

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: AGRA

Number of Outstanding Listed Securities: 873,905,880

Date: September 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.

See Item 2 below for a complete overview and discussion of the Issuer's activities for the month of August 2019.

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

On August 1, 2019, the Issuer announced the following guidance relating to the integration of its proprietary cannabinoid ("CBD") formulations library and manufacturing processes at the Issuer's fully operational GMP-certified Toronto, ON facility (the "Toronto Facility"):

- **On-going integration of customized manufacturing equipment at AgraFlora's Toronto-based, GMP-certified manufacturing campus:**
 - Engineered to support AgraFlora's proprietary micro-diffusion technologies, thus optimizing solubility and bioavailability for CBD-infused products;
- **AgraFlora's formulation library has been successfully deployed at leading dispensaries within Colorado's legalized recreational cannabis market;**
 - 99% to 100% accuracy for THC potency results as reported by a ISO-certified lab in Colorado, USA, far exceeding domestic standards requiring less than 10% variance;

- Continuous refinement of formulation catalogue, tailored specifically for the Canadian marketplace, including Health Canada regulations, humidity, water quality, altitude and barometric pressures;
- Prototyping of Nicorette-inspired, medicinal-use cannabis products including flavor enhancement, consistent dosage levels and compliant packaging;
- AgraFlora’s Nicorette-inspired, medicinal-use cannabis products will boast the following patented micro-diffusion product qualities:
 - Proprietary dual-delivery technology: Advanced patented processes reduce surface tensions, increase binding of molecules and enable homogenous mixing;
 - Rapid sublingual activation: Optimized absorption methodologies facilitates rapid an onset within the first 15 minutes of application; and
 - Metabolism efficacy: Metabolizes in the liver to create a more lasting effect
- Design and production of state-of-the-art machinery for the Issuer’s array of unique product formulations, devised to achieve a defensible first mover advantage in the following product categories:
 - Gum, gummies, chews, mints, hard candy, pressed tablets and capsules;
 - Teas, coffees and protein drinks;
 - Pet-centric products;
 - Skincare lotions; and
 - Bath bombs.

By way of an exclusive agreement, AgraFlora controls the Canadian rights to a robust library of CBD product formulations, equipped with patented micro-diffusion technologies designed to optimize rapid onset effects and CBD uptake. Developed by a renowned global formulations provider, boasting over three decades of experience collaborating with leading consumer packaged goods (“CPGs”) brands, AgraFlora’s formulation catalogue will result in a measurable competitive advantage within Canada’s emerging topicals, edibles and CBD-infused beverage market.

The Issuer has engaged a roster of food engineers, nutritionists and scientists to optimize bioavailability, consistent dosing protocols and flavouring of its licensed formulations. AgraFlora will continue to leverage its production and processing assets, while further activating its downstream activities by launching CBD-infused beverages, edibles and personal care products, specifically formulated with patented micro-diffusion technologies.

AgraFlora’s in-house food science consultancy arm is comprised of experienced microbiologists, as well as certified bakers trained by the American Institute of Baking (“AIB”). The AIB is a 100-year-old cornerstone industry authority, which has successfully instituted food safety, quality management and optimized production practices for the some of the world’s most prominent food conglomerates including P&G, Nestlé, Kraft and Heinz.

The Issuer’s food engineers, nutritionists and scientists have created numerous turnkey recipes for a variety of Fortune 500 companies; resulting in over US\$300 million of attributable sales revenues. Equipped with 30-years of combined experience within the competitive CPG food product development space, AgraFlora’s in-house food science team has developed a portfolio of successful products for CPG industry leaders such as Dean Foods; the largest dairy company in America. Most recently, over the past five years, AgraFlora’s in-house product formulation consultants have pioneered the scalable formulation and development of shelf stable THC/CBD-infused edibles within the mature Colorado marketplace.

Already certified with GMP, Organic, Vegan, Fair Trade, and Kosher certifications, the Toronto Facility is currently undergoing the appropriate licensing for the forthcoming Health Canada edibles, topicals and beverages regulations. Outfitted with unique pharma-grade mixing tanks designed to support highly complex processes required to create craft quality cold brew coffees/teas, as well as custom shelf stability enhancing manufacturing lines, the Issuer’s Toronto Facility is widely considered one of the most advanced CBD-infused manufacturing campuses in the world.

