

FLOWER ONE HOLDINGS INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR

**AN ANNUAL GENERAL AND SPECIAL MEETING
OF THE SHAREHOLDERS OF**

FLOWER ONE HOLDINGS INC.

TO BE HELD ON

June 28, 2019

Dated as of May 29, 2019

FLOWER ONE HOLDINGS INC.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 28, 2019

TO THE SHAREHOLDERS of Flower One Holdings Inc.:

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Flower One Holdings Inc. (the “**Company**”) will be held at the offices of the Company’s legal counsel, Fasken Martineau DuMoulin LLP., at 2900 – 550 Burrard St., Vancouver, British Columbia V6A 0A3, on Friday, June 28, 2019 at 10:00 a.m. (PST) for the following purposes:

1. to receive the financial statements of the Company for the year ended December 31, 2018 together with the report of the Company’s auditor thereon;
2. to set the number of directors of the Company at four;
3. to elect the directors of the Company for the ensuing year;
4. to re-appoint MNP LLP as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and if thought advisable, to pass, with or without amendment, an ordinary resolution to approve the Company’s amended and restated stock option plan, as more particularly described in the accompanying management information circular (the “**Information Circular**”); and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The accompanying Information Circular provides more detailed information with respect to the matters to be considered at the Meeting.

The Company’s board of directors has fixed May 21, 2019 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment or postponement thereof . Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting, as set out in more detail in the accompanying Information Circular.

A Shareholder may attend the Meeting in person or may be represented by proxy. If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to: Odyssey Trust Company, the registrar and transfer agent of the Company, by mail at, or hand delivered to, 323-409 Granville Street, Vancouver, British Columbia V6C 1T2. In order to be valid and acted upon at the Meeting, Shareholders on the Canadian register must deposit their forms of proxy with Odyssey Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or adjournments thereof. Proxies may also be voted by telephone, fax or on the internet as detailed on the proxy form.

If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The persons named in the enclosed form of proxy are directors and/or officers of the Company. Each Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Shareholder, to attend and to act for such Shareholder and on such Shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder’s appointee should be legibly printed in the blank space provided.

BY ORDER OF THE BOARD OF DIRECTORS

“Ken Villazor” (Signed)

Ken Villazor
President and Chief Executive Officer

May 29, 2019



**MANAGEMENT INFORMATION CIRCULAR
As at and dated May 29, 2019**

**FOR THE ANNUAL GENERAL OF SHAREHOLDERS
TO BE HELD ON JUNE 28, 2019**

SOLICITATION OF PROXIES

This Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Flower One Holdings Inc. (the “Company”) for use at the Annual General and Special Meeting of the Company’s shareholders to be held on June 28, 2019 (the “Meeting”) at the time and place and for the purposes set out in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

PROXY INSTRUCTIONS

Shareholders who cannot attend the Meeting in person may vote by proxy if the shareholder is a registered shareholder, or provide voting instructions as provided herein if a non-registered shareholder, either by mail, by phone or over the internet. Proxies and/or voting instructions must be received by Odyssey Trust Company (“Odyssey”), the Company’s transfer agent, not later than 10:00 am (Vancouver time) on June 26, 2019 at its Vancouver office, 323-409 Granville Street, Vancouver BC V6C 1T2.

A Proxy returned to Odyssey will not be valid unless dated and signed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual shareholder or by an attorney of a shareholder that is a corporation or association, the instrument so empowering the attorney, as the case may be, or a notarial copy thereof, must accompany the form of Proxy. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

The securities represented by Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting. If a choice with respect to such matters is not specified, it is intended that the person designated by management in the form of Proxy will vote the securities represented by the Proxy in favour of each matter identified in the proxy.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

APPOINTMENT OF PROXYHOLDER

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy. If you are returning your Proxy to Odyssey, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated or by completing another proper form of Proxy and delivering it to Odyssey as provided above, or to the Chairman of the Meeting.

REVOCATION OF PROXIES

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder's attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing at the registered office, Suite 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
- (b) in any other manner permitted by law.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Odyssey or their Intermediary to arrange to change their voting instructions.

SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “**Non-Registered Shareholder**”) but which are registered in the name of an intermediary (the “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans; or in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Company (called OBOs for “**Objecting Beneficial Owners**”) and those who do not object to the Company knowing who they are (called NOBOs for “**Non-Objecting Beneficial Owners**”).

Under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company is delivering proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a voting instruction form (a “**VIF**”), together with the meeting materials. These VIFs are to be completed and returned in accordance with the instructions. The voting instructions received from NOBOs are required to be followed properly. The results of the VIFs received from NOBOs will be tabulated and appropriate instructions will be provided at the Meeting with respect to the common shares represented by the VIFs received. **The Company is not sending proxy-related materials using notice-and-access this year.**

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO's name (or such other person as the NOBO wishes to attend and vote on the NOBO's behalf) in the blank space provided for that purpose on the VIF and return the completed VIF to Odyssey or the NOBO must submit, to the Company or Odyssey, any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxy holder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Company must arrange, without expense to the NOBO, to appoint the NOBO or a

nominee of the NOBO as a proxy holder in respect of those securities. Under NI 54-101, if the Company appoints a NOBO or a nominee of the NOBO as a proxy holder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Company appoints a NOBO or its nominee as proxy holder as aforesaid the Company must deposit the proxy within the timeframe specified above for the deposit of proxies if the Company obtains the instructions at least one (1) business day before the termination of that time. **If a NOBO or a nominee of the NOBO is approved as a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF's that are to be returned to their Intermediaries.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the meeting materials to the Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to OBOs. With those meeting materials, Intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own. The Company does not intend to pay for intermediaries to deliver the proxy-related materials and VIF's to OBO's. An OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Should an OBO wish to vote at the Meeting in person, the OBO must insert the OBO's name (or such other person as the OBO wishes to attend and vote on the OBO's behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the Intermediary or its service provider or the OBO must submit, to their Intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxy holder. In such circumstances an Intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxy holder in respect of those securities. Under NI 54-101, if an Intermediary appoints an OBO or the nominee of the OBO as a proxy holder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the Intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an Intermediary who appoints an OBO or its nominee as proxy holder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified above for the deposit of proxies if the Intermediary obtains the instructions at least one (1) business day before the termination of that time. **If the OBO or a nominee of the OBO is appointed a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

