

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: 1,000,612,743

Date: February 4, 2020

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 January 2020.

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

On January 3, 2020, the Issuer announced that it has closed its previously announced acquisition of 100 per-cent of the issued and outstanding shares of The Good Company GmbH ("The Good Company"). The Good Company is the parent company of German European Union good distribution practice medical cannabis distributor ("EU-GDP"), Farmako GmbH ("Farmako").

Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, Germany, with affiliated companies in the United Kingdom, Luxembourg and Denmark.

GERMANY

Equipped with the following German and European industry certifications and distribution licences, Farmako boasts unparalleled access to Germany's geometrical growing medical cannabis marketplace:

- Medical wholesale distribution licence under German Medicines Act ("AMG");**
- Permit for narcotic drug handling as per German Betaubungsmittelgesetz ("BtMG"); and,**
- Certificate of EU-GDP.**

Farmako realized revenues of over \$2,750,000 throughout the 2019 fiscal year and has succeeded in capturing an 8-per-cent market share of Germany's burgeoning medical cannabis arena, while maintaining the highest capital efficiency and positive EBIT margins within the industry.

Farmako's German distribution network extends over circa 20,000 pharmacies and comprises an aggregate patient population of over 100,000 unique individuals.

Germany, Europe's largest economy and the most populous European Union (the “EU”) member state, introduced revised medical cannabis legislation in March 2017, affording the country's geometrically growing patient population access to an alternative form of therapy. The German patient population for medical cannabis is experiencing exponential growth, with over 100,000 patients now active, an increase from approximately 800 in 2017. Prohibition Partners has forecasted that Germany will eclipse one million eligible medical cannabis patients by 2024.¹

According to market data from Insight Health, each eligible German patient is prescribed on average approximately 30 grams of medical cannabis per month. When extrapolated, this equates to annualized cannabis demand of 36 tons.

Germany represents one of the ultimate global potentials for medical cannabis, due to:

- Estimated 420 billion euros in annual health care expenditures;
- 8.8 million grams of total medicinal cannabis allowance in 2019;
- Median retail prices of between 20 euros and 25 euros per gram of medical cannabis flower;
- Largest consumer base for cannabis among all EU nations;
- Forecasted cannabis market size of 7.7 billion euros by 2028²; and,
- Full reimbursement of 60 per cent of all medical/pharmaceutical cannabis prescriptions.

Germany is presently the largest medicinal cannabis market in Europe and can be divided into two principal submarkets:

1. **Pharmaceutical cannabis market:** representing cannabis-based pharmaceutical drugs, including Sativex, Dronabinol and Nabilone;
2. **Medical cannabis market:** representing plant-based and plant-derived cannabis products (though Germany's cannabis programs are still being developed, they are projected to be among the most robust in Europe).

Under current medical cannabis legislation, German public health insurers, which cover 90 per cent of the population, are mandated to provide coverage for up to 140 grams of eligible cannabis medications per month; making Germany one of the most potentially valuable markets in Europe. Medical cannabis can be sold only through registered pharmacies, of which there are about 20,000 in Germany.

UNITED KINGDOM

The Issuer's United Kingdom (the “UK”) subsidiary, Farmako Ltd., has completed its UK Home Office inspection for the purpose of obtaining a controlled drug licence.

Farmako Ltd. has already been granted certification for its compliance with good distribution practice (“GDP”) and received an authorization for the wholesale distribution of medicinal products, including medical cannabis, in summer 2019, after completing a successful inspection by the UK's Medicines and Healthcare Products Regulatory Agency (“MRHA”) earlier this year.

The UK medicinal cannabis market value is forecast to reach almost US\$1.3-billion by 2024. Prohibition Partners has also estimated that up to 1 per-cent of the UK population could qualify as medical cannabis patients by 2028.³

¹ Published by the data and intelligence firm Prohibition Partners, the Germany Cannabis Report.

² Published by the data and intelligence firm Prohibition Partners, the Germany Cannabis Report.

³ Published by the data and intelligence firm Prohibition Partners, the United Kingdom Cannabis Report.

Upon receipt of a controlled drug licence from the U.K. Home Office, after the recent inspection, Farmako Ltd. will be fully licensed to pursue pharmaceutical/medical cannabis trading within the U.K. operating theatre. Initially, Farmako Ltd. will pursue the import of Bedrocan products from the Netherlands to the U.K. for end-patient distribution.

Additionally, Farmako Ltd. reports it is in advanced contract discussions with an external U.K.-domiciled pharmaceutical logistics firm, which will function as the Issuer's secured U.K. warehousing and shipping hub. Recent UK legislation allows for the prescription of cannabis from medical specialists through a regular pharmacy model. Access to this high-profile market, when coupled with broad National Health Service ("NHS") insurance coverage for medical cannabis to ensure better patient outcomes, is a key strategic element of the Issuer's global platform.