The Issuer's robust formulations library will further bolster AgraFlora's leading market position as a global cultivation, processor and distribution leader for CBD-infused products across both the recreational and medicinal markets.

Further to the Issuer's fully subscribed June 25th Delta Greenhouse Complex Institutional Investor, Industry Analyst and Media Tour (the "Tour"), AgraFlora is pleased to announce a high-definition video summary of the Tour has subsequently posted to the Issuer's corporate website for viewing by retail investors and those interested parties unable to attend. AgraFlora encourages all current and prospective investors to view the Tour video summary by following the below stated URL:

<https://agraflora.com/delta-greenhouse-complex-event/>

The Issuer also announced that it granted incentive stock options to purchase a total of thirty million common shares at an exercise price of 31 cents per share for a period of five years to certain directors, officers and consultants, in accordance with the provisions of its stock option plan.

On August 8, 2019, the Issuer announced that effective August 8, 2019 it will trade under the OTC symbol AGFAF. AgraFlora is also listed on the Frankfurt Stock Exchange under the symbol PU31 and on the CSE under the symbol AGRA. The Issuer's trilinguistic contributes to a genuine global presence and affords investors pre-eminent access to trading liquidity.

Additionally, on August 8, 2019, the Issuer announced that it has commenced discussions, as well as entered into a non-binding Cannabidiol ("CBD") Commercialization and Consulting Letter of Intent ("LOI"), dated July 31, 2019, with one of Canada's largest food retailers (the "Canadian Food Retailer").

The Canadian Food Retailer boasts brick and mortar stores from coast to coast, which operate under a variety of renowned retail banners. Under the terms of the non-binding LOI, AgraFlora and the Canadian Food Retailer will pursue a Supply and Consulting Agreement (the "Supply Agreement"), whereby AgraFlora will supply the Canadian Food Retailer with a portfolio of CBD-infused CPGs.

Equipped with scalable manufacturing processes, substantiated by measurable capital expenditures on property, plant and equipment, AgraFlora's downstream separate business units will be well positioned to fulfill the projected demand for the next generation of CBD-infused CPGs.

This Canadian Food Retailer is the ideal potential partner for AgraFlora throughout our pursuit to achieve significant shelf space for our innovative suite of CBD-infused cosmetics, edibles and beverages. This proposed partnership with one of Canada's most respectable and influential food retailers will function as a beachhead towards the capture of material market share.

The non-binding LOI contemplates the branded and private label creation and supply of AgraFlora's diverse portfolio of CBD-infused and/or hemp-oil derived CPG products across the Canadian Food Retailers diverse brand umbrellas, including but not limited to:

- Edibles;
- Cosmetics;
- Beverages;
- CBD Performance Products; and,
- Pet products.

Over the past four quarters, AgraFlora has continued to deploy an assertive corporate acquisition stratagem, successfully amassing a diverse portfolio of vertically integrated cannabis assets and industry partnerships. The Issuer now boasts a portfolio of CBD-infused CPG downstream operations, partnerships, exclusive licences and asset exposure.

On August 9, 2019, the Issuer announced that it has completed debt settlements whereby the Issuer issued a total of 319,551 common shares at deemed values of \$0.34 and \$0.36 per common share to certain creditors for past consulting and other services provided to Canutra Naturals Ltd. ("Canutra"), a wholly-owned subsidiary of the Issuer, totaling approximately \$111,805. The shares issued are subject to a four month hold period.

Additionally, on August 9, 2019, the Issuer announced that it intends to make an offer (the “Offer”) directly to the shareholders of Eviana Health Corporation (“Eviana”) to purchase all of the issued and outstanding common shares (the “Eviana Shares”) for consideration consisting of common shares of AgraFlora.

The Offer

The Offer will provide holders of Eviana Shares with 1.694915 AgraFlora shares (the “AgraFlora Shares”) for each Eviana share based on the offer price of \$0.50 per Eviana Share and the closing price of AgraFlora Shares of \$0.295 on August 9, 2019.

Reasons for Eviana Shareholders to Support the AgraFlora-Eviana Combination

- Significant and immediate 49.25% premium to market price;
- Ownership in a larger cannabis entity with higher trading volumes and poised for further growth;
- Opportunity to put in place proven management to execute the business plan; and,
- Potential for further downward share price impact if the Offer is not accepted.

