



## **AGRAFLORA ORGANICS INTERNATIONAL INC.**

### **CLARIFICATION NEWS RELEASE**

#### **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<sup>st</sup>, 2019 – AgraFlora Organics International Inc.** (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: PUFXF), a growth oriented and diversified international cannabis company, at the request of the Investment Industry Regulatory Organization of Canada (“IIROC”) provides 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”). The Company notes that all revenue forecasts were based on the assumption of the successful receipt of applicable Health Canada licenses, at this time there are no guarantees that the aforementioned licenses will be granted:

- 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;
- 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”);
  - Licensing forecasts derived from documented correspondence with the Company’s consultants;
- 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.
  - Leveraging pre-existing supply/distribution relationships of AgraFlora’s Joint Venture partner.

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.

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.”

### **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).

### ON BEHALF OF THE BOARD OF DIRECTORS

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### ***Forward-looking Information Cautionary Statement***

*Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for AgraFlora Organics described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which are available at [www.sedar.com](http://www.sedar.com).*