These proxy-related materials are being sent to both registered shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company has sent these proxy related materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities requirements from the Intermediary on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

**INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS
TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the incorporation of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than as may be otherwise set out herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the incorporation of the Company or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of common shares without par value (the “**Common Shares**”). As at the date of this Circular, 180,017,173 Common Shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. May 21, 2019 has been fixed by the directors of the Company as the record date for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, only the following shareholders beneficially own, or control or direct, directly or indirectly common shares carrying 10% or more of the voting rights attached to all outstanding voting securities of the Company entitled to vote at the Meeting:

Name	Number of Common Shares Beneficially Owned, Controlled or Directed (directly or indirectly)⁽¹⁾	Percentage of Issued and Outstanding Common Shares as of the date hereof⁽¹⁾
Southlands Family Trust (Vancouver, Canada)	36,000,000	20.04%
Yaletown Family Trust (Vancouver, Canada)	36,000,000	20.04%

Notes:

(1) The information as to the number and percentage of common shares beneficially owned, directly or indirectly, or controlled or directed, has been obtained from the System for Electronic Disclosure by Insiders (“SEDI”) as of the date of this Circular.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as ordinary resolutions.

ELECTION OF DIRECTORS

The Board of the Directors of the Company (the “**Board**”) is presently comprised of four directors. All of the nominees are currently directors of the Company and have been directors since the dates indicated in the following table.

The term of office of each of the present directors expires at the Meeting. Each director elected will hold office until the next annual general meeting of the Company unless that person ceases to be a director before then. The enclosed form of proxy permits shareholders of the Company to vote for each nominee on an individual basis. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

In the following table and notes thereto is stated the name of each proposed director, the province or state and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the

period of time for which he has been a director of the Company, and the number of common shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Circular:

Name, Province/State and Country of Residence and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Common Shares ¹
<p>KEN VILLAZOR² Ontario, Canada <i>Director, President and CEO</i></p>	<p>September 21, 2018</p>	<ul style="list-style-type: none"> • Director, President and Chief Executive Officer of the Corporation from September 2018 to present. • Has held numerous senior positions in the pharmaceutical industry. • Director of Organic Garage Ltd. (TSXV:OG) since 2016 and serves on its Audit Committee, Governance Committee and Compensation Committee. • Worked for a number of large pharmaceutical companies including SmithKline Beecham, GlaxoSmithKline and Biovail Corporation as well as with the industry's national trade association based in Ottawa. 	<p>5,756,900³</p>
<p>AMIT VARMA² British Columbia, Canada <i>Director</i></p>	<p>September 21, 2018</p>	<ul style="list-style-type: none"> • Director of the Corporation from September 2018 to present. • 18 years of experience in cross border corporate finance and banking roles with some of the largest financial institutions in Canada as well senior management and executive roles with some of Canada's largest agricultural companies. 	<p>1,271,800⁴</p>
<p>DAVID PAXTON WESLEY British Columbia, Canada <i>Director</i></p>	<p>September 21, 2018</p>	<ul style="list-style-type: none"> • Director of the Corporation from September 2018 to present. • Over a decade of experience building and delivering some of the largest scale greenhouse operations totalling over 8 million square feet and C\$500 million in value. • Worked within a team of executives & managers to build one of the largest and most successful vegetable greenhouse businesses in North America. • Extensive leadership of multi-national Development & Regulatory compliance efforts up to the Federal level. • MBA in Executive Management & Masters Certificate in Project Management. 	<p>662,500⁴</p>
<p>WARNER WAH-NGOK FONG² British Columbia, Canada <i>Director</i></p>	<p>September 21, 2018</p>	<ul style="list-style-type: none"> • Director of the Corporation from September 2018 to present. • 25 years of experience in accounting and administration, with the past 14 years in a senior management role in the greenhouse industry, responsible for the reporting requirements of the business, including annual audit and reviewed quarter-end financial statements reporting, operations and capital budgeting, cash flow management, trade credit, and developing internal control processes for new reporting entities. 	<p>659,926⁴</p>

Notes:

1. Information furnished by the respective director nominees.
2. Member of the audit committee.
3. This number does not include stock options to purchase 1,375,000 Common Shares.
4. These numbers do not include stock options to purchase 875,000 Common Shares held by each of Mr. Varma, Mr. Welsey and Mr. Fong.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.

Cease Trade Orders and Bankruptcy

Except as disclosed in this Circular and below, no proposed director is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

No proposed director:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

Director & Nominee Biographies:

Ken Villazor | *Director & President and CEO*

Mr. Villazor has more than 20 years of experience in Corporate Affairs including communications, public relations, business development, regulatory affairs, government relations, philanthropy and public policy. He has held numerous senior positions in the pharmaceutical industry working extensively in government regulated aspects of commercial operations including formulary/market access, pricing compliance, price controls, manufacturing grants, regulatory approvals and shaping federal and provincial government policies. Mr. Villazor has been a director of Organic Garage Ltd. (TSXV:OG) since 2016 and serves on its Audit Committee, Governance Committee and Compensation Committee. He has worked for a number of large pharmaceutical companies including SmithKline Beecham, GlaxoSmithKline and Biovail Corporation as well as with the industry's national trade association based in Ottawa. In addition, Mr. Villazor also spent more than decade in the sports and entertainment industry including having served as an Alternate Governor and advisor to a National Hockey League franchise. His Board experience spans the academic sector, not-for-profit sector and publicly-traded companies.