Transaction Merits for the AgraFlora-Eviana Combination

- 130 hectares of high-quality organic CBD from industrial hemp;
- Strategic access to the European market;
- Synergies with current AgraFlora products and brands for Eviana;
- 40,000 sq. ft. processing facility in Mladenovo, Serbia (near Novi Sad); and,
- Fully-funded 22,000 sq. ft. pharma-grade leased extraction facility in Belgrade with Vitalis Supercritical CO₂ Extraction System

It is expected that following the transactions contemplated by the Offer, AgraFlora will continue to be listed on the Canadian Securities Exchange under the symbol, AGRA.

Background to the Offer

On July 26, 2019, AgraFlora presented Eviana’s board of directors (the “Eviana Board”) with a proposal (the “Proposal”) to explore a mutually agreeable business combination. Although the Eviana Board failed to respond to the Proposal, AgraFlora would still welcome a transaction supported by the Eviana Board, and looks forward to engaging the Eviana Board to deliver significant value to Eviana shareholders. However, at this time, the rationale for the combination is too strong to accept inaction.

AgraFlora will be engaging with Eviana shareholders in the coming days and is hopeful to gain their support.

On August 15, 2019, the Issuer announced that it has received confirmations of support from Eviana shareholders that exceeds the statutory minimum condition of 50% of the outstanding Eviana Shares.

Full details of the Offer are expected to be set out in the formal Offer and take-over bid circular which is expected to be mailed to Eviana shareholders, a copy of which is expected to be available at www.sedar.com under Eviana’s profile. AgraFlora expects to formally commence the Offer and mail the Offer and take-over bid circular to Eviana shareholders over the coming weeks.

On August 20, 2019, the Issuer announced that it has entered into a definitive agreement to acquire 50 per-cent of the issued and outstanding shares of Eurasia Infused Cosmetics Inc. (“Eurasia Infused”). AgraFlora and Eurasia will collaborate to integrate the Issuer’s vertically integrated, farm-to-face CBD processing, manufacturing and distribution model into the Asia Pacific region.

Eurasia Infused, by way of a commercial concession with Hong Kong domiciled CBD Group Asia Limited (“CBD Group Asia”) controls a distribution agreement for CBD and hemp-derived beauty and wellness products for the territories of People’s Republic of China (“China”) and Hong Kong

Special Administrative Region. The distribution agreement extends to AgraFlora's diverse portfolio of CBD-infused and/or hemp-oil-derived CPG personal care products, for which CBD Group Asia will have an exclusive for sales in China, including but not limited to:

- CBD-infused cosmetics;
- Hemp body soaps;
- Hemp-derived lotions and skin serums; and,
- CBD-infused sunscreen;

CBD Group Asia's principals boast over ten years' experience specializing in the importation and customization of premium CPGs for the Chinese marketplace. CBD Group Asia management team have previously distributed premium Canadian CPGs into China's largest retail chains and C-stores, including RT-Mart International Ltd and Carrefour SA. RT Mart alone operates over 484 retail locations covering 233 cities and 29 provinces in China and generated \$20 billion in sales in 2018.

AgraFlora and CBD Group Asia have commenced collaboration on a variety of product customization and distribution initiatives for its Whole Hemp Health line of all natural skin care products, with the objective of tailoring the Issuer's product offering for rapid uptake into the Asian CPG markets. The Issuer's Whole Hemp Health product line derived from 100 per-cent organic Canadian hemp seed oil and is presently marketed by way of brick-and-mortar retail outlets, Amazon Prime, as well as direct to consumer, through an integrated Shopify e-commerce platform. AgraFlora and CBD Group Asia's ongoing CPG customization and distribution deliverables include:

- National CPG listings, leveraging CBD Group Asia's high-traffic distribution channels;
- Hemp oil certificate of Analysis ("COA") authorization;
- Product and packaging customization;
 - <https://wholehemphealth.ca/pages/preview>
- Development of a full-spectrum CBD facial serum, infused with hemp root oil;
- Architecture of a network of Chinese Canutra/Whole Hemp Health branded pop-up shops, further expanding the Issuer's retail footprint and brand presence in an economical and contemporary manner;
- Integration into CBD Group Asia's proprietary direct to customer Asia sales WeChat platform;
 - Unencumbered access to 1.08 billion current daily users
- Customs brokerage; and,
- Logistics optimization;

By way of its wholly owned, CBD-infused cosmetics/topicals subsidiary, Canutra, AgraFlora is equipped with robust cultivation, extraction, manufacturing and distribution capabilities from the Issuer's flagship facility in Kent County, New Brunswick. Canutra owns and operates 76 acres of unzoned, arid agricultural land, including 1,000 feet of river frontage.

