FORM 9

NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities)

Name of Listed Issuer: Symbol(s):

|  |  |
| --- | --- |
| Flower One Holdings Inc. (the “Issuer”). | FONE |

Date: September 27, 2021 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 Issuance: 402,398,262

**Pricing**

Date of news release announcing proposed issuance: ­\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or

Date of confidential request for price protection: September 21, 2021

Closing Market Price on Day Preceding the news release: \_\_\_\_\_\_\_\_\_ or

Day preceding request for price protection: $0.105

**Closing**

Number of securities to be issued: 50,000,000 units (the “**Units**”) for a purchase price of US$0.10 per Unit, each Unit being comprised of one common share and one common share purchase warrant (each a “**Warrant**”). Each Warrant entitles its holder to acquire one common share in the capital of the Company (each a “**Warrant Share**”) at an exercise price of US$0.25 (the “**Exercise Price**”) at any time up to September 27, 2024.

Issued and outstanding securities following issuance: Up to 452,398,262 common shares plus up to an additional 50,000,000 common shares reserved for issuance pursuant to the conversion rights attached to the Warrants.

**Instructions:**

1. For private placements (including debt settlement), complete tables 1A and 1B in Part 1 of this form.
2. Complete Table 1A – Summary for all purchasers, excluding those identified in Item 8.
3. Complete Table 1B – Related Persons only for Related Persons
4. If shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition) please proceed to Part 2 of this form.
5. An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10 – Notice of Proposed Transaction
6. Post the completed Form 9 to the CSE website in accordance with *Policy 6 – Distributions.* In addition, the completed form must be delivered to [listings@thecse.com](mailto:listings@thecse.com) with an appendix that includes the information in Table 1B for ALL placees.

**Part 1. Private Placement**

**Table 1A – Summary**

|  |  |  |  |
| --- | --- | --- | --- |
| Each jurisdiction in which purchasers reside | Number of Purchasers | Price per Security | Total dollar value (CDN$) raised in the jurisdiction |
| United States | 1 | US$0.10 | $6,300,000(1) |
| Total number of purchasers: | 1 |  |  |
| Total dollar value of distribution in all jurisdictions: | | | $6,300,000(2) |

(1) Aggregate gross proceeds totalled US$5,000,000. The CDN$ figure represents the approximate amount based on the daily exchange rate published by the Bank of Canada as of the date of this Form 9.

(2) As above.

**Table 1B – Related Persons**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Full Name &Municipality of Residence of Placee** | **Number of Securities Purchased or to be Purchased** | **Purchase price per Security (CDN$)** | **Conversion**  **Price (if**  **Applicable)**  **(CDN$)** | **Prospectus Exemption** | **Total Securities Previously Owned, Controlled or Directed** | **Payment Date(1)** | **Describe relations-hip to Issuer (2)** |
|  |  |  |  |  |  |  |  |

1An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: US$5,000,000.

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. The net proceeds of the private placement will be used by the Issuer for implementing critical improvements to the facilities and for general corporate and working capital purposes.

1. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: Not applicable.
2. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.
3. Description of securities to be issued:

(a) Class Common shares

(b) Number 50,000,000

(c) Price per security US$0.10

(d) Voting rights Yes

1. Provide the following information if warrants, (options) or other convertible securities are to be issued:

(a) Number 50,000,000

1. Number of securities eligible to be purchased on exercise of warrants (or options) up to 50,000,000 common shares

(c) Exercise price US$0.25

(d) Expiry date September 27, 2024

Each Warrant contains an accelerator clause whereby, if at any time prior to the expiry of such Warrants the closing price of the underlying common shares of the Issuer on the Canadian Stock Exchange is greater than US$0.29 (determined by converting the CAD$ closing price by the daily exchange rate published by the Bank of Canada for such date) to the exercise price (being US$0.25) for a period of 20 consecutive trading days, the Issuer may, within 10 business days (meaning any day other than a Saturday, Sunday or any other day on which the principal chartered banks in Vancouver, British Columbia are not open for business) of the occurrence of such event, deliver a notice to the holders of such Warrants accelerating the expiry date of the Warrants to the date that is 90 days following the date of such notice (the “**Warrant Expiry Date**”). In the event that the Issuer exercises its right to accelerate the expiry of the Warrants and the holders of such Warrants elect to exercise their Warrants prior to such Warrant Expiry Date, the Warrant Shares issued upon such exercise will be subject to resale restrictions under which:

(i) 25% of the Warrant Shares so issued may be sold on or after the date that is 90 days after the Warrant Expiry Date;

(ii) up to an aggregate of 50% of the Warrant Shares (inclusive of the 25% of Warrant Shares referenced in paragraph (i)) so issued may be sold on or after the date that is 150 days after the Warrant Expiry Date;

(iii) up to an aggregate of 75% of the Warrant Shares (inclusive of the 50% of Warrant Shares referenced in paragraph (ii)) so issued may be sold on or after the date that is 270 days from the Warrant Expiry Date; and

(iv) all of the Warrant Shares so issued may be sold on or after the date that is 350 days from the Warrant Expiry Date.

## Provide the following information if debt securities are to be issued: Not applicable.

(a) Aggregate principal amount

(b) Maturity date

(c) Interest rate

(d) Conversion terms

(e) Default provisions

1. 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 placement (including warrants, options, etc.): Not applicable.

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): .

(b) Cash .

(c) Securities .

(d) Other .

(e) Expiry date of any options, warrants etc. .

(f) Exercise price of any options, warrants etc. .

1. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship Not applicable.
2. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.).

Not applicable.

1. State whether the private placement will result in a change of control.

Not applicable.

1. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders.

Not applicable.

1. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102 Resale of Securities.

**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.

1. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
2. the Issuer has obtained the express written consent of each applicable individual to:

(a) the disclosure of their information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and

(b) the collection, use and disclosure of their information by the Exchange in the manner and for the purposes described in Appendix A or as otherwise identified by the Exchange, from time to time

1. 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 CSE Policy 1).
2. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated September 27, 2021.

Richard Groberg   
Name of Director or Senior Officer

*(signed) Richard Groberg*Signature

Interim Chief Financial Officer   
Official Capacity