

FORM 7

**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **AgraFlora Organics International Inc.** (the "Issuer").

Trading Symbol: **AGRA**

Number of Outstanding Listed Securities: **375,948,316**

Date: **February 6, 2019**

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.

**On December 10, 2018, the Issuer announced that it has closed a \$7.5 million second tranche of the \$40 million Equity Participation and Earn-In Agreement with Delta Organic Cannabis Corp. ("DOCC") and issued the second tranche of 16,718,265 common shares (the "Shares") of the Issuer at a deemed price of approximately \$0.45 per Share, as further described in Item 2 below.**

**On December 12, 2018, the Issuer announced that its joint venture company Propagation Services Canada is to focus on the cultivation of cannabis flowering plants and conduct propagation for its own internal needs, as further described in Item 2 below.**

**On December 13, 2018, the Issuer announced it has signed an agreement (the "Agreement") with Namaste Technologies Inc.'s ("Namaste") (TSXV: N) (FRANKFURT: M5BQ) (OTCMKTS: NXTTF) wholly-owned subsidiary, Cannmart Inc. ("Cannmart"), where Cannmart may purchase medical cannabis products from the Issuer's Propagation Services Canada ("PSC") greenhouse operations in Delta, BC, subject to approval of its cultivation and sales licenses by Health Canada, as further described in Item 2 below.**

Additionally, on December 13, 2018, the Issuer announced additional information to the news release earlier today announcing the “Agreement with Namaste (TSXV: N) (FRANKFURT: M5BQ) (OTCMKTS: NXTTF) wholly-owned subsidiary, Cannmart, where Cannmart may purchase medical cannabis products from the Issuer’s PSC greenhouse operations in Delta, BC, subject to approval of its cultivation and sales licenses by Health Canada.

On December 19, 2018, the Issuer announced the acquisition of 100% interest in the London, Ontario based licensed cannabis producer, AAA Heidelberg Inc., as further described in Item 2 below.

On December 20, 2018, the Issuer and Relay Medical Corp. (“Relay”) (CSE: RELA, OTCQB: RYMDF, Frankfurt: EIY2) jointly referred to as the (“Partners”), are pleased to announce the formation of the private company Glow Life Technologies Ltd. (“Glow”) to pursue medical related technology opportunities in the global cannabis sector, as further described in Item 2 below.

On December 27, 2018, the Issuer announced the acquisition of a large library of cannabis seed varieties from a private genetics firm based on the Sunshine Coast in British Columbia. The Issuer has secured exclusive genetic acquisition agreements for a broad range of cannabis seed varieties from diverse lineages, as further described in Item 2 below.

On December 31, 2018, the Issuer announced the completion of debt settlements, as further described in Item 2 below.

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

On December 10, 2018, the Issuer announced that it has closed a \$7.5 million second tranche of the \$40 million Equity Participation and Earn-In Agreement with DOCC and issued the second tranche of 16,718,265 Shares of the Issuer at a deemed price of approximately \$0.45 per Share.

The Shares are being issued pursuant to the Equity Participation and Earn-In Agreement dated September 25, 2018 as amended on October 11, 2018 and November 19, 2018, with DOCC, a privately held Toronto-based cannabis investment company backed by preeminent leaders in Canadian cannabis enterprise.

The Shares are subject to a statutory four-month hold period

#### About Delta Organic Cannabis Corp.

DOCC is Canadian focused vertically integrated cannabis company formed by some of the most successful early-movers in the space.

#### About AgraFlora Organics International Inc.

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It has ownership in several cannabis companies including AAA Heidelberg and Propagation Services Canada in Canada and is actively pursuing other opportunities within the cannabis industry. AgraFlora Organics has an option to purchase 100% of AAA Heidelberg Inc., a licensed producer under the Access to Cannabis for Medical Purposes Regulations. For more information please visit [www.agraflora.com](http://www.agraflora.com) and follow @agraflora on Twitter.

On December 12, 2018, the Issuer announced that its joint venture company Propagation Services Canada is to focus on the cultivation of cannabis flowering plants and conduct propagation for its own internal needs.

