



## **AGRAFLORA ORGANICS INTERNATIONAL INC.**

### **NEWS RELEASE**

#### **AgraFlora Organics Awarded Health Canada Research License at GMP-Certified Toronto, Ontario Bottling Facility and Increases Convertible Debenture Offering**

**Vancouver, British Columbia / December 10<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, is pleased to announce the Company’s subsidiary, Potluck Potions and Edibles Inc., has been awarded a cannabis research licence (the “Research License”) from Health Canada under the Cannabis Regulations Act.

The Research Licence equips AgraFlora with the ability to develop cannabis infused beverage formulations, as well as complete human sensory testing for taste, appearance, aroma and texture at its GMP bottling facility located in Toronto, Ontario (the “Toronto Bottling Facility”). The Research Licence also allows AgraFlora to possess and store dry cannabis, cannabis oils/concentrates and cannabis edibles on site at the Toronto Bottling Facility.

In anticipation of the Research Licence, AgraFlora began comprehensive retrofit initiatives at the Toronto Bottling Facility including the completion of a cannabis research laboratory (the “Research Laboratory”) within its current GMP-certified premises. The Research Laboratory consists of state-of-the-art equipment for weighing, handling and processing microdosages of CBD and THC compounds, including magnetic mixers, homogenizers and high-pressure liquid chromatograph (“HPLC”).

The Company plans to immediately commence cannabinoid-related research and development activities, including:

- Establishment of extraction protocols to isolate specific desirable compounds, including CBD, THC and THCV;
- Cannabinoid extract infusion analysis relating to formulation and pilot batching;
- Identification of process and physiochemical product attributes paired with analytically guided optimization;
- Development of optimized blend formulations for water solubility and shelf stability ratios/forms;
- High-pressure homogenization to produce superfine emulsions from cannabis oil; and,
- Centrifugal partition chromatography to develop compounds in a powdered format.

AgraFlora's Toronto Bottling Facility boasts extensive manufacturing experience for leading beverage brands, such as Heineken and SABMiller, as well as the Coca-Cola Company. Strategically situated in the Greater Toronto Area (the “GTA”), the Toronto Bottling Facility affords the Company unbridled access to the largest addressable Canadian marketplace. The GTA is buoyed by established infrastructure, offering the flexibility to accommodate shipments from multiple ports and hubs across North America.

With annualized throughput of up to 30 million bottles the Toronto Bottling Facility is equipped with custom-made bottling equipment, configured to conduct rapid production runs, with minimal downtime

for production line changeovers. Fully operational, the Company's Toronto Bottling Facility has been granted the following industry certifications:

- Good manufacturing practices ("GMP");
- Canadian organic standards;
- Certified vegan;
- Fair trade certification ("ISO 17065"); and,
- Kosher facility status.

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: "The award of a Health Canada Research License at our GMP-certified Toronto Bottling Facility again places us at the nexus of a lucrative cannabis 2.0 vertical - cannabinoid-infused adult use and functional beverages. The functional beverage category is increasingly becoming the popular choice among consumers who are seeking low-calorie, nutrient-dense options as a healthy alternative to traditional beverages.

Our GMP-certified Toronto Bottling Facility, coupled with exclusive access to a suite of established cannabinoid-infused product formulation recipes already proven to garner considerable attention in mature U.S. marketplaces such as Colorado, further reinforces our position as a leader in the next phase of Canadian cannabis normalization.

The marketing and eventual distribution of our beverage products will follow additional testing, and will be subject to necessary approvals and licences to be granted by Health Canada and regulatory authorities in other territories."

Further to the Company's news release dated November 25, 2019, AgraFlora has entered into signed subscription agreements for a non-brokered private placement offering consisting of 30,000 unsecured convertible debentures with an aggregate face value of \$1,000 for increased gross aggregate proceeds of \$30 million. The debentures shall mature on March 12, 2021.

Proceeds from the placement will be used as general working capital and to continue the Company's continuing capital expenditures at its 2.2-million-square-foot Delta greenhouse complex as well as its 51,500-square-foot Winnipeg edibles facility and for investment purposes.

#### **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 Services Canada Inc. 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).

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](http://www.sedar.com).*