Amit Varma | *Director*

Mr. Varma brings with him over 18 years of experience in cross border corporate finance and banking roles with some of the largest financial institutions in Canada as well senior management and executive roles with some of Canada's largest agricultural companies. Mr. Varma has worked in both large private and public companies and has been responsible for sourcing, developing, and maintaining new and existing relationships with strategic financial partners to ensure the long-term availability of adequate sources of capital including equity and debt required for the ongoing operations, planned capital expenditures and the funding of the company's strategic initiatives including possible mergers and acquisitions. Throughout his career in both the private and public sectors, Mr. Varma has successfully delivered several billion dollars in debt and equity financing.

David Wesley | *Director*

Over the past decade, Mr. Wesley has worked within a team of seasoned executives and managers to grow one of the most successful agricultural businesses in North America. In his role, he led the development and implementation of some of the largest commercial greenhouse operations in Canada and the U.S, totalling over 8 million square feet and over C\$500 million dollars in value. As a seasoned Project Executive, he has led each project through concept, design, entitlements, permitting, construction, commissioning, and operational planning and handover. Mr. Wesley has also led an extensive number of regulatory compliance and legislative initiatives at the City, State and Federal level. Mr. Wesley also has a wide variety of business experience from start-up's to multi-national firms. He has acted as Manager of Marketing and Communications for a leading telecommunications training provider, Excellence in Customer Service Trainer for a globally recognized luxury hotel chain, and consultant to private and governmental agencies. He has previously served on a private company Board, a not for profit advisory panel, and has served as a Director for Flower One since its inception. Mr. Wesley holds an MBA in Executive Management (Specialization in Management Consulting) and a Master Certificate in Project Management from Royal Roads University.

Warner Fong | *Director*

Mr. Fong has over 25 years of experience in accounting and administration, with the past 14 years in a senior management role in the greenhouse industry, responsible for the reporting requirements of the business, including annual audit and reviewed quarter-end financial statements reporting, operations and capital budgeting, cash flow management, trade credit, and developing internal control processes for new reporting entities. Mr. Fong has worked for private enterprises and large multi-national, publicly traded corporations in Canada and Europe with their head offices situated in Canada. He is a licensed CPA, CMA in Canada.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Pursuant to the provisions of section 224 of the *Business Corporations Act* (British Columbia), the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit, Risk & Finance Committee’s Charter

The Audit, Risk & Finance Committee Charter is attached as **Schedule “C”** to this Circular.

Composition of the Audit Committee

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Ken Villazor	No	Yes
Warner Fong	Yes	Yes
Amit Varma	Yes	Yes

Notes:

- (1) A member of the audit committee is independent if he or she has no direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Corporation’s Board of Directors, reasonably interfere with the exercise of a member’s independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
- (2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

See disclosure under “**Director Biographies**” above.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit, Risk & Finance Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

External Auditor Service Fees

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year	Audit Fees	Audit Related Fees	Tax Fees	All other fees
December 31, 2018	C\$137,000	Nil	C\$8,000	Nil
January 31, 2018	C\$10,000	Nil	C\$450	Nil

Notes:

1. “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements and fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

2. “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with Nature of Services tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All Other Fees” include all other non-audit services.

Exemption

The Company is a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Instrument 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

The Board facilitates its exercise of independent supervision over Company’s management through frequent meetings of the Board.

The Board is currently composed of four directors, Messrs. Ken Villazor, Amit Varma, David Paxton Wesley and Warner Wah-ngok Fong. All the proposed nominees are current directors of the Company.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The Exchange requires that each listed company have at least two independent directors. Of the current directors, all of them are considered by the Board to be “independent” within the meaning of NI 58-101.

The Company does not currently have a Chairman of the Board and, given the current size and makeup of the Board, does not consider that a Chairman is necessary. The independent directors are able to exercise their responsibilities for independent oversight of management by virtue of forming a majority of the Board, and will provide leadership through their position on the Board and ability to meet as a group independently of any management directors whenever deemed necessary. The Board will give consideration to appointing an “independent” member as Chairman at such time as it believes that such a position is required.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its various committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and

approving the Company's overall business strategies, reviewing and approving significant acquisitions and capital investments; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board may determine it is appropriate to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended December 31, 2018.

Directorships

Ken Villazor is the only director of the Company who currently holds directorships in another reporting issuer, Organic Garage Ltd., a company listed with the TSX Venture Exchange.

Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues with the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and will be advised by counsel for the Company of their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the Exchange to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communications from management to the directors.

Ethical Business Conduct

The Board has approved a code of conduct within the Board Policy Manual of the Company, including: whistle blowing policies providing for an applicable process and no adverse consequences, and an obligation for each director to promote honest and ethical conduct and manage any conflicts that may arise. The Board has found that this, in addition to the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. With respect to stock option compensation, the number of options granted is determined by the compensation committee.

Other Board Committees

The Company also has a Compensation Committee described below:

Compensation Committee

For the fiscal year ended December 31, 2018, the members of the Compensation Committee were: Ken Villazor and David Wesley, as the independent members of this Committee. The Compensation Committee conducts reviews with regard to the directors', the Chief Executive Officer's and the Chief Financial Officer's compensation once a year. To make its recommendations, the Compensation Committee takes into account the types of compensation and the amounts paid to the directors and Chief Executive Officers of comparable publicly traded Canadian companies. Members of the Compensation Committee do not currently receive any remuneration for acting in such capacity.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

STATEMENT OF EXECUTIVE COMPENSATION

For the purpose of this Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) each of the Company's three most highly compensated executive officers, including any of the Company's subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than C\$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the year ended December 31, 2018, the Company had two Named Executive Officer, namely Ken Villazor, the President and CEO of the Company, and Geoff Miachika, the CFO of the Company.