Propagation Services Canada is a joint venture between the Issuer, the Houweling's Group and Delta Organic Cannabis Corp. and is the process of retrofitting a large-scale greenhouse complex in Delta, BC. The 2,200,000 square foot complex will be readied for cannabis cultivation in three phases:

- Phase 1 includes the retrofit of 350,000 square feet, including 100,000 post-production facilities, completion scheduled for Q2 2019;
- Phase 2 includes an additional 1,450,000 square feet to be completed by Q4 2019;
- Phase 3 consists of 400,000 square feet scheduled for completion in Q2 2020.

When completed early next year, the first phase of the retrofit will provide over 250,000 square feet of production space with an estimated annualized capacity of 30,000 kilograms of cannabis. Total production capacity is anticipated to be approximately 200,000 kilograms per year by late 2019 when the Phase 2 is completed, and in excess of 250,000 kilograms annually when the third and final phase is completed in 2020.

The Delta greenhouse complex includes advanced growing systems for HVAC, watering and lighting. It includes its own natural gas co-gen energy plant which provides cost effective electricity for lighting and heating of the large-scale greenhouse. The result is a highly efficient and one of the most cost-effective growing operations in the industry.

Phase one of the retrofit includes site preparation for 250,000 square feet of flowering area, development of standard operation procedures, completion of security audit, development of overall security plan, and the ordering of long lead time items and planning with plant genetic experts in preparation for the first crop.

On December 13, 2018, the Issuer announced it has signed an Agreement with Namaste's (TSXV: N) (FRANKFURT: M5BQ) (OTCMKTS: NXTTF) wholly-owned subsidiary, Cannmart, where Cannmart may purchase medical cannabis products from the Issuer's PSC greenhouse operations in Delta, BC, subject to approval of its cultivation and sales licenses by Health Canada.

In October 2018, the Issuer's majority-owned subsidiary, AAA Heidelberg, received a license to produce under Health Canada's Access to Cannabis for Medical Purposes Regulations for its facility in London, ON.

Subject to the terms of the Agreement, Cannmart reserves the right of first refusal to purchase up to 10% of the total annual production from the Issuer's large-scale Delta Greenhouse Complex, representing 25,000,000 grams, at a price of \$4 per gram, or up to \$100,000,000 per year. This Agreement is in-line with Namaste's vision to offer a diverse range of high-quality cannabis products in its online platform through Cannmart. Cannmart operates a medical cannabis sales-only license under the regulations of the Cannabis Act and purchases bulk cannabis products from a variety of licensed producers across the country to offer in its online platform.

#### About Namaste Technologies Inc.

Namaste Technologies is Your Everything Cannabis Store™. Namaste operates the largest global cannabis e-commerce platform with over 30 websites in 20+ countries under various brands. Namaste's product offering through its subsidiaries includes vaporizers, glassware, accessories, CBD products and medical cannabis in the Canadian market through its licensed affiliate, CannMart.com.

Namaste has developed and acquired innovative technology platforms including NamasteMD.com, Canada's first Health Canada compliant telemedicine application, and in May 2018 the Company acquired a leading e-commerce AI and Machine Learning Company, Findify AB. Findify uses artificial intelligence algorithms to optimize and personalize a consumer's on-site buying experience. Namaste is focused on leveraging its cutting-edge technology to enhance the user experience throughout its platforms. Namaste will continue to develop and acquire innovative technologies which will provide value to the Company and to its shareholders as well as to the broader cannabis market.

Additionally, on December 13, 2018, the Issuer announced additional information to the news release earlier today announcing the "Agreement with Namaste (TSXV: N) (FRANKFURT: M5BQ) (OTCMKTS: NXTTF) wholly-owned subsidiary, Cannmart, where Cannmart may purchase medical cannabis products from AgraFlora's Propagation Services Canada (PSC) greenhouse operations in Delta, BC, subject to approval of its cultivation and sales licenses by Health Canada.

Additionally, on December 13, 2018, the Issuer announced additional information to the news release earlier today announcing the "Agreement with Namaste (TSXV: N) (FRANKFURT: M5BQ) (OTCMKTS: NXTTF) wholly-owned subsidiary, Cannmart, where Cannmart may purchase medical cannabis products from the Issuer's PSC greenhouse operations in Delta, BC, subject to approval of its cultivation and sales licenses by Health Canada.

Subject to the terms of the Agreement, Cannmart reserves the right of first refusal to purchase up to 10% of the total annual production from the Issuer's large-scale Delta Greenhouse Complex, representing 25,000,000 grams, at a price of \$4 per gram, or up to \$100,000,000 per year with production costs estimated to be between 20-24 percent of total revenue.