Within the UK, medical/pharmaceutical cannabis can be prescribed by eligible physicians for five conditions as set out in the government's review:

- Multiple sclerosis (specifically pain or muscle spasticity);
- Chemotherapy-induced nausea;
- Severe treatment-resistant epilepsy in children;
- Chronic pain in adults; and,
- Appetite and weight loss associated with HIV/AIDS.

Prohibition Partners estimates that there are as many as 3.6 million active cannabis users in the UK.⁴ The Issuer and Farmako are committed to the expansion of a sophisticated, pan-European cannabis production and distribution network, which serves the needs of physicians and their patients.

On January 9, 2020, the Issuer announced that its CBD-performance product line, HowlBrands, will be featured on the forefront of the Toronto Wolfpack RLFC's (the "Toronto Wolfpack" or "TWP") jerseys throughout the 2020 RLF Super League season. The placement of the Issuer's HowlBrands' line of CBD creams and sports supplements on TWP's home and away kits will mark the first time a CBD-product has been so prominently featured within the realm of professional sport, affording the Issuer valuable exposure to an already-engaged product audience familiar with the gladiatorial sport of rugby.

In October, 2019, the Issuer's exclusive CBD sports partner, the Toronto Wolfpack, was promoted to the 2020 RLF Super League competition; an accomplishment that positions the TWP in the highest tier of English Rugby League, boasting international broadcast reach to over 250 million homes. The Toronto Wolfpack achieved 704 million unique views from associated print and Web articles throughout the 2019 season, as well as 40.4 million views attributed from its global Rugby Strength product announcement.

By way of an exclusive manufacturing and distribution agreement with the Toronto Wolfpack and HowlBrands, the Issuer is positioned at the nexus of the burgeoning CBD-infused performance products marketplace and the vast captive audience of professional sports. The exclusive agreement is further bolstered by TWP's recent Super League promotion and transatlantic professional sports team status, affording the Issuer with a noteworthy platform to capture material market share within the sports nutrition and rehabilitation segments.

HowlBrands' product lines are developed and formulated by a team of medical professionals and natural health experts and boast THC-free, non-genetically modified organism, gluten-free, vegan and organic accreditations.

The Issuer also announced it issued 800,000 common shares at a deemed price of \$0.25 per share to Vendure Genetics Labs Inc. pursuant to an amended supply agreement dated December 16, 2019.

On January 14, 2020, the Issuer reported the following unaudited 2019 revenues and profit margin of its wholly-owned German subsidiary, Farmako. On January 3, 2020, the Issuer announced the Issuer closed its previously announced acquisition of The Good Company GmbH (the "Good Company").

⁴ Published by the data and intelligence firm Prohibition Partners, the United Kingdom Cannabis Report.

The Good Company is the parent company of German EU-GDP medical cannabis distributor, Farmako.

Farmako, which started its German wholesale operations with first revenues in March 2019, reported gross revenues of \$3,067,668 for the year ended January 1, 2019 to December 31, 2019, including gross margin of 47 per-cent for cumulative gross profits of \$1,438,259 during the year.

Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, Germany, with affiliated companies in the United Kingdom, Luxembourg and Denmark. Farmako's German distribution network extends over circa 20,000 pharmacies and comprises an aggregate patient population of over 100,000 unique individuals.

On January 23, 2020, the Issuer announced that Farmako through its wholly owned subsidiary Farmako Limited has received its Home Office Controlled Drug License (the "License").

Farmako Limited was awarded the License less than one month following the successful completion of its inspection by the UK Home Office in December 2019. Having obtained the License, Farmako Limited intends to commence wholesaling medical cannabis in the UK by mid-year 2020, including the importation of Bedrocan products from the Netherlands to the UK for patient distribution.

The UK cannabis market is still in its early stages with recent legislative changes allowing specialist physicians to prescribe medical fulfilled through a pharmacy model. In addition, UK medical cannabis patients benefit from broad insurance coverage for medical cannabis provided by the UK's National Health Service. Management believes access to broadly available insurance coverage for medicinal cannabis is one of the attractive features of the UK medicinal cannabis market. Farmako Limited's management believes pending regulatory changes in the UK may create a more permissive environment for the importation and warehousing of Schedule 2 Controlled Drugs, including medicinal cannabis. Should this regulatory change occur, management believes it will further strengthen Farmako Limited's position by creating synergies with the Issuer's operations outside of the UK.

The License was issued by the UK Home Office in accordance with the Misuse of Drugs Act 1971 and its associated Misuse of Drugs Regulations. Farmako Limited is now fully licensed to pursue pharmaceutical/medical cannabis trading in the UK having previously obtained its certification for compliance with GDP and having previously been granted the authorization for wholesale distribution of medicinal products including medical cannabis from the UK's MRHA.

