industry generally. Without limiting the generality of the foregoing, the forward-looking statements herein relate to, among other things, the ability of AgraFlora and Organic Flower to close the Proposed Transaction on the terms generally set out in the LOI and the development of the assets referenced in this news release.

The forward-looking information contained in this release is expressly qualified by the foregoing cautionary statements and is made as of the date of this release. Except as may be required by

applicable securities laws, neither AgraFlora nor Organic Flower undertake any obligation to publicly update or revise any forward- looking information to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.



Organic Flower Investments Group Inc. (CNW Group/AgraFlora Organics International Inc.)

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