When the 2,200,000 sq. ft. Delta Greenhouse Complex is fully operational in 2021, it is projected to have an annual capacity of 250,000,000 grams of high quality cannabis.

For additional information regarding the Delta Greenhouse Complex and an interview with Master Grower Ruben Houweling please visit [https://www.youtube.com/watch?v=q78bcP\\_Dsk4](https://www.youtube.com/watch?v=q78bcP_Dsk4).

On December 19, 2018, the Issuer announced the acquisition of 100% interest in the London, Ontario based licensed cannabis producer, AAA Heidelberg Inc.

In conjunction with the acquisition the Issuer has issued 12,216,509 common shares (the "Shares") at a deemed price of \$0.1667 per share to the shareholders of AAA Heidelberg Inc. ("AAA Heidelberg") pursuant to the share exchange agreement entered into between the Issuer, AAA Heidelberg and the shareholders of AAA Heidelberg dated January 26, 2015. The completed share transfer has resulted in the acquisition of the remaining interest of the AAA Heidelberg licensed facility and the entity is now a wholly owned subsidiary of the Issuer.

The Issuer's AAA Heidelberg personnel are currently working with Canopy Growth to initiate the first crop of high quality medical cannabis at the London, Ontario based facility.

In Delta, BC the Issuer continues the retrofit of the existing 2,200,000 square foot Delta Greenhouse Complex and operations are currently on schedule to complete 250,000 sq. ft. of flowering area by the end of the Q2 2019. The Issuer intends on completing the total of 1,700,000 sq. ft. of flowering area by the end of 2019 and the final phase of the greenhouse retrofit is planned to include an additional 450,000 sq. ft. of flowering area scheduled for completion in the summer of 2020.

The shares issued pursuant to the Agreement are subject to a four month hold period.

The acquisition of the remaining interest in licensed cannabis producer AAA Heidelberg follows the Issuer's December 13, 2018 announcement of a supply agreement with Namaste's wholly-owned subsidiary, Cannmart for the right of first refusal to purchase up to 10% of the total annual production from the Issuer's large-scale Delta Greenhouse Complex. This represents up to 25,000,000 grams per year, at a price of \$4 per gram.

As announced on December 10, 2018 the Issuer recently closed on a \$7.5 million second tranche of a \$40 million financing to be used exclusively to develop the Delta Greenhouse Complex. A total of \$20 million have been raised with the remaining \$20 million to be paid in two tranches of \$5 million on January 15 and \$15 million on March 1, 2018.

On December 20, 2018, the Partners are pleased to announce the formation of the private company Glow to pursue medical related technology opportunities in the global cannabis sector.

The newly formed entity combines Relay's techno-commercial leadership with the Issuer's accumulated knowledge, expertise and access to cannabis industries across the sector. Glow will benefit from Relay's infrastructure, technical leadership and business knowledge for the research, vetting, product development and validation of innovative technologies and the Issuer will support the Company in the pursuit of technology opportunities in scientific validation, diagnostics, health & safety, screening, compliance and quality control/assurance within the cannabis industry.

The newly formed entity is owned 50% by Relay, 30% by the Issuer, who have committed to an initial investment of \$200,000, and 20% by private investors who have committed \$500,000 investment in Glow. Total initial funding of \$700,000 has launched Glow in the development of its operational structure, with the initial mandate to find and identify appropriate technology opportunities within the sector. Glow has commenced initial due diligence on industry related innovative technologies and expects to announce its management and industry expert support team early in 2019.

#### **About Relay Medical Corp.**

Relay Medical is an evolving "Integrated MedTech Accelerator" headquartered in Toronto, Canada, acquiring early-stage technologies and inventions, advancing and preparing them for pre-commercial acquisitions in the HealthTech marketplace. By integrating the funding, development and exit process into one organization led and managed by one expert team, Relay Medical is building the capacity to accelerate and transact technologies with high efficiency and grow into a leading engine for MedTech innovation in the global HealthTech marketplace.

For more information visit: [www.relaymedical.com](http://www.relaymedical.com)

On December 27, 2018, the Issuer announced the acquisition of a large library of cannabis seed varieties from a private genetics firm based on the Sunshine Coast in British Columbia. The Issuer has secured exclusive genetic acquisition agreements for a broad range of cannabis seed varieties from diverse lineages.