Compensation Discussion & Analysis

The compensation of the Company's Named Executive Officers is determined by the Company's Board of Directors.

The Board compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, a NEO's compensation is comprised of a salary / consulting fees, annual bonuses and stock option grants. The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive compared to its peers in attracting and retaining experienced personnel.

The Compensation Committee has not established a formal set of benchmarks or performance criteria to be met by NEOs, rather, the members of the Compensation Committee use their own assessments of the success (or otherwise) of the Company, both absolutely or in relation to companies they consider to be its peers, to determine, collectively, whether or not the executive officers are successfully achieving the Company business plan and strategy and whether they have over, or under, performed in that regard. The Compensation Committee has not established any set or formal formula for determining executive officer compensation, either as to the amount thereof or the specific mix of compensation elements.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial year ended December 31, 2018.

Neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board and the Compensation Committee does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. During the 2018 financial year ending December 31, 2018, the Company did not utilize any financial hedges.

Compensation Governance

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Company's Compensation Committee is currently composed of Ken Villazor and David Wesley, who is an independent director.

There is no written Compensation Committee Charter. However, as a general statement, the Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and its subsidiaries. With regard to the President and CEO and the CFO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO's and CFO's compensations, evaluating their performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO. The Compensation Committee's decisions are typically reflected in consent resolutions.

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programs. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience provides them with the understanding of the Company's success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial year ended December 31, 2018.

Option-based Awards

Stock option grants are made on the basis of the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The recipients of incentive stock options and the terms of the stock options granted are determined from time to time by the Board. The exercise price of the stock options granted is generally determined by the market price at the time of grant. The Company has an Amended and Restated Stock Option Plan (the "**Amended and Restated Stock Option Plan**") dated for reference May 28, 2019, and initially approved by the directors of the Company on May 28, 2019, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. See disclosure under heading "Amended and Restated Stock Option Plan". Management proposes share option grants to members of the Board based on such criteria as performance, previous grants, and hiring incentives.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The compensation paid to the NEOs and directors during the Company's two most recently completed financial years ended December 20, 2018 and 2017, excluding compensation securities, is as set out below and expressed in Canadian dollars unless otherwise noted:

Table of Compensation excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation
Ken Villazor, President, CEO and Director	2018 ⁽¹⁾ 2017	US\$250,000 ⁽⁵⁾ N/A	Nil N/A	Nil N/A	146,250 ⁽⁶⁾⁽⁸⁾ N/A	Nil N/A	US\$396,250 N/A
Geoff Miachika, CFO	2018 ⁽¹⁾ 2017	US\$135,000 N/A	Nil N/A	Nil N/A	538,750 ⁽⁷⁾⁽⁸⁾ N/A	Nil N/A	US\$673,750 N/A

Name and position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total compensation
Jean St. Martin, Corporate Secretary	2018 ⁽¹⁾ 2017	Nil N/A	Nil N/A	Nil N/A	139,500 ⁽⁶⁾⁽⁸⁾ N/A	Nil N/A	US\$139,500 N/A
Amit Varma, Director	2018 ⁽¹⁾ 2017	Nil N/A	Nil N/A	Nil N/A	391,650 ⁽⁶⁾⁽⁸⁾ N/A	Nil N/A	US\$391,650 N/A
David Wesley, Director	2018 ⁽¹⁾ 2017	Nil N/A	Nil N/A	Nil N/A	391,650 ⁽⁶⁾⁽⁸⁾ N/A	Nil N/A	US\$391,650 N/A
Warner Fong, Director	2018 ⁽¹⁾ 2017	Nil N/A	Nil N/A	Nil N/A	391,650 ⁽⁶⁾⁽⁸⁾ N/A	Nil N/A	US\$391,650 N/A
Kenneth E. Berry Former President, CEO and Director	2018 ⁽³⁾ 2017	C\$54,000 ⁽⁹⁾ C\$54,000 ⁽⁹⁾	Nil Nil	Nil Nil	Nil Nil	Nil Nil	C\$54,000 ⁽⁵⁾ C\$54,000 ⁽⁵⁾
Rajwant S. Kang Former Chief Financial Officer and Corporate Secretary	2018 ⁽²⁾⁽³⁾ 2017	C\$30,000 ⁽¹⁰⁾ C\$30,000 ⁽¹⁰⁾	Nil N/A	Nil N/A	Nil N/A	Nil N/A	C\$30,000 ⁽⁶⁾ C\$30,000 ⁽⁶⁾
Bruce A. Youngman Former Director	2018 ⁽⁴⁾ 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Joseph Bardwich Former Director	2018 ⁽³⁾ 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Christopher Curran Former Director	2018 ⁽²⁾⁽³⁾ 2017	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A
Susan McDonald Former Director	2018 ⁽²⁾⁽³⁾ 2017	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A

Notes:

- (1) Appointed as a director and/or officer, as applicable, on September 21, 2018, upon closing of the Transaction (as defined below).
- (2) Appointed as an officer on August 17, 2018.
- (3) Ceased to hold office and/or directorship, as applicable, on September 21, 2018, upon closing of the Transaction.
- (4) Ceased to hold office on August 17, 2018.
- (5) Base salary compensation for executive officer position.
- (6) Option values have been determined using the Black Scholes model. Key assumptions include a grant date share price of C\$0.02, exercise price of C\$0.20, expected term of 5 years, discount rate of 2.04%, volatility of 100% and nil rate of dividends.
- (7) Option values have been determined using the Black Scholes model. Key assumptions include a grant date share price of C\$0.85, exercise price of C\$0.85, expected term of 5 years, discount rate of 2.11%, volatility of 100% and nil rate of dividends.
- (8) Option values have been determined using the Black Scholes model. Key assumptions include a grant date share price of C\$2.00, exercise price of C\$2.60, expected term of 5 years, discount rate of 2.45%, volatility of 100% and nil rate of dividends.
- (9) The full amounts were accrued for Mr. Berry's salary in his capacity as President and CEO of the Company.
- (10) The full amounts were accrued for Mr. Kang's salary in his capacity as CFO of the Company.

