

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: March 5, 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 February 2020.

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

On February 14, 2020, the Issuer announced that it has taken steps to accelerate the market growth of Whole Hemp Health, a proprietary line of hemp-derived cosmetic products developed/owned/manufactured by Canutra Naturals Ltd. ("Canutra"), a wholly owned subsidiary of AgraFlora. The Issuer, via Canutra, has engaged Gatekeeper Growth Partners ("Gatekeeper"), an elite performance-marketing firm, to assist Canutra in driving the growth of its Whole Hemp Health products on online marketplaces such as Amazon.

Pursuant to a definitive agreement entered into between Canutra and Gatekeeper, Gatekeeper will deploy a proven arsenal of digital marketing tools to acquire new customers for Whole Hemp Health with the primary goal of accelerating growth through online and direct-to-consumer channels. This includes supporting the current Whole Hemp Health sales force with a proprietary suite of marketing technologies, including data-driven advertising campaigns that have a proven track record of driving conversions and sales for wellness products. In particular, the Issuer will leverage Gatekeeper's strong knowledge of and history of success on the Amazon platform, as well as other ecommerce marketplaces.

About Canutra Naturals Ltd.

Canutra Naturals Ltd. is a hemp technology company and part of the AgraFlora group of companies. It is dedicated to developing health and wellness products from the whole hemp plant through Canutra Farms, a wholly owned subsidiary of Canutra. Canutra Farms owns a 76-acre, organic friendly, parcel of unzoned agricultural land in Kent County, NB. Canutra Farms is equipped with over 17,500 square feet of commercial-grade labs and facilities built to strict industrial specifications across 10 separate structures. Canutra possesses its own proprietary hemp blend, a cornerstone for its ongoing research and development initiatives. Canutra was awarded an industrial hemp license for the farm by Health Canada in 2017 and a cannabis research license in 2018.

On February 18, 2020, the Issuer announced that its wholly owned subsidiary, Farmako GmbH (“Farmako”) has secured a special authorization from the German Federal Institute for Drugs and Medical Devices (“BfArM”) for the distribution of medical cannabis flowers that have undergone an ionizing radiation treatment (the “AMRadV License”). This is a critical milestone for Farmako, as the German medical cannabis wholesaler will now be able to import for sale in Germany medical cannabis that is EU-GMP certified, but which has been subject to sterilization by irradiation. To date, the German medical cannabis marketplace has been undersupplied due to a number of factors including the general scarcity of EU-GMP certified cannabis flowers available in the international market. The supply shortage is made worse because many EU-GMP exporting jurisdictions, such as Canada, commonly require the use of microbial sterilization prior to sale. Without the AMRadV License, such sterilized cannabis could not be made available for sale in Germany’s medical cannabis program.

Being one of a limited group of German companies with the AMRadV License and a growing network of 19,800 German pharmacies servicing over 100,000 patients, Farmako is well positioned for success in the German market. Germany’s medical cannabis market is estimated to be Europe’s largest medical cannabis markets and has the potential to develop into one of the world’s largest marketplaces for medical cannabis in the coming years.¹ Furthermore, expanded access to medical cannabis supply from a variety of source destinations as permitted by the AMRadV License, will allow Farmako to continue to position itself as a competitive pharmaceutical wholesaler; ensuring sustainable access to medical cannabis products for patients within the German marketplace.

Management believes Farmako has achieved a market share of approximately 8 per-cent of the German medical market. But with the patient population growing 12,400 per-cent since 2017 and the restrictions on sterilized cannabis flowers, Farmako has been unable to capture additional growth. With the additional license in hand, Farmako intends on rapidly expanding its international vendor network to increase its revenues and EBIT earned in the German market in 2020.

About Farmako GmbH

Farmako is one of Europe’s leading distributors of medical cannabis with active revenue-generating operations in Germany, Europe’s largest medicinal cannabis market. In 2020, Farmako expects to be one of the first, fully licensed distributors of medical cannabis in the United Kingdom. The Issuer is also pursuing medical cannabis distribution operations in Luxembourg and Denmark, two of Europe’s fastest emerging medical cannabis markets. For more information please visit: <https://www.farmako-global.com/>.

On February 27, 2020, the Issuer announced that it has welcomed John Fowler, founder of one of Canada’s top consumer brands 7ACRES and former President and CEO of the Supreme Cannabis Company, Inc. (TSX: FIRE) from 2014 to 2019. John Fowler is the principal of Blaise Ventures Inc. (“Blaise Ventures”), a full-service consulting firm that has been engaged by the Issuer to support the execution of its strategic priorities to license, operationalize and solidify a path to profitability for the Issuer’s key assets including: Propagation Services Canada (“PSC”), Edibles & Infusions Corporation (“Edibles & Infusions”), AAA Heidelberg Inc. (“AAA”) and Farmako GmbH (“Farmako”). John and his team will further assist AgraFlora’s management team in identifying,

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

evaluating and executing on accretive corporate opportunities including potential acquisitions, dispositions or new revenue channels in domestic or international markets.

To date, John Fowler and Blaise Ventures have been focused on driving forward the licensing and commercialization of PSC, a large-scale greenhouse facility located in Delta, BC, as well as Edibles and Infusions, a highly automated cannabis edible facility located in Winnipeg, MB. Supported by a team equipped with deep industry experience and working directly with Health Canada, the Issuer expects its facilities to be licensed, operationalized and revenue generating before the end of 2020. Both PSC and Edibles & Infusions will focus first on driving revenue through wholesale transactions, thus accelerating revenue ramp-up while reducing associated selling and marketing costs.