A total of 184 new varieties will be introduced in 2019 and cover the entire spectrum of low, intermediate, and high THC and CBD profiles. The genetics library includes medical and recreational strains of cannabis including the well-known classic Sativa and Indica and also includes rare Ruderalis varieties a low-THC species of cannabis which is native to Central and Eastern Europe that have historical medicinal benefits. The library also includes cultivars not previously available in the Canadian market including landrace strains from central Asia and Southern Africa, and new strains that have been bred for medical needs with special terpene profiles new to the Canadian market. The three principals of Vendure Genetics Labs have been in the genetics industry in Europe, Asia and Canada for the last 65 years combined and have agreed to exclusively work with the Issuer.

Research will continue to expand the unique and differentiated cannabis stains and early testing of recently discovered genetics could prove to be a completely new landrace strain.

**On December 31, 2018, the Issuer announced that it has completed debt settlements whereby the Company issued a total of 2,291,727 common shares at a deemed value of \$0.1667 per common share to certain persons for certain loans and management fees owed totaling approximately \$382,120.61.**

**The shares issued are subject to a four month hold period.**

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.

**Please see Item 2 above.**

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.

**None.**

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.

**As mentioned in Item 2 above, on December 13, 2018, the Issuer entered into a contractual relationship with Namaste Technologies Inc. Namaste Technologies Inc is a non-related party of the Issuer.**

**As mentioned in Item 2 above, on December 20, 2018, the Issuer and Relay Medical Corp. entered into a joint venture. Relay Medical Corp. is a non-related party of the Issuer.**

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.

**None.**

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.

**Please see Item 2 above.**

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

**N/A.**

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.

**N/A.**

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

**None.**

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

**None.**

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.

**None.**

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

**N/A.**

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

| <b>Security</b>      | <b>Number Issued</b> | <b>Details of Issuance</b>  | <b>Use of Proceeds</b>  |
|----------------------|----------------------|---|---|
| <b>Common Shares</b> | <b>3,337,500</b>     | <b>3,337,500 warrants exercised at \$0.08 per share</b>                         | <b>General working capital.</b>   |
| <b>Common Shares</b> | <b>12,216,509</b>    | <b>12,216,509 common shares issued at a deemed price of \$0.1667 per share</b>  | <b>N/A.</b>   |
| <b>Common Shares</b> | <b>16,718,265</b>    | <b>16,718,265 common shares issued at a deemed price of \$0.44861 per share</b> | <b>To grant DOCC an ownership interest in and to Propagation Services Canada Inc.</b> |
| <b>Common Shares</b> | <b>2,291,727</b>     | <b>2,291,727 common shares issued at a deemed price of \$0.1667 per share.</b>  | <b>N/A.</b>   |

15. Provide details of any loans to or by Related Persons.

**N/A.**

16. Provide details of any changes in directors, officers or committee members.

**N/A.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Changes in commodity prices, in particular metal prices, and changes in the share performance of other junior mineral exploration companies may affect the Issuer's ability to raise financing.**

## 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 CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **February 6, 2019**\_\_\_\_\_.

Derek Ivany  
Name of Director or Senior Officer

"Derek Ivany"  
Signature

President, CEO & Director  
Official Capacity

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| <b><i>Issuer Details</i></b><br>Name of Issuer   | For Month End   | Date of Report<br>YY/MM/D                    |
| <b>AgraFlora Organics International Inc.</b>   | <b>December 2018</b>  | <b>19/02/06</b>                              |
| Issuer Address<br><b>Suite 804 – 750 W. Pender Street</b>                                    |   |  |
| City/Province/Postal Code<br><b>Vancouver, BC V6C 2T7</b>                                    | Issuer Fax No.<br><b>(604) 685.6905</b>   | Issuer Telephone No.<br><b>800.783.6056</b>  |
| Contact Name<br><b>Derek Ivany</b>   | Contact Position<br><b>President, CEO &amp; Director</b>                            | Contact Telephone No.<br><b>800.783.6056</b> |
| Contact Email Address<br><a href="mailto:derek@agraflora.com"><b>derek@agraflora.com</b></a> | Web Site Address<br><a href="http://www.agraflora.com"><b>www.agraflora.com</b></a> |  |