Stock Options and Other Compensation Securities

The following table sets forth information in respect of all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly to the Company or its subsidiaries in the Company's most recently completed financial year ended December 31, 2018.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry date
Ken Villazor <i>Director, President and CEO</i>	Options	1,250,000 ⁽¹⁾	March 7, 2018	C\$0.20	N/A	C\$1.45	March 7, 2023
		125,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2023
Geoff Miachika <i>CFO</i>	Options	250,000 ⁽¹⁾	June 1, 2018	C\$0.85	N/A	C\$1.45	June 1, 2023
		375,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2018
Jean St. Martin <i>Corporate Secretary</i>	Options	125,000 ⁽¹⁾	March 7, 2018	C\$0.20	N/A	C\$1.45	March 7, 2023
		125,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2023

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry date
Amit Varma <i>Director</i>	Options	525,000 ⁽¹⁾	March 7, 2018	C\$0.20	N/A	C\$1.45	March 7, 2023
		350,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2023
David Paxton Wesley <i>Director</i>	Options	525,000 ⁽¹⁾	March 7, 2018	C\$0.20	N/A	C\$1.45	March 7, 2023
		350,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2023
Warner Wah- Ngok Fong <i>Director</i>	Options	525,000 ⁽¹⁾	March 7, 2018	C\$0.20	N/A	C\$1.45	March 7, 2023
		350,000	October 9, 2018	C\$2.60	N/A	C\$1.45	October 9, 2023

Notes:

(1) Granted by CNX Holdings Inc. ("CNX") and exchanged for options of the Company exercisable on the same terms and conditions upon closing of CNX's reverse take-over of the Company on September 21, 2018 (the "Transaction").

Exercise of Compensation Securities by Directors and NEOs

No director of NEO exercised compensation securities during the Company's most recently completed financial year ended December 31, 2018.

Stock Option Plans and Other Incentive Plans

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options pursuant to the Company's Amended and Restated Stock Option Plan dated for reference May 28, 2019.

Historically, CNX granted options pursuant to its own stock option plan. Upon closing of CNX's take-over of the Company on September 21, 2018, all of the then outstanding options of CNX were cancelled and terminated, in exchange for options under the stock option plan of the Company at the time (the "Old Stock Option Plan"). Subsequently, the Company granted further options under the Old Stock Option Plan. The Old Stock Option Plan was initially approved by the shareholders of the Company at the annual and special meeting of the shareholders held on October 16, 2009, and it was last ratified, confirmed and approved by the shareholders at the Company's annual meeting held on December 18, 2017. On May 28, 2019, the Board approved the Amended and Restated Stock Option Plan.

The underlying purpose of the Amended and Restated Stock Option Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Stock

Option Plan. For details of the Amended and Restated Stock Option Plan, see “*Particulars of Other Matters to be Acted Upon – Amended and Restated Stock Option Plan*” below.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

Pension Plan Benefits

The Company does not have any pension or retirement plan.

Employment, consulting and management agreements

Ken Villazor, President and CEO

The Company has in place an employment agreement with Ken Villazor, pursuant to which Mr. Villazor receives the sum of US\$250,000 per year for providing management services to the Company. In addition, Mr. Villazor is entitled to participate in the Company’s stock option plan as offered to other senior management personnel from time to time, in the sole discretion of the Board, and is entitled to be reimbursed for all authorized out of pocket expenses, including travel expenses. The employment agreement with Mr. Villazor will pay in lieu of notice, 2 weeks salary plus one months’ salary for every completed year of service (minimum of 6 months), upon termination without cause. Additionally, upon change of control, Mr. Villazor is entitled to 2 weeks salary plus one months’ salary for every completed year of service, or 12-month salary, whichever is greater.

Geoff Miachika, CFO

The Company has in place an employment agreement with Geoff Miachika, pursuant to which Mr. Miachika receives the sum of US\$135,000 per year for providing management services to the Company. In addition, Mr. Miachika is entitled to participate in the Company’s stock option plan as offered to other senior management personnel from time to time, in the sole discretion of the Board, and is entitled to be reimbursed for all authorized out of pocket expenses, including travel expenses. The employment agreement with Mr. Miachika will pay in lieu of notice, 2 weeks salary plus one months’ salary for every completed year of service (minimum of 6 months), upon termination without cause. Additionally, upon change of control, Mr. Miachika is entitled to 2 weeks salary plus one months’ salary for every completed year of service, or 12-month salary, whichever is greater.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the Amended and Restated Stock Option Plan. The following table sets out equity compensation plan information as at the Company’s December 31, 2018 financial year end.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by shareholders	11,852,500	C\$1.16	5,810,477 ⁽¹⁾
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Total	11,852,500	C\$1.16	5,810,477 ⁽¹⁾

Notes:

- (1) This figure is based on the total number of shares authorized for issuance under the Company's Old Stock Option Plan. As at December 31, 2018, the Company was authorized to issue a total of 17,662,977 options.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT OF AUDITOR

MNP LLP, Chartered Accountants, Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, BC V6E 0C3, will be nominated at the Meeting for appointment as auditor of the Company, to hold office until the next annual general meeting.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Amended and Restated Stock Option Plan

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options pursuant to the Company's Amended and Restated Stock Option Plan dated for reference May 28, 2019.

The Amended and Restated Stock Option Plan has been established to provide the Company with a share-related mechanism to attract, retain and motivate qualified employees, executive officers, directors, and consultants, to incent such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire shares of the Company as long term investments. The Amended and Restated Stock Option Plan is administered by the Board of the Company.

