



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Organics Announces Securities Exchange for Purchase of \$3,000,000 of 10% Unsecured Convertible Debentures, Settlement of Debenture Interest Payments and Debt Settlement Transaction

Vancouver, British Columbia / August 7, 2020 – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF), a growth oriented and diversified international cannabis company, announces that its board of directors has approved the settlement of an aggregate principal amount of \$220,000 in debt for services rendered through the issuance of common shares of the Company (the “**Debt Settlement**”). Pursuant to the Debt Settlement, the Company issued an aggregate of 4,000,000 common shares of the Company (the “**Shares**”) at a deemed price of \$0.055 per Share to certain creditors of the Company (the “**Creditors**”). All securities issued will be subject to a statutory hold period which will expire on the date that is four months and one day from the date of issuance.

The Company is also pleased to announce that it has entered into securities exchange agreements (the “**Exchange Agreements**”) with holders of the Company’s 10.00% Senior Unsecured Convertible Debentures due March 12, 2021 (the “**Debentures**”) providing for the purchase of \$3,000,000 aggregate principal amount of the Debentures (the “**Purchased Securities**”). In exchange for the Purchased Securities, the Issuer shall distribute 54,822,665 common shares at a price per share of \$0.05472, representing the daily volume weighted average price (VWAP) of the Issuer’s common shares on the Exchange for the five trading days commencing June 24, 2020 and ending June 30, 2020 (the “**Issue Price**”).

The Company further announced that it has satisfied the aggregate interest payment of \$1,500,000 (the “**Accrued Interest**”) owing on June 30, 2020 pursuant to the Debentures by the issuance of 27,411,333 common shares in the capital of the Company (each an “**Interest Share**”) on a pro rata basis to the holders of the Debenture. Each Interest Share will be issued at the Issue Price.

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About AgraFlora Organics International Inc.

AgraFlora Organics International Inc. is a leading cannabis company building shareholder value through the development of revenue generating operating assets in the global cannabis industry. AgraFlora is focused primarily on the Canadian cannabis industry; the world’s most advanced and regulated legal cannabis market. Flagship Canadian assets include: Edibles & Infusions, a fully automated manufacturing facility in Winnipeg, MB for white-label and consumer branded edible production; Propagation Services Canada, a large-scale commercial greenhouse in Delta, BC focused on reshaping the Canadian flower market with high-potency, low cost cannabis flower, and AAA Heidelberg, a craft focused cannabis producer in London, ON. In addition, AgraFlora’s wholly owned subsidiary Farmako GmbH is scaling towards its goal of being Europe’s leading distributor of medical cannabis. Farmako currently has active distribution operations in Germany and expects to commence active operations in the United Kingdom in 2020. For more information please visit: <https://agraflora.com/>.

ON BEHALF OF THE BOARD OF DIRECTORS

Brandon Boddy
Chairman & CEO
T: (604) 398-3147

For additional information:

AgraFlora Organics International Inc.
Nicholas Konkin
E: ir@agraflora.com
T: (800) 783-6056

For French inquiries:

Maricom Inc.
Remy Scalabrini
E: rs@maricom.ca
T: (888) 585-MARI

The CSE and Information Service Provider have not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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.