

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: [AgraFlora Organics International Inc.](#) (the "Issuer" or the "Company" or "AgraFlora").

Trading Symbol: [AGRA](#)

Number of Outstanding Listed Securities: [1,947,152,259 as at May 31, 2021](#)

Date: [June 2, 2021](#)

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

[.The Issuer confirms that the impact of COVID-19 on its business and operations has been minimal. The Issuer is continuing to move forward with obtaining its license to cultivate cannabis from Health Canada and is continuing with building](#)

out the Issuer's 2.2 million square foot Delta Greenhouse Facility (the "Delta Facility")

2. Provide a general overview and discussion of the activities of management.

During the month of **May 2021**, the Issuer:

- Applied for, and was granted, a management cease trade order by the BC Securities Commission for the late filing of its Annual Financial Statements and MD&A for the year-ended December 31, 2020.
 - Announced that the management cease trade order granted by the BC Securities Commission was lifted following the filing on SEDAR of the Company's Annual Financial Statements and MD&A for the year-ended December 31, 2020.
 - Appointed Fiona Fitzmaurice as Chief Financial Officer.
 - Settled \$262,500 debt by the issuance of 5,250,000 common shares.
 - Settled \$130,000 of debt by the issuance of 657,481 common shares.
 - Settled \$86,900 of debt by the issuance of 1,738,000 common shares.
 - Tended to general management and administrative matters.
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.
Not applicable for the month of **May 2021**.
 4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.
Not applicable for the month of **May 2021**.
 5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.
Not applicable for the month of **May 2021**.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable for the month of **May 2021**.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable for the month of **May 2021**.

8. Describe the acquisition of new customers or loss of customers.

Not applicable for the month of **May 2021**.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable for the month of **May 2021**.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Not applicable for the month of **May 2021**.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable for the month of **May 2021**.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable for the month of **May 2021**.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

On **May 26, 2021**, the Issuer announced that it has reached agreements with certain arms-length parties (the "**Arm's Length Parties**") to settle outstanding amounts of indebtedness totaling \$262,500, for consulting fees owing and other liabilities incurred by the Company (the "**Fee Settlements**"). The Arm's Length Parties have agreed to receive non-cash consideration in the amount of 5,250,000 common shares of the Company ("**Shares**") issued at a deemed price

of \$0.05 per Share. The Shares issued pursuant to the Fee Settlements will be subject to a statutory hold period lasting four months and one day (the “**Hold Period**”).

The Arm’s Length Parties shall be entitled to the issuance of additional common shares of Agraflora (“**Additional Shares**”) in the event that the trading price closes below \$0.05 the day before the Hold Period expires (the “**Market Price**”). In such a case, the Arm’s Length Parties shall be entitled to such number of Additional Shares as is determined by multiplying the Market Price by the number of Settlement Shares (the “**Settlement Shares Value**”) and then subtracting the Settlement Shares Value from the Settlement Amount (the “**Settlement Shares Shortfall**”). The Settlement Shares Shortfall will then be divided by the Market Price to determine the amount of Additional Shares to be issued. In the event that Additional Shares are to be issued pursuant to the above, the CSE has confirmed that no hold period will be required prior to the sale of any Additional Shares and that the deemed price of the Additional Shares will be equal to the Market Price at that time.

The Company is also pleased to announce that its Board of Directors has approved the settlement of amounts owing for services rendered (the “**Debt Settlements**”) through the issuance of Shares. Pursuant to the Debt Settlements, the Company issued an aggregate amount of 657,481 Shares at a deemed price of \$0.05 per share. All securities issued will be subject to a Hold Period from the date of issuance. AgraFlora has also settled \$130,000 of debt with a consultant (the “**Consultant Debt**”) for past services rendered with respect to arranging the sale of its wholly-owned subsidiary, AAA Heidelberg Inc. The Company has agreed to pay \$86,900 of the Consultant Debt through the issuance of 1,738,000 Shares, with the remainder to be paid in cash.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	657,481	Issued pursuant to a settlement of debt ⁽¹⁾	N/A
Common Shares	1,738,000	Issued pursuant to a settlement of debt ⁽²⁾	N/A
Common Shares	5,250,000	Issued pursuant to a settlement of debt ⁽³⁾	N/A

Notes:

- (1) Pursuant to a debt settlement, the Company issued an aggregate amount of 657,481 Shares at a deemed price of \$0.05 per share.
- (2) The Issuer settled \$130,000 of debt with a consultant (the “**Consultant Debt**”) for past services rendered with respect to arranging the sale of its wholly-owned subsidiary, AAA Heidelberg Inc. The Company has agreed to pay \$86,900 of the Consultant Debt through the issuance of 1,738,000 Shares, with the remainder to be paid in cash.

- (3) The Issuer settled indebtedness of \$262,500, for consulting fees owing and other liabilities incurred by the Company by the issuance of 5,250,000 common shares of the Company ("**Shares**") issued at a deemed price of \$0.05 per Share.
15. Provide details of any loans to or by Related Persons.
Not applicable for the month of **May 2021**.
16. Provide details of any changes in directors, officers or committee members.
On **May 5, 2021**, the Issuer appointed Fiona Fitzmaurice as the Company's Chief Financial Officer, following the resignation of Peter Nguyen as Chief Financial Officer.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Management Discussion and Analysis dated May 31, 2021 (the "MD&A"). The MD&A is available on the Issuer's SEDAR profile at www.sedar.com and on the Issuer's disclosure hall with the CSE at www.thecse.com.

Additional trends that are likely to impact the Issuer include:

COVID-19

The outbreak of the coronavirus ("COVID-19") pandemic has impacted the Issuer's plans and activities. The Issuer may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Issuer. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately that the Issuer would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Issuer's operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that be brought about by the COVID-19 pandemic on global financial markets reduce resource prices, share prices and financial liquidity and thereby that severely limit the financing capital available.

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Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated June 2, 2021

Elise Coppens

Name of Director or Senior
Officer

"Elise Coppens"

Signature

CEO & Director

Official Capacity

Issuer Details Name of Issuer <u>AgraFlora Organics International Inc.</u>	For Month End <u>May 2021</u>	Date of Report YY/MM/D <u>21/06/02</u>
Issuer Address <u>Suite 810 - 789 West Pender Street</u>		
City/Province/Postal Code <u>Vancouver, British Columbia, V6C 1H2</u>	Issuer Fax No. <u>604-687-3141</u>	Issuer Telephone No. <u>604-687-2038</u>
Contact Name <u>Elise Coppens</u>	Contact Position <u>CEO & Director</u>	Contact Telephone No. <u>604-687-2038</u>