

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: 1,371,070,827

Date: June 2, 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 May 2020.

The Issuer confirms that the impact of COVID-19 on its business and operations has been minimal. The Issuer is continuing to move forward with obtaining its license to cultivate cannabis from Health Canada and is continuing with building out the Issuer's 2.2 million square foot Delta Greenhouse Facility (the "Delta Facility").

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

On May 15, 2020, the Issuer announced that its subsidiary, Edibles and Infusions Corp. ("EIC"), has completed the construction of its 51,000-square-foot, fully automated edibles manufacturing facility in Winnipeg, Man. The Issuer is now preparing to apply for a standard processing licence from Health Canada. It intends to submit the application for the processing licence before the end of May, 2020.

The completed 51,000-square-foot edibles facility was built to meet or exceed regulatory standards with respect to security, cleanliness and product safety. The equipment to be used for manufacturing is of the highest quality and will allow EIC to pursue EU-GMP (European Union good manufacturing practices) certifications in the future. The equipment utilizes specialized dosing technology that provides specific dosing to meet regulatory requirements and customer specifications, while also reducing the risk of contamination or degradation of the cannabis inputs. When fully operational, EIC expects to produce over 250,000 pieces of precisely dosed edibles per

eight-hour shift. The facility can be run 24/seven, if required, and is anticipated to require only 30 staff at full operation due to the high level of planned automation. The edibles facility is designed to be flexible with respect to future product lines, including chocolates and drinks, and scalable up to one million pieces of precisely dosed edibles per eight-hour shift with additional manufacturing lines.

The EIC management team has almost a century of manufacturing experience in the confectionery industry, combined with guidance from multiple legal Canadian cannabis companies. Outside of cannabis, the team operates under multiple regulatory regimes, including the U.S. Food and Drug Administration, and its workflows are SQF Level 2 certified to ensure food safety and business efficiency.

EIC currently holds a research and development licence from Health Canada that allows it to produce cannabis edibles for the purpose of recipe development, including palatability studies. The company intends to use the R&D licence to perfect its recipes with clients to ensure that customers are satisfied with the flavour, shape, size and mouth feel of each gummy produced. Utilizing the R&D licence this way will allow EIC to develop commercial relationships and be ready to scale revenue quickly upon the issuance of the processing licence.

Although there is no guarantee on licensing timelines, management estimates that first revenue postlicensing will be delivered in the fourth quarter of 2020.

On May 19, 2020, the Issuer announced that Propagation Services Canada Inc. (“PSC”), its flagship cultivation asset located in Delta, B.C., has secured a standard cultivation licence from Health Canada.

The Delta facility's first phase represents 422,828 square feet of cultivation space utilizing a state-of-the-art pressurized, semi-open Venlo greenhouse design considered to be one of the most technically advanced and environmentally friendly greenhouse platforms in North America and is uniquely located in an agricultural micro-climate on the shores of the Pacific. The Delta Greenhouse is scalable up to 2.2 million square ft. Key features of the Delta greenhouse include:

- Fully integrated on-site natural-gas-powered power plant;
- Advanced climate and humidity control management infrastructure;
- Proprietary energy-efficient air exchange to maintain stable climate conditions at a fraction of the cost of traditional HVAC (heating, ventilation and air conditioning) systems;
- Ebb-and-flow watering systems to enhance complete irrigation recapture and water treatment;
- Multistage supplemental lighting augmented by natural sunlight to foster optimized illumination equilibrium;
- A proprietary ERP system to allow for efficient resource management and cost tracking.

PSC will commence the cultivation of its curated portfolio of elite live plant genetics (see press release dated Feb. 28, 2020) which were specially curated by an award-winning Canadian cultivator with a focus on combining high potency with above-average yields and favourable agricultural traits such as disease and pest resistance. Combined with the agricultural experience and expertise of the PSC management team, these genetics will support the company's strategy of producing high-potency, low-cost cannabis to support national value brands.

With the granting of the standard cultivation licence, the Issuer's consultants, in conjunction with the PSC team, indicate that the inaugural harvest of high-potency tetrahydrocannabinol genetics at its Delta greenhouse complex will occur within the fourth quarter of 2020.

