



## AGRAFLOA ORGANICS INTERNATIONAL INC.

### NEWS RELEASE

#### **AgraFlora Organics Provides Licensing Guidance and Operational Updates at GMP-Certified GTA Bottling Facility**

**Vancouver, British Columbia / June 27<sup>th</sup>, 2019 – 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 licensing guidance and operational updates pertaining to its cannabinoid-infused beverage bottling facility (the “Facility”) situated in the Greater Toronto Area:

- Successful submission of all required application documents to Health Canada for a five-year Research License under the Cannabis Act;
  - End of Q3 2019 anticipated award of Research License with research, development and testing activities to commence immediately thereafter;
  - Engagement of 3 Sixty Risk Solutions Ltd. for application acceleration and development of standard operating procedure (SOPs), thus solidifying AgraFlora’s pole position as a first mover in the Canadian cannabinoid-infused beverage marketplace;
- Build out of a on-site, dedicated cannabinoid research laboratory at its GMP-certified Facility;
  - Installation of state-of-the-art equipment for the weighing, handling and processing micro dosages of CBD and THC compounds, including magnetic mixers, homogenizers and high pressure liquid chromatograph (“HPLC”);
- On-going bottling line retrofit initiatives to deliver products ranging from functional (CBD-infused) water and juice based beverages to THC-infused coffees and teas in a number of formats including, glass bottles, polyethylene terephthalate (“PET”) bottles and aluminum cans;
  - Annualized throughput of up to 30 million bottles;
  - Customized to incorporate Agraflora's patented pharmaceutical-grade dispensing cap technology and hermetically-sealed bottle cap cannabinoid delivery mechanisms designed to preserve the static state of CBD/THC extracts (<https://agraflora.com/brands/health-cap-holdings/>);
    - Developed over five-years, with research and development expenditures of over \$30 million;
    - Robust patent portfolio, including seven design patents, ten utility patents, as well as certified as a pharma grade medical device under three US Medical Patents;
- Exclusive care and control of a portfolio of established cannabinoid-infused product formulation recipes already featured in mature US marketplaces;
  - Refined by a consortium of food engineers, nutritionists and scientists to optimize bioavailability, consistent dosing protocols and flavouring

AgraFlora’s cannabinoid-infused bottling Facility boasts extensive manufacturing experience for leading beverage brands, such as Heineken and SABMiller, as well as the Coca-Cola Company. The Facility is strategically situated in the Greater Toronto Area (the “GTA”) affording the company unbridled access to

the largest addressable Canadian marketplace. The GTA is buoyed by established infrastructure, offering the flexibility to accommodate shipments from multiple ports and hubs across North America.

With annualized throughput of up to 30 million bottles the Facility is equipped with state-of-the-art bottling equipment, configured to conduct rapid production runs, with minimal downtime for production line changeovers. Fully operational, the Facility has been granted the following industry certifications:

- Good manufacturing practices (“GMP”);
- Canadian organic standards;
- Certified vegan;
- Fair trade certification (“ISO 17065”); and,
- Kosher facility status.

The Facility has submitted its application to Health Canada under the Cannabis Act for a five year Research License. Licensing is anticipated for the end of Q3 2019, with proposed research, development and testing activities to commence immediately thereafter. Upon successful award of the Research License, the Facility plans to immediately commence cannabinoid related research and development activities, including:

- Establishment of extraction protocols to isolate specific desirable compounds, including cannabidiol (“CBD”), tetrahydrocannabinol (“THC”) and tetrahydrocannabivarin (“THCV”)
- Cannabinoid extract infusion analysis relating to formulation and pilot batching;
- Identification of process and physiochemical product attributes and pair with analytically guided optimization;
- Development of optimized blend formulations for water solubility and shelf stability ratios/forms;
- High pressure homogenization to produce superfine emulsions from cannabis oil; and,
- Centrifugal partition chromatography to develop compounds in a powdered format.

In anticipation of its anticipated Health Canada issued Research License, the Facility has commenced retrofit initiatives including the build out of a cannabis research laboratory within its current GMP-certified premises. The secure laboratory will consist of state-of-the-art equipment for weighing, handling and processing micro dosages of CBD and THC compounds, including magnetic mixers, homogenizers and high pressure liquid chromatograph.

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: “The functional beverage category is increasingly becoming the popular choice among consumers who are seeking low-calorie, nutrient-dense options as a healthy alternative to traditional beverages. The global functional beverage market is expected to grow at a compound annual growth rate of 6.1 per cent to US\$93.68-billion by 2019, according to a new study by Grand View Research Inc.<sup>1</sup>

Augmented by innovative industry technologies, including pharmaceutical-grade mixing tanks, advanced UV sterilization techniques and custom extended-shelf-life bottling lines, AgraFlora’s functional beverage portfolio and bottling facility will address major and growing consumer health and wellness needs for the modern lifestyle. Our industry leading bottling facility, coupled with exclusive access to a suite of established cannabinoid-infused product formulation recipes already proven to garner considerable attention in mature US marketplaces such as Colorado further reinforces our position as a leader in the next phase of Canadian cannabis normalization.

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<sup>1</sup> <https://www.grandviewresearch.com/press-release/global-functional-drinks-market>

The marketing and eventual distribution of our beverage products will follow additional testing, and will be subject to necessary approvals and licences to be granted by Health Canada and regulatory authorities in other territories."

AgraFlora's cannabis-infused beverages will leverage patented pharmaceutical-grade dispensing cap technology, as well as advanced delivery mechanisms to provide optimized ingredient effectiveness for the end consumers. With a simple twist of the cap, this intuitive technology enables the blending of premium, preserved cannabinoids into an assortment of bottled liquids, ensuring the consumer receives the full range of functional benefits at the moment of consumption.

The delivery mechanism boasts a patented airtight and moisture-resistant bottle cap to protect volatile ingredients such as cannabinoids, antibiotics, probiotics, vitamins and minerals resulting in superior shelf stability for infused bottled beverages. The dispensing cap technology allows for increased efficacy when compared with premixed beverages, which are susceptible to rapid nutrient deterioration.

Refined over five years, with research and development expenditures of \$30 million, AgraFlora plans to deploy its exclusive rights to a marquee dispensing cap technology and delivery mechanism to revolutionize the North American cannabinoid-infused beverage marketplace.

The Company is also pleased to announce to appointment of Mr. Peter Nguyen as Chief Financial Officer. Mr. Nguyen is a Chartered Professional Accountant and holds a degree from the University of British Columbia. He is an officer and director of several reporting companies listed on the TSX Venture Exchange and the CSE with both domestic and international operations. Mr. Nguyen has held senior financial positions for both public and private companies where he provided assurance, corporate finance, tax and business advisory services

AgraFlora also announces the resignation of Mr. Chris Cherry as Chief Financial Officer. The Company would like to sincerely thank Mr. Cherry for his many years of services to date, and wishes him the best of luck with his future endeavours.

### **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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*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).*