



## AGRAFLORA ORGANICS INTERNATIONAL INC.

### NEWS RELEASE

#### **AgraFlora Organics Awarded Health Canada Hemp Production License; To Immediately Stream High CBD Cultivars to Edibles and Beverage Manufacturing Asset Portfolio**

**Vancouver, British Columbia / July 3<sup>rd</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 announced that further to its news release dated May 30, 2019, the Company has been awarded a license from Health Canada, under the industrial hemp regulations of the Cannabis Act (the “Industrial Hemp License” or “IHL”) at its flagship 2.2 million square foot Delta Greenhouse Complex.

The Company’s full-spectrum Industrial Hemp License equips AgraFlora with the following immediate cultivation, propagation, nursery and product formulation/manufacturing capabilities:

- Premium hemp seedling propagation for peer IHL recipients;
  - Crystalizing a pathway towards consistent, near-term ancillary cash flows, while solidifying AgraFlora’s position as a first-mover in cultivating superior starter plants for the burgeoning North American hemp industry;
  - Proven ‘build-to-order’ propagation model forecasted to produced 1,300,000 small/high density hemp transplants per 28-42 day seedling turn;
- Establishment of a dedicated hemp propagation nursery within existing greenhouse infrastructure;
- Streaming of high CBD hemp cultivars to AgraFlora’s downstream functional food, topicals and cannabinoid-infused beverage asset portfolio;
  - The Edibles and Infusions Corporation: functional food product development and manufacturing;
  - The Brewhouse: formulation and production of CBD-infused beverages, including non-alcoholic beers seltzers, ready-to-drink (“RTDs”) beverages
  - Canutra Naturals/HowlBrands: manufacturing of a suite of hemp oil/CBD-infused personal care and performance products including:
    - Therapeutic relief balms;
    - CBD-infused pain relief creams and roll-ons;
    - Organic cosmetics with anti-aging properties;
    - Shampoos and conditioners; and,
    - Sunscreens
- Planned commercial production of organic hemp seed oil for distribution;
- High-CBD cultivar experimentation and proprietary CBD cultivar development;
  - Collection and storage of high-value strains/seeds for re-sale initiatives;
- Specialized fibre production;
  - Successful recapture of hemp stalks to be processed into high margin, specialized fibre products and building materials.

In conjunction with the Company's reputable portfolio of hemp/CBD-inspired brands, as well as its commitment to innovative product development and industry research, the award of an industrial hemp licence further bolsters AgraFlora's mandate of championing a corporate response to global demand for both hemp and CBD derived products. AgraFlora will commence initial research and development in July, 2019 beginning with the testing of Health Canada approved varieties.

AgraFlora anticipates that once fully optimized, its planned industrial hemp operations will provide ample feedstock inputs for the Company's unique portfolio of cannabinoid product formulation and downstream assets; affording the Company the ability to capture material cash flows throughout each link of the cannabis value chain. The Company's bellwether 2.2 million square foot Delta Greenhouse Complex is slated to be one of the largest and most advanced cannabis cultivation operations worldwide and will act as a springboard for the continued integration of its upstream, mid-stream, and downstream capabilities.

Mr. Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: "The Canadian cannabis market is continually evolving. With the second wave of cannabis legalization involving edibles, beverages and topical products set to be effected in October of this year, we anticipate the demand for CBD will increase geometrically.

One of AgraFlora's corporate mandates is to ensure we can respond to evolving legislation and maintain market adaptability while maximizing revenues. We applied for the hemp license to complement our core business model of producing low-cost, premium cannabis and are of the opinion that leveraging existing greenhouse infrastructure to pursue the cultivation and propagation of hemp will provide the Company with a stream of stable, ancillary cash flows.

In collaboration with our experienced partners, the Houwelings Group, we intend to aggressively begin researching and developing a high CBD hemp cultivar, resulting in greater yield of CBD and incrementally higher ROI per acre than the strains that are currently available."

All planned hemp cultivation at the Company's Delta, BC facility will utilize existing greenhouse infrastructure that is not currently earmarked for propagation and/or cannabis business initiatives. As a result, AgraFlora's proposed hemp cultivation activities will not impact current propagation and eventual cannabis cultivation operations. Hemp cultivation will not interfere with the planned cannabis cultivation activities at the Delta Greenhouse Complex, nor will it reduce the cannabis cultivation design capacity of the Company's Delta, BC facility.

Further to the Company's news release dated April 29, 2019, the Company has proceeded with the second issuance of 1,250,000 bonus shares (the "Shares") at a price of \$0.425 per Share to Cornelius Houwelings pursuant to a letter of intent dated May 22, 2018.

### **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).*