

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

September 27, 2019.

Item 3: News Release

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

Item 4: Summary of Material Changes

The Company announced that it has entered into a complementary cooperation agreement (the “**Co-Op Agreement**”) and closed a private placement of special warrants (the “**Special Warrants**”).

Item 5: Full Description of Material Change

The Company announced that further to a commercial rights and supply agreement (the “**Agreement**”), dated May 22, 2019, the Company has entered into a Co-Op Agreement.

Under the terms of the Co-Op Agreement, a party to the original Agreement has subscribed to a non-brokered private placement (the “**Offering**”) at a 28.2 per-cent premium to AgraFlora’s five-day VWAP of \$0.234; for total proceeds of \$2,000,000. In consideration for the Offering, AgraFlora has agreed to defer payment (the “**Deferred Payments**”) for the initial \$2,000,000 purchase of dried cannabis flower, under the previously announced Agreement. Such Deferred Payments shall be repaid in equal portions of \$250,000 across the subsequent \$8,000,000 in anticipated dried cannabis flower purchases.

In connection with the Offering, the Company has issued 6,666,667 transferable special warrants (the “**Special Warrants**”) to one purchaser at a price of \$0.30 per Special Warrant. Each Special Warrant is convertible into units (the “**Units**”) with each Unit consisting of one common share (the “**Shares**”) of the Company and one transferable common share purchase warrant (the “**Warrants**”), with each Warrant entitling the holder thereof to purchase one additional Share of the Company at a price of \$0.50 per Share for a period of 36 months from the date of issuance of the Warrants.

All securities issued are subject to a four-month hold period pursuant to applicable securities laws of Canada, after which time the Special Warrants are convertible into the Units.

The European medical cannabis cannabinoid-derived CPG markets continue to mature, thus affording qualified market participants to achieve robust margins via the distribution of premium cannabis flower and associated derivative products. The Agreement affords AgraFlora’s commercial partners with a consistent supply of high-grade cannabis flower, permitting the continued penetration of high-value EU patient populations.

The aforementioned Agreements are contingent on AgraFlora's receipt of a standard cultivation and accompanying sales licences from Health Canada for its flagship Delta Greenhouse Complex. AgraFlora's Delta Greenhouse Complex is widely considered to be one of the most

technically advanced and environmentally friendly greenhouse operations in the world, equipped with industry-leading cultivation infrastructure.

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 is also retrofitting a 51,500-square-foot good manufacturing practice (“GMP”) edibles manufacturing facility in Winnipeg, Manitoba. AgraFlora 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.

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

For additional information:

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Item 9: Date of Report

September 27, 2019.