Farmako Limited's expeditious receipt of a UK Home Office Controlled Drug License further validates the Issuer's ability to execute in underserved medicinal cannabis markets primed for growth. This License award provides Farmako with early mover access to the high-profile UK marketplace and when coupled with broad National Health Service insurance coverage for medical cannabis to ensure patient outcomes, will be key strategic element of the Issuer's global cannabis revenue generating trading platform over the coming quarters.

On January 31, 2020, the Issuer announced that construction at the Issuer's industry-leading automated edibles manufacturing facility (the "Winnipeg Edibles Facility") is expected to be completed in the next 60 days, with approximately 75% of the work having been completed. The Issuer anticipates the Winnipeg Edibles Facility will submit its Health Canada affirmation of readiness and video evidence package (the "Evidence Package") shortly after completion of construction. The Issuer is working with industry-leading experts to manage the timing and quality of the Evidence Package Submission and expects the Standard Processing License to be granted at the Winnipeg's Edibles Facility by summer 2020.

The Winnipeg Edibles Facility is a state-of-the-art commercial scale edibles facility that features industry leading manufacturing equipment and automation for the production of cannabis edibles. The facility's initial focus will be the production of THC and CBD infused cannabis gummies which management believes will be the largest category of cannabis edibles in Canada. The facility is designed and operated by the Issuer's joint-venture partner holding nearly a century of confectionary manufacturing experience. The facility design, workflow and equipment will allow the production of cannabis edibles with unparalleled quality and consistency of dosing. In addition,

strategic investments in automation will allow the Winnipeg Edibles Facility to reduce its operating costs. Some key facility highlights include:

- **Automated Manufacturing:** the custom developed confectionary line utilizes automated mixing, cooking and depositing systems to allow cannabis edibles to be produced from raw materials and cannabis inputs with little human intervention. This process reduces labour costs versus more manual manufacturing systems, increases throughput and increases product consistency.
- **Smart Recipe Management:** the facility's manufacturing equipment is all computer controlled with each recipe custom programed to the exact required specifications. This ensures that recipes are followed exactly, increasing the consistency and predictability of the final product. In addition, the smart recipe management facilitates faster recipe changes, increasing the flexibility of the production line.
- **Pharmaceutical Grade Dose Management:** consistent dosing of the cannabis edibles is vital to maintain regulatory compliance and consumer confidence. The equipment utilized by the Winnipeg Edibles Facility is pharmaceutical grade meaning it is capable of precisely dosing the edibles with cannabinoids. Furthermore, the best-in-class design means the cannabinoids are deposited into the edibles after the mixing and cooking process, removing the requirement to blend bulk batches of in-process edibles, which can create challenges to the maintenance of consistent dosing.
- **Rapid Batch Turn-Over:** the depositing system utilizes a double-headed design which facilitates rapid switching between recipes. The system has been designed to facilitate this rapid turnover without creating a risk of cross-contamination between batches. This increases the facility's flexibility to produce additional SKU's as compared to a single-headed depositing system.
- **Robust Clean-In-Place Systems:** the equipment has been fitted with an automated clean in place system that utilizes advanced systems to rapidly and effectively clean and sanitize the production equipment without disassembly or transportation to a cleaning bay. This will greatly reduce the labour required to maintain a sanitary production environment and increase daily throughput by reducing equipment downtime due to cleaning.

About Edibles and Infusions Corporation

Edibles and Infusions Corporation operates a 51,000 square foot edibles manufacturing facility located in Winnipeg, Manitoba. The Winnipeg Edibles Facility is equipped with over 30,000 square feet of dedicated edibles production space, as well as a 750 square foot pharmaceutical-grade research and development laboratory. Once activated, the Winnipeg Edibles Facility will be operated by a roster of third-generation chocolatiers/confectioners and includes manufacturing equipment capable of producing an assortment of both cannabinoid/terpene-infused products for medicinal, functional and adult use at scale. Edibles and Infusions holds a cannabis research licence from Health Canada under the Cannabis Regulations Act.

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 for updates to the Issuer's products and services.

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 Issuer has not entered into a new business relationship with any Related Party.

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.

N/A.

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
Common Shares	800,000	Common shares at \$0.25/share issued pursuant to an amended supply agreement dated Dec. 16/19.	N/A
Common Shares	58,823,529	Common shares at \$0.085/share issued pursuant to an amending agreement and to milestones achieved.	N/A
Common Shares and Warrants	6,666,667	Issuance of common shares and warrants pursuant to the conversion of special warrants previously issued on Sept. 27/19	N/A
Options	15,000,000	Options to purchase common shares at \$0.15/share for a period of 2 years.	N/A

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: **February 4, 2020** .

Brandon Boddy
Name of Director or Senior Officer

"Brandon Boddy"
Signature

Chairman, CEO & Director
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
AgraFlora Organics International Inc.	January 2020	20/02/04
Issuer Address 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
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