On May 20, 2020, the Issuer announced that its wholly owned subsidiary, Sustainable Growth Strategic Capital Corp. (“SGSC”), has entered into an extraction partnership for hemp processing with a top-tier extractor located in Quebec.

The extractor partnership is in conjunction with SGSC's joint venture partner, Micro C45 Inc. (“MC45”), a Canadian hemp company that has developed a unique postharvest mechanical separation process for hemp biomass that results in higher extraction values.

Under the terms of the agreement, the supply partners will deliver to the extractor 44,000 kilograms of hemp biomass for crude and distillate extraction in four instalments over six months. As the supply partner, MC45 will provide the high-quality hemp biomass to the extractor with SGSC serving as the financing partner.

Furthermore, the Issuer announced that it intends to complete a non-brokered private placement (the "Private Placement") of up to 26,666,667 units (the "Units") of the Issuer at a price of 7.5 cents per Unit for gross proceeds of \$2-million.

Each unit shall consist of one common share (the "Shares") and one transferable share purchase warrant (the "Warrants"). Each Warrant will entitle the holder thereof to purchase one additional Share of the Issuer for a period of five years from closing at a price of 10 cents per share.

On May 25, 2020, the Issuer announced that, further to its news release dated April 17, 2020, the Company is expecting to file its audited financial statements for the year ended December 31, 2019 (the "Annual Filings") by the extension date of June 15, 2020 pursuant to BC Instrument 51-515 *Temporary Exemption from Certain Corporate Finance Requirements* ("BCI 51-515") and continues to work diligently with its auditors to file the Annual Filings by June 15, 2020.

Update on Q1 Filing

The Issuer will also be relying on the temporary exemption pursuant to BCI 51-515 in respect to the following provisions:

- the requirement to file interim financial statements for the three months ended March 31, 2020 (the "Financial Statements") within 60 days after the end of the Issuer's interim period as required by section 4.4(b) of National Instrument 51-102 *Continuous Disclosure* ("NI 51-102");
- the requirement to file management discussion and analysis (the "MD&A") for the period covered by the Financial Statements within 60 days after the end of the Issuer's interim period as required by section 5.1(2) of NI 51-102; and
- the requirement to file certifications of the Financial Statements (the "Certificates" and together with the Financial Statements, the "Interim Filings") pursuant to section 5.1 of National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* and section 4.4(b) [being the filing deadline for interim financial statements] of NI 51-102.

The Issuer is continuing to work diligently to file the Interim Filings by July 16, 2020.

The Issuer confirms that there have been no material developments, other than those disclosed through news releases and Form 7 *Monthly Progress Reports* filed on the Issuer's profile with the CSE, since the filing of its condensed interim consolidated financial statements for the period ended September 30, 2019.

Additionally, the Issuer advises that management and other insiders of the Issuer are subject to a trading black-out policy as described, in principle, in section 9 of National Policy 11-207, *Failure to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

Closing of Non-Brokered Private Placement

The Issuer also announced that it has closed its Private Placement and issued 20,700,000 Units of the Issuer at a price of \$0.075 per Unit for gross proceeds of \$1,552,500. Each Unit consists of one (1) Share and one (1) Warrant. Each Warrant entitles the holder thereof to purchase one (1) additional Share of the Issuer for a period of five years from closing at a price of \$0.10 per Share. All securities issued pursuant to the Private Placement are subject to a statutory four-month hold period pursuant to applicable securities laws of Canada.

Proceeds from the Private Placement will be used to advance the Issuer's projects and for working capital purposes. In connection with the Private Placement, finder's fees of \$3,150 cash and 42,000 Warrants with the same terms as noted above have been paid to PI Financial Corp., a qualified third-party.

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. None of the parties referred to above are Related Parties 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.

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 May 25, 2020, the Issuer closed its Private Placement and issued 20,700,000 Units of the Issuer at a price of \$0.075 per Unit for gross proceeds of \$1,552,500.

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: **June 2, 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.	May 2020	20/06/02
Issuer Address 750 West 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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