



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Organics Reviews Delta Greenhouse Infrastructure Upgrades; Deploys Over C\$30,000,000 in PPE Expenditures

Vancouver, British Columbia / October 2nd, 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 provide a summary of the Phase 1 Delta Greenhouse Complex infrastructure upgrades completed to date. AgraFlora has deployed over C\$30,000,000 in plant, property and equipment expenditures (“PPE”) at its Phase 1 Delta Greenhouse Complex retrofit (“Phase 1 Retrofit”) in preparation for receipt of its standard cultivation license from Health Canada.

AgraFlora's Delta Greenhouse Complex (the “Delta Facility”) is second in size and magnitude only to the Smiths Falls facility owned by Canopy Growth Corp., the world's largest cannabis company. By way of additional comparison, AgraFlora's Delta Facility is 100,000 square feet larger than Aurora Cannabis Inc.'s facility in Edmonton, Alberta and it is also more than 700,000 square feet larger than the current size of the Leamington facility owned by Aphria Inc.

Milestone infrastructure upgrades, directly correlated to AgraFlora's anticipated award of a standard cultivation license, which were highlighted in the Company's recent affirmation of readiness and video evidence package submission to Health Canada include:

- Completion of perimeter security fencing;
- Installation of comprehensive surveillance and anti-intrusion systems, as well as access control infrastructure supported by servers and sustained by independent, backup generators;
- Completion of postharvest zones including dry rooms, trim room, secure storage and packaging facilities;
- Installation of state-of-the-art air exchange system equipped with climate and odour controls;
- Full roof vent insect netting installation for crop protection;
- Supplemental light output upgrades and the furnishing of light deprivation screens;
- Installation of irrigation buffer tanks, mixing stations, and distribution system;
- Retrofit and upgrade of Argus Titan climate control system;
- Completion of grow room divisions for climate and hygiene isolation; and,
- Retrofitting of garment hygiene rooms, security/administration offices, as well as staff amenities;

AgraFlora's internal forecasts indicate that upon receipt of its aforementioned standard cultivation licence from Health Canada, the Company will become the fourth-largest licensed producer (“LP”) in Canada by 2020 financed production metrics; strategically positioned in close proximity to Canada's largest cannabis economic centres: Toronto and Vancouver.

Figure 1.

Issuer	2020 Estimated Annual Capacity (in grams)	Current Market Capitalization
Aurora Cannabis	700,000,000	\$5,938,602,000
Canopy Growth Corp.	525,000,000	\$10,521,098,000
Aphria	255,000,000	\$1,733,854,000
AgraFlora & PSC	251,250,000 ¹	\$157,303,000
Tilray	225,000,000	\$3,121,407,270.00
The Green Organic Dutchman	195,000,000	\$559,266,000
Cronos Group	150,000,000	\$4,084,620,000
OrganiGram Holdings	113,000,000	\$710,615,000
Hexo Corp.	108,000,000	\$1,344,018,000

The Delta Facility is a state-of-the-art pressurized, semi-open Venlo greenhouse, which is widely considered to be one of the most technically advanced and environmentally friendly greenhouse operations in the world. The Company's forecasted production metrics are further substantiated by the Delta Greenhouse Complex's industry-leading cultivation infrastructure, including:

- Fully integrated on-site natural-gas-powered power plant;
 - Providing ample heat and electricity, while repurposing carbon dioxide emissions to benefit the plants;
- Proprietary energy-efficient air exchange;
- Advanced climate and humidity control management infrastructure;
- Ebb-and-flow watering systems to enhance complete irrigation recapture and water treatment;
- 1.5-million-gallon hot water storage tank configured to store energy produced during the day, for redistribution during non-peak hours, thereby increasing operational efficiencies and reducing associated energy costs;
- Multistage supplemental lighting augmented by natural sunlight to foster optimized illumination equilibrium.

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: "Our flagship Delta Greenhouse Complex is projected to achieve industry leading cultivation metrics, approximately 0.12 kg of premium cannabis flower per square foot, with estimated packaged unit contribution of C\$0.80 per gram. With two significant off-take agreements already in place, representing 125 million grams over a five-year period, AgraFlora is primed to realize material cash flows over the next twelve months and beyond."

AgraFlora's esteemed JV partners, the Houweling's Group, bring 40 years of greenhouse experience and agricultural expertise to the project, as well as established infrastructure with a replacement cost of circa C\$190 million. The Houweling's Group is a fully vertically integrated organization with a total of 8.4 million square feet of greenhouse space in Canada and the United States, and more than 200 employees. They have employee groups working in growing, harvesting, distribution, administration, information technology and finance."

The Company plans to commence Phase 2 of the Delta Greenhouse Complex retrofit in December of 2019, which will include:

- 10 flower rooms with over one million square feet of canopy;
- 40,000 square feet of EU-GMP postharvest/processing space;
 - Equipped with ozone-rich drying rooms
- Installation of an industrial kitchen; and,
- Workflow design to include commercial CO₂ and Ethanol extraction capabilities.

¹ Forecasted fully funded production metrics derived upon achievement of optimized production at AAA Heidelberg and the Delta Greenhouse Complex.

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.

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.