

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

AgraFlora Organics International Inc. (the “Company” or “AgraFlora”)
#804-750 West Pender Street
Vancouver, BC V6C 2T7

Item 2: Date of Material Change

June 27, 2019.

Item 3: News Release

A news release was issued and disseminated on June 27, 2019 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Changes

The Company announced licensing guidance and operational updates pertaining to its cannabinoid-infused beverage bottling facility (the “Facility”) situated in the Greater Toronto Area and changes to its Chief Financial Officer (“CFO”).

Item 5: Full Description of Material Change

The Company announced licensing guidance and operational updates pertaining to its 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 an 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.

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 CFO. 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 CFO. 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.

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

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Item 9: Date of Report

June 27, 2019.