The Issuer's New Brunswick facility, formerly a federally owned farm and research facility, boasts over 17,500 square feet of commercial-grade production facilities, as well as 12 separate free-standing structures. Canutra was granted an industrial hemp licence by Health Canada for its New Brunswick land parcel and expects the imminent award of its 2019 Health Canada cannabis research licence.

Canutra manufactures and distributes premium personal care, cosmetics and CBD-infused product lines including a suite of trusted consumer brands such as Whole Hemp Health; a Canadian all-natural, hand-made skin care line, formulated with 100-per-cent-Canadian organic hemp seed oil.

Under the terms of the Securities Purchase Agreement (the "Agreement"), AgraFlora will acquire 50 per cent of the issued and outstanding shares in the capital of Eurasia Infused, in exchange for an aggregate of 15 million common shares in the capital of the Issuer, based upon the five-day volume-weighted average price ("VWAP") of AgraFlora Shares for the five trading sessions prior to the announcement of the definitive agreement. The closing of this acquisition is subject to customary terms and conditions.

A finder's fee was paid on this transaction.

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.

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.

N/A.

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.

See Item 2 above.

The Canadian Food Retailer which entered into the non-binding LOI with the Issuer on July 31, 2019 is not a Related Person of the Issuer.

Eurasia Infused Cosmetics Inc. is not a Related Person 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.

See Item 2 above regarding Eurasia Infused.

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.

See Item 2 above.

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.

Security	Number Issued	Details of Issuance	Use of Proceeds
Options	30,000,000	Options granted on August 1, 2019 exercisable at \$0.31/share for a period of 5 years.	N/A
Options ⁽¹⁾	6,040,000	Options granted on May 27, 2019 exercisable at \$0.325/share for a period of 5 years pursuant to exchange with Organic Flower Investments Group Inc. (" Organic Flower ") shareholders.	N/A
Total Options:	36,040,000		
Warrants ⁽¹⁾	129,927,633	Issued on July 17, 2019 exercisable at \$0.075/share, \$0.05/share and \$0.65/share expiring in 2020, 2021 and 2023 pursuant to exchange with Organic Flower shareholders.	N/A
Total Warrants:	129,927,633		
Common shares	319,551	Common shares issued on August 12, 2019 at a deemed price of \$0.34/share pursuant to debt settlements.	N/A
Common shares	2,080,645	Options exercised on August 14, 2019 at \$0.093 per common share.	General working capital
Common shares	2,500,000	Options exercised on August 14, 2019 at \$0.142 per common share.	General working capital
Common shares	16,500,000	Common shares issued on August 21, 2019 at a deemed price of \$0.275/share pursuant to share purchase agreement dated August 19, 2019 entered into with Eurasia Infused Cosmetics Inc.	N/A
Common shares	919,355	Options exercised on August 21, 2019 at \$0.093 per common share.	General working capital
Common shares	500,000	Options exercised on August 30, 2019 at \$0.093 per common share.	General working capital
Total common shares:	22,819,551		

(1) The Organic Flower transaction has been reported on the Issuer's Form 7 for the month ended June 2019.

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.

None.

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 and changes in the share performance of other 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: September 6, 2019 .

Brandon Boddy
Name of Director or Senior Officer

"Brandon Boddy"
Signature

Chairman, CEO & Director
Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/D
AgraFlora Organics International Inc.	August 2019	19/09/06
Issuer Address Suite 804 – 750 W. Pender Street		
City/Province/Postal Code Vancouver, BC V6C 2T7	Issuer Fax No. (604) 685.6905	Issuer Telephone No. 604.682.2928
Contact Name Brandon Boddy	Contact Position Chairman, CEO & Director	Contact Telephone No. 604.682.2928
Contact Email Address ir@agraflora.com	Web Site Address www.agraflora.com	