

## FORM 8

### NOTICE OF PROPOSED PROSPECTUS OFFERING

Please complete the following:

Name of Listed Issuer: Flower One Holdings Inc. (the "Issuer").

Trading Symbol: FONE

Date: MARCH 4, 2019

Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: \_\_\_\_\_.

Issued and Outstanding Securities of Issuer Prior to Proposed Prospectus Offering:  
176,629,779 Common Shares .

Date of News Release Announcing Proposed Prospectus Offering: March 4, 2019 .  
(or provide explanation if news release not disseminated yet and expected date or circumstances that are expected to trigger news release dissemination)

#### 1. Prospectus Offering

1. Description of securities to be issued:

(a) Class Convertible debenture units ("Debenture Units"), each Debenture Unit consisting of one 8.0% convertible unsecured debenture of the Company ("Convertible Debenture") with a maturity three years from the date of issuance (the "Maturity Date") and the amount of common share purchase warrants equal to [50%] warrant coverage (each whole warrant, a "Warrant"), with each whole Warrant entitling the holder to purchase one common share of the Company (a "Warrant Share") at an exercise price of equal to a [35%] premium to the Conversion Price (as defined below) (the "Exercise Price") at any time up to 36 months from the closing date of the Offering (the "Closing Date").

(b) Number To be determined in context of overnight marketing efforts. The agents have been granted an over-allotment option to increase the size of the offering by up to 15% in Debenture Units on the same terms and conditions as the Offering, exercisable in whole or in part.

(c) Price per security \$1,000 per Debenture Unit, to be priced in the context of the market .

(d) Voting rights \_\_\_\_\_ .

2. Provide details of the net proceeds to the Issuer as follows:
  - (a) Per security: \$940 per Debenture Unit net (\$1,000 per Debenture Unit gross) .
  - (b) Aggregate proceeds: Up to the equivalent of US\$23,500,000 net (US\$25,000,000 gross) .
  
3. Provide description of any Warrants (or options) including:
  - (a) Number To be determined in context of overnight marketing efforts.
  - (b) Number of securities eligible to be purchased on exercise of Warrants (or options) To be determined in context of overnight marketing efforts.
  - (c) Exercise price To be determined in context of overnight marketing efforts.
  - (d) Expiry date 36 months following the closing date of the offering .
  - (e) Other significant terms \_\_\_\_\_ .
  
4. Provide the following information if debt securities are to be issued:
  - (a) Aggregate principal amount Up to the equivalent of US\$25,000,000 .
  - (b) Maturity date 3 years from the date of issuance (the "Maturity Date").
  - (c) Interest rate 8.0% .
  - (d) Conversion terms Convertible, for no additional consideration, into common shares in the capital of the Issuer at the option of the holder at any time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Issuer for redemption of the Convertible Debentures upon a change of control of the Issuer at a conversion price to be determined in the context of overnight marketing. The Issuer may force conversion of the principal amount of the then outstanding Convertible Debentures at the conversion price on not more than 60 days' and not less than 30 days' notice should the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange be greater than • [representing the price that is equal to a 50% premium to the Conversion Price].
  - (e) Default provisions \_\_\_\_\_ .

5. Details of currently issued and outstanding shares of each class of shares of the Issuer:

The Issuer is authorized to issue an unlimited number of Common Shares, of which there are 176,629,779 Common Shares issued and outstanding as of the date hereof.

6. Describe any unusual particulars of the offering (i.e. tax “flow through” shares, special warrants, etc.).

The offering is occurring by way of an overnight marketed deal whereby the agents will market after filing the preliminary prospectus in order to price the offering in the context of the market. Once priced, if the agents determine that they will underwrite the offering, an amended and restated preliminary prospectus will be filed on that basis.

7. Provide details of the use of the proceeds:

The net proceeds of the Offering are currently intended to be used for business development.

8. Provide particulars of any proceeds of the offering which are to be paid to Related Persons of the Issuer: \_\_\_\_\_

9. Provide details of the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering: \_\_\_\_\_

10. Provide the following information for any agent’s fee, commission, bonus or finder’s fee, or other compensation paid or to be paid in connection with the offering (including warrants, options, etc.):

- (a) Details of any dealer, agent, broker, finder or other person receiving compensation in connection with the offering (name, address, beneficial ownership where applicable)

Mackie Research Capital Corporation and Canaccord Genuity Corp.

- (b) Cash The Issuer will pay the agents an aggregate cash commission equal to 6.0% of the gross proceeds arising from the Offering .

- ~~(c) Securities Non-transferable warrants to purchase such number of common shares as is equal to 3.5% of (i) the number of Common~~

Shares issuable upon conversion or exercise, as applicable, of the Convertible Debentures (based on the conversion price) and (ii) the number of Common Shares issuable upon exercise of the Warrants sold under the Offering (including any gross proceeds raised on the exercise of the Over-Allotment Option) at an exercise price of the Conversion Price and Exercise Price, respectively, per Common Share.

- (d) Other \_\_\_\_\_ .
- (e) Expiry date of any options, warrants etc. \_\_\_\_\_ .
- (f) Exercise price of any options, warrants etc. To be determined in context of overnight marketing efforts..

11. State whether the sales agent, broker, dealer, finder, or other person receiving compensation in connection with the offering is a Related Person of the Issuer with details of the relationship: No \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ .

12. Provide details of the manner in which the securities being offered are to be distributed. Include details of agency agreements and sub-agency agreements outstanding or proposed to be made including any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings: The results of the overnight marketing efforts will determine if the Offering will proceed on an underwritten or best efforts agency basis. See attached Engagement Letter.  
\_\_\_\_\_  
\_\_\_\_\_ .

13. Attach any term sheet, engagement letter or other document setting out terms, conditions or features of the proposed offering. Please see attached Engagement Letter.

## 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 on behalf of the Issuer.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange 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 Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 8 Notice of Proposed Prospectus Offering is true.

Dated March 4, 2019.

Ken Villazor

Name of Director or Senior  
Officer

"Ken Villazor"  
Signature

President & CEO  
Official Capacity

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