



AgraFlora Organics Secures 51,500 Sq. Ft Edibles Manufacturing Facility; Anticipates Q1 2020 Receipt of Health Canada Sales and Processing Licenses

VANCOUVER, British Columbia, June 21, 2019 (GLOBE NEWSWIRE) -- **AgraFlora Organics International Inc.** ("**AgraFlora**" or the "**Company**") (**CSE: AGRA**) (**Frankfurt: PU31**) (**OTCPK: PUFXF**), a growth oriented and diversified international cannabis company, is pleased to provide the following operating milestones, licensing timelines and retrofit updates pertaining to its edibles manufacturing and distribution subsidiary, The Edibles and Infusions Corp. ("Edibles and Infusions"):

- | Acquisition of its flagship 51,500 square foot edibles manufacturing facility located in Winnipeg, Manitoba;
 - | September 2019 anticipated completion date for facility upgrades, including architectural, mechanical, electrical and security retrofits, as per Health Canada regulations;
 - | Forecasted to be fully operational by the first quarter of 2020 and, once optimized, will be capable of generating in excess of \$750 million in annual sales revenue;
- | Existing distribution channels of 20,000 locations across North America, most prominently Costco and Wal-Mart;
- | Roster of experienced chocolatiers and confectioners, established industry relationships and best-in-class supply chain management infrastructure;
- | Several hundred SKUs already in production;
- | Fiscal Q1 2020 delivery of fully automated manufacturing and depositing line for cannabinoid-infused gummies, chocolate, toffee, caramel and hard candy;
- | Completion of a pharmaceutical grade, turnkey edibles research and development ("R&D") lab and product development facilities by August 2020;
- | Forecasted receipt of Health Canada awarded processing and sales licenses by fiscal Q1 2020;
 - | Engagement of 3 Sixty Risk Solutions Ltd. ("3 Sixty") and Cannabis License Experts for application acceleration and development of standard operating procedure ("SOPs");
- | Advanced negotiations with Tier 1 Licenced Producer ("LPs") peer group to develop and contract manufacture an array of cannabinoid edible confections; and,
- | Definitive discussions to secure national listings for CBD-infused functional foods across thousands of shelves in major grocers and retail locations.

AgraFlora controls an 80 per cent interest in Edibles and Infusions, a joint venture (the "JV") with one of North America's largest and most storied manufacturer and distributor of chocolate and sugar confectionary products. Upon successful receipt of appropriate Health Canada Licensing, the JV will produce an assortment of both cannabinoid/terpene-infused products for medicinal, functional and adult use, including but not limited to:

- | Gourmet snacks, including caramel popcorn, cheese biscuits, cocoa cookies, glazed pecans and salty pretzels;
- | Chocolates/toffees/caramels;
- | Gummies/confectionary/gum;
- | Baked goods;
- | Powdered drinks;
- | CBD-infused pet products.

Edibles and Infusions anticipates its recently acquired 51,500 square foot edibles manufacturing facility will be fully operational by the first quarter of 2020 and, once optimized, will be capable of generating in excess of \$750 million in annual sales revenue. Projected revenues are derived from logical assumptions including the facility achieving full capacity and the equipment operating seven days per week, 20 hours per day with all product being sold to downstream distributors, with the sales price based on current comparable retail pricing in the United States.

The Company's JV partner was established nearly a century ago and has since become North America's largest confectionary fruit slice manufacturer, supplying products to over 20,000 locations across North America, most prominently Costco and Wal-Mart. Together, AgraFlora and Edibles Infusions will leverage extensive operating experience and existing industry relationship to:

- | Expedite product to market;
- | Design cutting-edge packaging protocols;
- | Source superior raw product inputs; and,
- | Develop premium product formulations.

Equipped with a roster of experienced chocolatiers and confectioners, as well as established industry relationships and best-in-class supply chain management infrastructure, AgraFlora's JV partner currently manufactures and distributes several hundred unique stock keeping units ("SKUs").

Upon receipt of appropriate Health Canada licensing, AgraFlora will supply the JV with inputs for the edibles manufacturing process such as artisanal, ultra-premium dried cannabis flower, as well as premium cannabis trim from its Delta Greenhouse Complex and ACMPR licenced AAA Heidelberg facility. The Company's vertically integrated cannabis ecosystem will afford AgraFlora the ability to capture material revenues from upstream cultivation, to downstream product formulation/manufacturing/extraction and end retail distribution.

Once operational, and in receipt of all necessary tertiary licenses as required from a regulatory perspective, the true value of the Delta Greenhouse Complex will be crystallized via its ability to serve as a robust feedstock source for the myriad of downstream value added assets that are domiciled under the AgraFlora corporate banner. The successful implementation of full vertical integration will support

increased efficiency across business channels and allow for maximum economic margin capture for the enterprise as AgraFlora moves into the next phase of cannabis normalization.

AgraFlora is also pleased to report that Edibles and Infusions continues to conduct advanced contract manufacturing negotiations with Tier 1 Canadian LPs. The Company is of the opinion the pursuit of edibles contract manufacturing agreements with its peer group will further bolster its balance sheet with another source of sustainable, de-risked cash flows.

Brandon Boddy, Chief Executive Officer and Chairman of AgraFlora stated: "Establishing a controlling stake in this JV is truly a transformative transaction for AgraFlora. Along with our highly reputable JV partner, we have firmly positioned ourselves at the forefront of the next phase of cannabis normalization- cannabis 2.0. Now armed with this state-of-the-art facility, AgraFlora expects to become the unequivocal leader within the highly lucrative cannabinoid-infused edibles and functional food marketplaces.

The acquisition of a dedicated 51,500 square foot edibles manufacturing and processing facility will further differentiate AgraFlora as a leading fully integrated cannabis company. Once fully optimized, from the time raw ingredients arrive in tankers, to the time the finished pallets leave the facility, no human intervention is required. Our entire system will be automated to ensure the highest quality standards, food safety and facility security.

With Health Canada sales and processing licencing anticipated to be granted in Q1 of 2020, the Company will be equipped to capitalize on the anticipated vacuum created by the regulated edibles, extract and cannabinoid-infused beverage marketplace in December 2019."

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.

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