



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Organics Enters Into Exclusive Asian CBD Cosmetics Distribution Agreement; Achieves Immediate Access to China's Projected US\$15,000,000,000 CBD Marketplace

Vancouver, British Columbia / August 20th, 2019 – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF), a growth oriented and diversified international cannabis company, is pleased to announce that the Company has entered into a definitive agreement to acquire 50 per-cent of the issued and outstanding shares of Eurasia Infused Cosmetics Inc. (“Eurasia Infused”). AgraFlora and Eurasia will collaborate to integrate the Company’s vertically integrated, farm-to-face CBD processing, manufacturing and distribution model into the Asia Pacific region.

Eurasia Infused, by way of a commercial concession with Hong Kong domiciled CBD Group Asia Limited (“CBD Group Asia”) controls a distribution agreement for CBD and hemp-derived beauty and wellness products for the territories of People's Republic of China (“China”) and Hong Kong Special Administrative Region. The distribution agreement extends to AgraFlora's diverse portfolio of CBD-infused and/or hemp-oil-derived CPG personal care products, for which CBD Group Asia will have an exclusive for sales in China, including but not limited to:

- CBD-infused cosmetics;
- Hemp body soaps;
- Hemp-derived lotions and skin serums; and,
- CBD-infused sunscreen; and,

CBD Group Asia’s principals boast over ten years’ experience specializing in the importation and customization of premium Canadian consumer packaged goods (“CPGs”) for the Chinese marketplace. CBD Group Asia management team have previously distributed premium Canadian CPGs into China’s largest retail chains and C-stores, including RT-Mart International Ltd and Carrefour SA. RT Mart alone operates over 484 retail locations covering 233 cities and 29 provinces in China and generated \$20 billion in sales in 2018,

AgraFlora and CBD Group Asia have commenced collaboration on a variety of product customization and distribution initiatives for its Whole Hemp Health line of all natural skin care products, with the objective of tailoring the Company’s product offering for rapid uptake into the Asian CPG markets. The Company’s Whole Hemp Health product line derived from 100 per-cent organic Canadian hemp seed oil and is presently marketed by way of brick-and-mortar retail outlets, Amazon Prime, as well as direct to consumer, through an integrated Shopify e-commerce platform. AgraFlora and CBD Group Asia’s ongoing CPG customization and distribution deliverables include:

- National CPG listings, leveraging CBD Group Asia’s high-traffic distribution channels;

- Hemp oil certificate of Analysis (“COA”) authorization;
- Product and packaging customization;
 - <https://wholehemphealth.ca/pages/preview>
- Development of a full-spectrum CBD facial serum, infused with hemp root oil;
- Architecture of a network of Chinese Canutra/Whole Hemp Health branded pop-up shops, further expanding the company's retail footprint and brand presence in an economical and contemporary manner;
- Integration into CBD Group Asia’s proprietary direct to customer Asia sales WeChat platform;
 - Unencumbered access to 1.08 billion current daily users
- Customs brokerage; and,
- Logistics optimization;

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora, stated: “Chinese based consumers have long been enamoured with premium Canadian CPGs. AgraFlora’s CBD distribution agreement with CBD Group Asia complements our pursuit to capture international shelf space for our innovative, ultra-premium suite of cannabinoid-infused personal care products, within jurisdictions positioned for geometric growth.

CBD Group Asia has selected AgraFlora as its partner of choice for CBD commercialization and distribution, due to the first-rate nature of our assets, human capital and manufacturing capabilities. According to Hong Kong based investment company Regent Pacific Group, the CBD market in China alone is forecasted to be worth US\$15 billion by 2024, citing beauty and wellness as the primary catalysts.”

By way of its wholly owned, cannabinoid-infused cosmetics/topicals subsidiary, Canutra, AgraFlora is equipped with robust cultivation, extraction, manufacturing and distribution capabilities from the company's flagship facility in Kent County, New Brunswick. Canutra owns and operates 76 acres of unzoned, arid agricultural land, including 1,000 feet of river frontage.

The Company's New Brunswick facility, formerly a federally owned farm and research facility, boasts over 17,500 square feet of commercial-grade production facilities, as well as 12 separate free-standing structures. Canutra was granted an industrial hemp licence by Health Canada for its New Brunswick land parcel and expects the imminent award of its 2019 Health Canada cannabis research licence.

Canutra manufactures and distributes premium personal care, cosmetics and cannabinoid-infused product lines including a suite of trusted consumer brands such as Whole Hemp Health; a Canadian all-natural, hand-made skin care line, formulated with 100-per-cent-Canadian organic hemp seed oil.

James Foster, CEO of CBD Group Asia, commented: “Canadian manufactured CBD cosmetics products are considered to be from amongst the highest valued by Chinese consumers for their high quality, their brand innovations and integrity. Partnering with AgraFlora gives us direct access to some of the most well-known brands in Canada to sell through our distribution channels in Asia.

Our proprietary sales platform utilises WeChat a Chinese mobile application with 1.08 billion current daily users offering the largest standalone app currently in the world. We look forward to making this venture a lasting success as Asian marketplaces continue to open up and develop.”

Under the terms of the Securities Purchase Agreement (the “Agreement”), AgraFlora will acquire 50 per cent of the issued and outstanding shares in the capital of Eurasia Infused, in exchange for an aggregate of 15 million common shares in the capital of the Company, based upon the five-day volume-weighted average price (“VWAP”) of AgraFlora common shares for the five trading sessions prior to the

announcement of the definitive agreement. The closing of this acquisition is subject to customary terms and conditions.

A finders fee is payable on this transaction.

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.

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.