The Board is of the view that the Amended and Restated Stock Option Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

The Amended and Restated Stock Option Plan is subject to the following limitations. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Amended and Restated Stock Option Plan.

- (a) the maximum number of Options which may be granted to any one Option Holder under the Amended and Restated Stock Option Plan within any 12-month period shall be 5% of the Outstanding Issue, on a non-diluted basis, calculated on the date an option is granted;
- (b) with respect to the exercise period of an Option, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (c) the maximum number of Options which may be granted to any one consultant within any 12-month period must not exceed 2% of the Outstanding Issue, calculated on the date an option is granted; and
- (d) the maximum number of Options which may be granted within any 12-month period to employees or consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue, calculated on the date an option is granted, and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three-month period.

Material Terms of the Amended and Restated Stock Option Plan

The following is a summary of the material terms of the Amended and Restated Stock Option Plan:

- (a) Employees, Executive Officers, Directors, or Consultants of the Company or a related entity of the Company and their permitted assigns, including a trustee, custodian or administrator acting as an agent for that person, and that are permitted under Rule 701 under the U.S. Securities Act, are eligible to receive grants of options under the Plan (each an “Eligible Person”);
- (b) Options granted under the Plan are non-assignable and non-transferable and are exercisable for a period that will not exceed ten years from the Grant Date (as defined in the Plan) subject to earlier termination after certain events such as the option holder ceasing to hold office or employed or engaged by the Company, or the death or disability of the option holder;
- (c) Options granted under the Plan expire on the date set out on the option certificate or (i) on the 90th day following the date the option holder ceases to be an Eligible Person (for any reason other than death, disability or cause); (ii) the date on which the option holder ceases to be an Eligible Person for cause, for not meeting the qualifications set forth in the corporate legislation applicable to the Company, or an order made by any Regulatory Authority having jurisdiction to so order; (iii) in the event of an option holder’s death, on the date referred to in section (d) below; (iv) if the employment of an option holder is terminated by the Company by reason of such option holder’s disability, on the date referred to in section (e) below; and (v) if the option holder has ceased to be employed, engaged or appointed as a Director or Executive Officer of the Company by reason of such option holder’s disability and such option holder dies within one year after the termination of such engagement, on the date referred to in section (f) below.
- (d) If an option holder dies, any options held by him or her at the date of death will become exercisable by the option holder’s personal representative until the earlier of one year after the date of death of such option holder and the applicable Expiry Date (as defined in the Plan);
- (e) If the employment or engagement of an option holder as an Employee or Consultant, or the position of an option holder as a Director or Executive Officer of the Company or a related entity is terminated by the Company by reason of such option holder’s disability, any options held by him or her will become exercisable by such option holder or by the option holder’s personal representative until the earlier of one year after the termination of employment, engagement or appointment as a Director or Executive Officer and the applicable Expiry Date (as defined in the Plan);
- (f) If an option holder ceases to be employed, engaged or appointed as a Director or Executive Officer of the Company or a related entity by reason of such option holder’s disability and such option holder dies within one year after the termination of such engagement, any options held by

such option holder that could have been exercised immediately prior to his or her death shall pass to the personal representative of such option holder and shall be exercisable by the personal representative on or before the date which is the earlier of one year following the death of such option holder and the applicable Expiry Date (as defined in the Plan);

- (g) The exercise price of each option will be set by the Board on the effective date of the option and in no case will be less than the minimum prescribed by each of the Regulatory Authorities that would apply to the Company on the Grant Date in question (as defined in the Plan);
- (h) The Plan does not provide for mandatory vesting provisions of the options. Options granted under the Plan may contain vesting provisions at the discretion of the Board (or a committee thereof);
- (i) The Board reserves the right in its absolute discretion to amend, suspend or terminate the Plan. However, an amendment may not be made without shareholder approval if such approval is necessary to comply with applicable Regulatory Rules.

The foregoing summary is subject to and qualified by the provisions of the Amended and Restated Stock Option Plan available for review in **Schedule "B"** to this Circular.

Disinterested shareholder approval of the foregoing resolution is not required because the Plan cannot result at any time in: (i) the number of Common Shares reserved for issuance under stock options granted to insiders exceeding 10% of the issued Common Shares; (ii) the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued Common Shares; or (iii) the issuance to any one optionee, within a 12 month period, of a number of Common Shares exceeding 5% of the issued Common Shares.

The Board considers that the ability to grant incentive stock options is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote "For" the resolution approving the Company's Amended and Restated Stock Option Plan.** Unless otherwise instructed, the Company's management nominees named in the enclosed form of proxy will vote "IN FAVOUR" of the above resolution. If the Plan is not approved by the shareholders, existing options will not be affected, but new options granted by the Company will be required to be approved by the shareholders before they can be exercised by the holders thereof.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com under "Company Profiles - Flower One Holdings Inc". The Company's audited consolidated financial statements and management discussion and analysis ("MD&A") for the period ended December 31, 2018 are available for review under the Company's profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to ir@flowerone.com; or (ii) telephone to +1 (416) 913-9642.

OTHER MATTERS

Management knows of no other matters to come before the Meeting, other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters shall properly come before said Meeting, it is the intention of the persons designated by management of the Company in the form of proxy accompanying this Circular to vote the same in accordance with their best judgement of such matters.

APPROVAL OF INFORMATION CIRCULAR

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 29th day of May, 2019.

**ON BEHALF OF THE BOARD OF
FLOWER ONE HOLDINGS INC.**

/s/ "Ken Villazor"

Chief Executive Officer and Director

SCHEDULE "A"

FONE STOCK OPTION PLAN RESOLUTION

BE IT RESOLVED:

1. the proposed amended and restated stock option plan (the "**Plan**") of Flower One Holdings Inc. (the "**Company**") the full text of which is set out as Schedule "B" to the Circular, be and is hereby approved;
2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding shares of the Company as at the time of the grant; and
3. the directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under the seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.