The Issuer will leverage John's extensive network of large and medium sized Canadian licensed producers, brands and processors to further expedite revenue generation within its wholesale model. Given the relative lack of large-scale, professional gummy manufacturing and the growing opportunity for well-priced, high-potency cannabis flower, Management believes that both PSC and Edibles & Infusions are well positioned to emerge as market disruptors when they enter revenue in Q4 2020.

On February 28, 2020, the Issuer announced that one of its subsidiaries, Propagation Services Canada Inc. ("PSC"), has entered into an agreement to acquire a curated portfolio of elite live-plant cannabis genetics (the "Live-Plant Genetics") that will accelerate the Issuer's plans to disrupt the Canadian cannabis market. The Live-Plant Genetics will be acquired from an award-winning Canadian cannabis cultivator (the "Vendor") with extensive experience in genetic development and commercialization for at-scale cannabis production.

The curated portfolio of Live-Plant Genetics has been assembled, selected and refined by the Vendor over the past 24-months to meet the needs of large-scale commercial cannabis production. The Live-Plant Genetics have been tailored to work with PCS's infrastructure and cultivation program to optimize three primary commercial characteristics: cannabinoid and terpene content, plant yield and crops per year. These elements are intended to be the cornerstone of the PSC brand for cannabis products: the highest potency at the lowest cost.

By acquiring Live-Plant Genetics, the Issuer will expedite its go-to-market timeline and strategy. Live-Plant Genetics can be put immediately into production whereas seed-based genetics require at least one preliminary selection crop cycle which can take up to six months to complete. This transaction will provide PSC with award-winning genetics that are focused on high-potency, strong flavours and desirable terpene content, all while preserving strong agricultural characteristics such as yield and flowering time. Securing these Live-Plant Genetics is an important element of the Issuer's plans to position PSC, once licensed, to disrupt the Canadian dried flower market. Dried flower represents the largest channel of focused revenue in the Canadian cannabis industry. According to recent market data aggregated by Health Canada, dried cannabis flower sales comprised 92 per-cent of total sales during the relevant period.¹

PSC's investment in elite Live-Plant Genetics is expected to generate a positive impact on the three key drivers of profitability for a cultivator: improved sales prices, greater per-plant yields and shorter flowering time. Management believes the Canadian market has suffered from a lack of strong genetics resulting in low THC values, undesirable flavour profiles, and a lack of product differentiation. These Live-Plant Genetics will allow PSC to cultivate more desirable varieties with a focus on high-THC content.

The Live-Plant Genetics are expected to contribute to meeting or exceeding PSC's expectations for annual financial productivity per square foot, because the selections were made to maximize per-plant yield and crop cycles per year in addition to maximizing THC concentration per gram.

PSC's success as a licensed cannabis entity will require strength in three elements: cultivation, post-harvest processing and genetics. These three elements, when taken together, are the key drivers of unit revenue and pricing, demand and volume, and unit cost. The PSC team's multi-generational experience, as well as the unique characteristics of the existing location in Delta, BC affords the Issuer a strong platform for cultivation and positions it well to produce high potency cannabis at a low cost. Delta, BC enjoys strong levels of sunlight throughout the year, temperate weather and low

humidity. These factors reduce the capital and operational expense incurred by many cultivators with respect to environmental controls, HVAC and increased levels of artificial lighting.

The Issuer has been working with the PSC team, key consultants and experienced industry advisors to develop an efficient post-harvest processing facility and associated workflow, with the objective of allowing PSC to cultivate, dry, trim and package cannabis in a way that will preserve potency and bud quality while maintaining a strong focus on cost control. Genetics determine key economic elements such as yield, harvests per year, and cannabinoid potency. In the current market environment, management believes delivering consistently high cannabinoid potencies at a reasonable cost to the customer will be disruptive to the flower segment nation-wide. Genetics further define the consumer qualities such as aroma, flavour and bud structure. Management believes that the Canadian cannabis cultivation industry is ripe for disruption by PSC through its focus on producing high-potency cannabis that possesses certain key consumer elements such as pleasing aromas and smooth flavour.

To facilitate the transaction, PSC will utilize certain provisions of the *Cannabis Act* and *Cannabis Regulations* which allow a newly licensed company to acquire and possess live-plant cannabis starting materials from existing legally registered personal producers of medical cannabis. By pursuing the transaction of elite Live-Plant Genetics as compared to acquiring seeds, PSC will avoid the requirement to pursue a seed selection program, which can take many months and has no guarantee of producing commercially viable genetics due to the variability present in cannabis seeds.

About Propagation Services Canada Inc.

PSC is a company co-owned by AgraFlora and the Houwelings Group, one of North America's leading producers and innovators in the greenhouse vegetable production industry. For three generations, Houwelings has been championing innovation in North American vegetable production, holding multiple patents and developing large-scale commercial greenhouses in British Columbia, California and Utah. The Houwelings Group was the first in the USA to utilize combined heat and power co-generation, and the first to develop a proprietary sealed growing technology. PSC will operate an automated greenhouse facility with an expandable footprint of up to 2,200,000 sq. ft. PSC is expected to commence cannabis operations in 2020 with a focus on producing high-potency cannabis at the lowest possible cost to drive margin growth and profitability.

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.
- On February 20, 2020, the Issuer cancelled an aggregate of 37,750,000 stock options previously granted to certain directors, officers and consultants of the Issuer during the year-ended December 31, 2019.**
- On February 25, 2020, the Issuer cancelled an additional 450,000 stock options previously granted to a consultant of the Issuer during the year-ended December 31, 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: **March 5, 2020** _____.

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.	February 2020	20/03/05
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Contact Name Brandon Boddy	Contact Position Chairman, CEO & Director	Contact Telephone No. 604.682.2928
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