



## **AGRAFLORA ORGANICS INTERNATIONAL INC.**

### **NEWS RELEASE**

#### **AgraFlora Organics Prepares for October 17<sup>th</sup> Health Canada Edibles, Extracts and Topicals Regulations with Over C\$85 Million in Dedicated PPE Expenditures Related to Cannabis 2.0 Asset Portfolio**

**Vancouver, British Columbia / October 17<sup>th</sup>, 2019 – AgraFlora Organics International Inc.** (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF), a growth oriented and diversified international cannabis company, welcome Health Canada’s formalized regulations for the production and sale of edible cannabis, cannabis extracts and cannabis topicals (the “Regulations”) with over C\$85 million in associated plant, property and equipment (“PPE”) expenditures related to its cannabis 2.0 asset portfolio.

In preparation for the next phase of cannabis normalization, as well as the associated Regulations, AgraFlora has executed on an assertive corporate acquisition stratagem, amassing a diverse portfolio of vertically integrated cannabis 2.0 assets and industry partnerships; focused on the following mandates:

- Innovative derivative product manufacturing;
- Defendable cannabinoid-infused edibles, beverage and topical formulation methodologies;
- Diverse brand platforms and trademark aggregation;
- Finished cannabis form factors; and,
- Quality assurance/control of input product for R&D and derivative product development;

To date, AgraFlora has deployed over C\$16 million in PPE expenditures at its Winnipeg Edibles Facility and 76-acre cannabis campus in Kent County, New Brunswick. Milestone infrastructure upgrades at the Winnipeg Edibles Factory, which will be highlighted in the Company's upcoming affirmation of readiness and video evidence package submission to Health Canada, include:

- Completion of perimeter security fencing;
- Installation of pharmaceutical-grade building envelope, including epoxy floors, as well as food-grade insulated metal panels for walls and ceiling;
- Installation of comprehensive surveillance and anti-intrusion systems, as well as access control infrastructure supported by servers and sustained by independent, backup generators;
- Modernization of water service infrastructure;
- Fire suppression system installation;
- Improvements to the facility's structural integrity;
- Installation of two rooftop HVAC units;
- Upgrading of electrical service infrastructure, including transformers and surge protection systems;
- Installation of floor drains throughout the 33,000 square foot production area;
- Completion of a pharmaceutical-grade research and development (“R&D”) laboratory, including the installation of state-of-the-art equipment for the weighing, handling and processing micro-

dosages of CBD/THC compounds, including magnetic mixers, homogenizers and high-pressure liquid chromatograph (“HPLC”);

- Retrofitting of the facility's on-site high-pressure boiler room; and,
- Upgrading office and staff facilities.

AgraFlora will leverage its anticipated R&D license at its Winnipeg Edibles Facility to pursue innovative derivative product formulation and manufacturing initiatives in readiness for Phase 2 of legalization, including: Vapes, Chewables, Tablets, Lozenges, Chocolates, Oils/Sprays, Capsules and Topicals.

The Company also reports material facility retrofit expenditures at its Toronto, Ontario brewery (the “Brewhouse”), which are projected to increase its output capacity to over 200,000 hectolitres (“hl”) per annum. Upon completion of the retrofit, aggregate capital expenditures deployed on the Brewhouse will exceed C\$20 million. By way of an exclusive agreement, AgraFlora holds claim to the exclusive formulation, manufacturing and distribution rights for all cannabinoid-infused beverages developed at said Brewhouse.

Additionally, the Company announces research and development (“R&D”) expenditures of US\$30 million in connection with its patented, pharmaceutical grade and hermitically sealed dispensing technology (the “Pharma-Grade Bottle Cap”). AgraFlora’s Pharma-Grade Bottle Cap enables the fresh release of premium and blended medicinal ingredients and/or cannabinoids into an assortment of bottled liquids, resulting in superior shelf stability and increased efficacy when compared with premixed beverages, which are susceptible to rapid nutrient deterioration.

AgraFlora reports C\$10 million in capitalized assets in relation to its 57 distinct, high-value cannabis product and service trademarks (the “Cannabis Trademarks”), associated goodwill, as well as branding and exclusive distribution rights in connection with its CBD-sports partner and transcontinental professional sports team, the Toronto Wolfpack RLFC (the “Wolfpack” or TWP”), based off the acquisition value from Organic Flower Investments Group Inc.

AgraFlora and the Wolfpack are preparing for the North American launch of a GMP-certified, CBD-infused performance SKU, Rugby Strength. The Wolfpack currently boasts exposure to over 250,000,000 homes for each of its 29 regular season games per season.

Included in the Cannabis Trademark portfolio are a series of recognizable trademarks for exclusive use within the cannabis industry: regional airport call signs, telephonic area codes and other such recognizable regional identifiers for every Canadian municipality with over 100,000 residents.

Management is of the opinion that its Cannabis Trademarks, as well as the likeness of its CBD-sports partner exhibit unrivalled branding potential for the cannabis space. It is the Company’s thesis that consumers will gravitate towards premium SKUs, which are branded with familiar labels and markers while navigating their maiden purchase of cannabis products- thus amplifying a sense of allegiance to their respective region.

A summary of related expenditures to date associated with the Company’s downstream asset portfolio include:

- Over C\$16 million in direct plant, property and equipment (“PPE”) expenditures at its Winnipeg Edibles Facility and 76-acre cannabis campus in Kent County, New Brunswick;
- Aggregate capital expenditures in excess of C\$20 million deployed on the Company’s Toronto, Ontario Brewhouse;
- R&D expenditures of US\$30 million in connection with its patented, pharmaceutical grade and hermitically sealed Pharma-Grade Bottle Cap; and,

- C\$10 million in capitalized assets in relation to its 57 distinct, high-value Cannabis Trademarks, associated goodwill, and branding and exclusive distribution rights in connection with the Wolfpack.

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: “With over C\$85 million in expenditures related to our downstream asset portfolio, our position as a Tier 1 LP is further crystalized as the industry prepares for the second phase of cannabis normalization. Our commitment to best in breed infrastructure and scalable production processes will ensure that we occupy pole position fulfill the insatiable demand for the next generation of edible cannabis, cannabis extracts and cannabis topicals.

Once fully optimized, our Winnipeg Edibles Facility will boast fully automated production flow - from the time raw ingredients arrive in tankers, to the time the finished pallets leave the facility, no human intervention is required. Our entire system will be automated to ensure the highest-quality standards, food safety and facility security. With Health Canada sales and processing licensing anticipated to be granted in the first quarter of 2020, the Company will be equipped to capitalize on the anticipated vacuum created by the regulated edibles, extract and cannabinoid-infused beverage marketplace.”

#### **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](http://www.agraflora.com).

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