SCHEDULE "B"

**AMENDED AND RESTATED
STOCK OPTION PLAN OF
FLOWER ONE HOLDINGS INC.
(THE "COMPANY")**

See attached.

FLOWER ONE HOLDINGS INC.

**AMENDED AND RESTATED
STOCK OPTION PLAN**

Effective Date: May 28, 2019

Approved by the Board of
Directors on May 28, 2019.

Approved by the
Shareholders on _____.

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STOCK OPTION PLAN

SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) "Administrator" means any administrator as may be designated as Administrator by the Board from time to time, if any.
- (b) "Affiliate" shall mean any "majority-owned subsidiary", as defined in Rule 405 under the U.S. Securities Act.
- (c) "Blackout Period" means an interval of time during which the Company, pursuant to its insider and Employee trading policy, if any, has advised its Directors, Executive Officers, and Employees to refrain from trading any securities of the Company;
- (d) "Board" means the board of directors of the Company.
- (e) "Change of Control" means an occurrence when either:
 - (i) a Person or Entity, other than the current "control person" of the Company (as that term is defined in the *Securities Act*), becomes a "control person" of the Company; or
 - (ii) a majority of the Directors elected at any annual general or special meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (f) "Code" means the United States Internal Revenue Code of 1986, as amended.
- (g) "Company" means Flower One Holdings Inc.
- (h) "Consultant" with respect to:
 - (i) a U.S. Option Holder, means consultants or advisors only if: (A) they are natural persons; (B) They provide bona fide services to the registrant; and (C) the services are not in connection with the offeror sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the registrant's securities; and
 - (ii) any other Option Holder, has the meaning ascribed to it in NI 45-106.
- (i) "CSE" means the Canadian Securities Exchange or any successor or assign thereof.
- (j) "Current Market Price" means the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange on the date of the exercise.
- (k) "Director" has the meaning ascribed to it in NI 45-106.
- (l) "Disability" means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to

engage in any substantial gainful activity, or any other condition of impairment that the Board, acting reasonably, determines constitutes a disability.

- (m) "Eligible Person" means any Employee, Executive Officer, Director, or Consultant of the Company or a related entity of the Company and their permitted assigns, including a trustee, custodian or administrator acting as an agent for that person, and that are permitted under Rule 701 under the U.S. Securities Act.
- (n) "Employee" means, for the purpose of Section 5.11 of this Plan, a person who is an employee of the Company (or any Parent or Subsidiary) for purposes of section 422 of the Code, and, for any other purpose, has the meaning ascribed to it in NI 45-106.
- (o) "Executive Officer" has the meaning ascribed to it in NI 45-106.
- (p) "Exercise Notice" means the written notice of the exercise of an Option, in the form set out as Appendix 2 to Schedule "A" hereto, duly executed by the Option Holder.
- (q) "Exercise Period" means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (r) "Exercise Price" means the price at which an Option is exercisable as determined in accordance with Section 5.3 herein.
- (s) "Expiry Date" means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with Section 5.4 herein.
- (t) "Expiry Time" means the time the Option expires on the Expiry Date, which is 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (u) "Grant Date" means the date on which the Board grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (v) "Incentive Stock Options" means an Option that qualifies an Incentive Stock Option under section 422 of the Code.
- (w) "NI 45-106" means National Instrument 45-106 *Prospectus Exemptions*.
- (x) "Nonqualified Stock Option" means an Option that is not an Incentive Stock Option.
- (y) "Option" means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Nonqualified Stock Options.
- (z) "Option Certificate" means the certificate, in substantially the form set out as Schedule "A" hereto, evidencing the Option.
- (aa) "Option Holder" means an Eligible Person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (bb) "Outstanding Issue" means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.

- (cc) "Person or Entity" means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (dd) "Personal Representative" means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (ee) "Plan" means this stock option plan as from time to time amended.
- (ff) "Regulatory Approvals" means any necessary approvals of or required by the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (gg) "Regulatory Authorities" means all stock exchanges or stock quotation systems or other organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (hh) "Regulatory Rules" means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the Company or the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ii) "*Securities Act*" means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (jj) "Session" means the time period during which the CSE is open for trading, other than a session during which trading is limited to the execution of transactions at a single price.
- (kk) "Share" or "Shares" means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (ll) "Trading Day" means a day on which a Session occurs, provided a Blackout Period is not in place on such day.
- (mm) "Triggering Event" means:
 - (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;

- (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
- (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Board, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (nn) "U.S. Option Holder" shall mean any holder of an Option who (i) is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act); (ii) is holding or exercising Options in the United States; or (iii) whose Options awarded under the Plan are subject to taxation under the Code, including United States tax residents and United States citizens regardless of country of residency.
- (oo) "U.S. Exchange Act" means the United States Securities Exchange Act of 1934, as amended.
- (pp) "U.S. Person" has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act and generally includes, but is not limited to, any natural person resident in the United States, any partnership or corporation organized under the laws of the United States and any estate or trust of which any executor, administrator or trustee is a U.S. Person.
- (qq) "U.S. Securities Act" means the United States Securities Act of 1933, as amended.
- (rr) "Vest" or "Vesting" means that a portion of the Option granted to the Option Holder is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2 GRANT OF OPTIONS

2.1 Grant of Options

The Board shall, from time to time in its sole discretion, grant Options to such Eligible Persons on such terms and conditions as are permitted under this Plan. Options will be awarded to U.S. Option Holders only if such U.S. Option Holder performs services for the Company or any corporation or other entity in which the Company has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined in accordance with applicable regulation under section 409A of the Code ("Section 409A"), such that the Option will constitute an award with respect to "service recipient stock" for purposes of Section 409A or otherwise does not subject the Option to the excise tax under Section 409A.

