



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Organics To Architect Onsite Farm-Gate Retail Facilities at LPs in London and Scarborough

Vancouver, British Columbia / December 19th, 2019 – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF), a growth oriented and diversified international cannabis company, is pleased to announce that the Company is architecting the following onsite farm-gate cannabis retail facilities:

- 1,200 square foot farm-gate retail facility adjoining its 37,000 square foot licensed cultivation and processing facility in Scarborough, Ontario; and,
- 690 square foot farm-gate retail facility adjoining its 8,000 square foot London, Ontario AAA Heidelberg licensed craft cannabis cultivation facility.

In aggregate, the Company’s planned farm-gate facilities will provide prime proximity to a potential catchment area of over 8.5 million cannabis purchasers. The establishment and eventual operation of AgraFlora’s planned onsite farm-gate retail stores will afford the Company greater control of its cannabis ecosystem, from production to end distribution while promoting vertical integration; ultimately amplifying its ability to function as a price maker, not a price taker.

The farm-gate stores will represent new direct-to-consumer distribution channels for AgraFlora as the Company progresses towards production in Q1 of 2020. The Company's current 2020 projected output of dried cannabis flower is approximately 170,000 kilograms, including forecasted production at its 2.2 million square foot Delta Greenhouse Facility, licensed producer Sanna Health / Sustainable Growth Strategic cultivation and processing facilities and its purpose built AAA Heidelberg craft cannabis cultivation facility. Additionally, AgraFlora anticipates the successful recapture of over one million grams of premium cannabis trim to be manufactured into ancillary value-added cannabis products on an annualized basis.

The opportunity for the farm-gate store arose from the recently enacted amendments to provincial legislation governing the cannabis retail market. On November 6, 2019, the Ontario provincial government released its 2019 Ontario economic outlook and fiscal review, which announced key updates regarding how it will open the market for cannabis retail. The revised legislation allows licensed producers to establish retail stores on their production sites.

AgraFlora’s Sanna Health / Sustainable Growth Strategic facility (Scarborough, Ontario) is situated on 16 acres and includes 27,000 square feet of Health Canada licensed cultivation and processing space. It includes an option to expand its current production area to 89,000 square feet and ample commercial-industrial space for future expansion. With a planned farm-gate location, the Company looks to capitalize on its prime proximity to a 7 million population in the GTA and immediately surrounding areas.

The Company's planned on-site AAA Heidelberg (London, Ontario) dispensary will allow AgraFlora to capitalize on a 1.5 million-purchaser catchment area within a 90-minute radius. London, Ontario, is Canada's 11th largest metropolitan area and is tactically located at the nexus of Toronto, Ontario, Detroit, Michigan, and Buffalo, New York; affording the Company a lucrative opportunity to capture a significant portion of the cannabis tourism marketplace.

Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora stated: "Unlike more traditional cannabis distribution and marketing channels, the establishment of onsite farm-gate retail facilities will arm us with greater control over the desired seed to sale process, thus increasing margins and improving quality assurance protocols through the cannabis value chain. It is our objective to execute on this innovative initiative as quickly as the regulatory and permitting process allows. It is our expectation that this new direct channel will contribute significantly to our revenue and margin expansion into fiscal 2020."

About AgraFlora Organics International Inc.

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It owns an indoor cultivation operation in London, ON and is a joint venture partner in Propagation Services Canada Inc. and its large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC. The Company is also retrofitting a 51,500-square-foot good manufacturing practice ("GMP") edibles manufacturing facility in Winnipeg, Manitoba. AgraFlora has a successful record of creating shareholder value and is actively pursuing other opportunities within the cannabis industry. For more information please visit: www.agraflora.com.

ON BEHALF OF THE BOARD OF DIRECTORS

Brandon Boddy
Chairman & CEO
T: (604) 398-3147

For additional information:

AgraFlora Organics International Inc.
Tim McNulty
E: ir@agraflora.com
T: (800) 783-6056

For French inquiries:
Remy Scalabrini, Maricom Inc.
E: rs@maricom.ca
T: (888) 585-MARI

The CSE and Information Service Provider have not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in

forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for AgraFlora Organics described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which are available at www.sedar.com.