2.2 Record of Option Grants

The Board shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;

- (b) the category (Employee, Executive Officer, Director, or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the appendices, if any, attached to the Option Certificate for such Option. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, including the terms and conditions set out in any appendices attached to the Option Certificate.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified eEmployees, Executive Officers, Directors, and Consultants, to incent such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Board shall, from time to time and in its sole discretion, determine those Eligible Persons, if any, to whom Options are to be granted.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12-month period shall be 5% of the Outstanding Issue, on a non-diluted basis, calculated on the date an option is granted;
- (b) with respect to Section 5.1 herein, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (c) the maximum number of Options which may be granted to any one Consultant within any 12-month period must not exceed 2% of the Outstanding Issue, calculated on the date an option is granted; and
- (d) the maximum number of Options which may be granted within any 12-month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue, calculated

on the date an option is granted, and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three-month period,

and such limitation will not be an amendment to this Plan requiring the Option Holders consent under Section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Board or the Administrator, if any, shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by Board or the Administrator, if any, to each Option Holder.

3.6 Limitation on Service

The Plan does not give any Option Holder the right to serve or continue to serve, to be engaged or to continue to be engaged, or to be employed or to continue to be employed as an Employee, Executive Officer, Director or Consultant, as the case may be, of the Company or any related entity. For clarity, an Affiliate of the Company shall be a related entity.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options granted under this Plan.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral written or, with respect to an Option Holder who is not a U.S. Option Holder, an oral agreement with the Company, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

**SECTION 4
NUMBER OF SHARES UNDER PLAN**

4.1 Board to Approve Issuance of Shares

The Board shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Board shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan. For greater certainty, nothing in this Section 4.1 or the Plan is intended to permit the grant of Options on a retroactive basis.

4.2 Number of Shares

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan will not exceed 10% of the Outstanding Issue. If an Option is exercised by an Option Holder, the Shares issued on exercise will be considered to be part of the pool of Shares available for Options under the Plan and may be granted under the Plan. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan. All Shares issued pursuant to the due exercise of Options granted under the Plan will be so issued as fully paid and non-assessable Common shares of the Company.

4.3 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

**SECTION 5
TERMS AND CONDITIONS OF OPTIONS**

5.1 Exercise Period of Option

Subject to Section 5.4 herein, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Board at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Board, subject to CSE policies while the Company's Shares are listed on the CSE, and shall be set out in the Option Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Board and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than:

- (a) the greater of the CSE closing trading price of the Shares: on (i) the trading day immediately preceding the Grant Date; and (ii) the Grant Date; and
- (b) if the Company's Shares are not listed on any organized trading facility, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Board to be the fair value of the Shares, taking into consideration all factors that the Board deems appropriate,

including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length and, with respect to Options granted to U.S. Option Holders, any other factors required to be considered under Section 409A for purposes of valuation of stock that is not traded on an established securities market,

provided that the Board may designate an Exercise Price below the price determined as provided above, if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an affiliate of the Company.

Notwithstanding anything else contained herein, in no case will the Exercise Price be less than the minimum prescribed by each of the Regulatory Authorities that would apply to the Company on the Grant Date in question.

5.4 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect upon the earliest of:

- (a) the Expiry Time on the Expiry Date;
- (b) unless otherwise determined by the Board and expressly provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to be an Eligible Person for any reason other than death, Disability or cause;
- (c) the date on which the Option Holder ceases to be an Eligible Person:
 - (i) for cause (which, in the case of a Consultant, includes any breach of an agreement between the Company and the Consultant);
 - (ii) for not meeting the qualifications set forth in the corporate legislation applicable to the Company;
or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order;
- (d) the date established, if applicable, in Section 6.2 of this Plan; [*Death*]
- (e) subject to Subsection (f) below, the date established, if applicable, in Section 6.3 of this Plan; [*Disability*]
- (f) the date established, if applicable, in Section 6.4 of this Plan; [*Disability and death*] and
- (g) the date established, if applicable, in Section 12.4 of this Plan [*Triggering Event*].

In the event that the Option Holder ceases to hold the position of Employee, Executive Officer, Director, or Consultant for which the Option was originally granted, but comes to hold a different position as an Employee, Executive Officer, Director, or Consultant prior to the expiry of the Option, the Board may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under Section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.5 Re-issuance of Option

Options which are cancelled or expire prior to exercise may be re-issued under the Plan without shareholder approval. If an Option is cancelled prior to its expiry date, Options cannot be granted to the same Optionee until 30 days have elapsed from the date of cancellation.

5.6 Tax Withholding.

Subject to statutory tax withholding requirements as set out in the *Income Tax Act* (Canada), the Company reserves the right, upon the exercise of any Options granted under this Plan by an Option Holder who is an Employee or a Director of the Company, to either

- (a) sell on such Option Holder's behalf a sufficient number of issued Shares to satisfy the tax liability under the *Income Tax Act* (Canada) and under applicable foreign income tax laws, including federal, state, and local tax laws; or
- (b) to require that such Option Holder pay an amount to the Company equal to the withholding obligation as a condition of exercise.

5.7 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Board and shall be set out in the Option Certificate issued in respect of the Option.

Subject to compliance with Regulatory Rules, in the event of a Triggering Event, the Board will have the power to deal with outstanding Options in the manner it deems fair and reasonable in light of circumstances. Without limiting the generality of the foregoing, the Board will have the power:

- (a) to accelerate the vesting schedule of one or more Options and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under Section 9.2 of this Plan; and
- (b) to terminate such Options as of the effectiveness of such Triggering Event.

If the Board exercises its power to permit the exercise of all such Option prior to effectiveness of such Triggering Event, then the Options then outstanding and subject to such requirements will be deemed to have been amended to permit the exercise thereof in whole or in part by the Option Holder at any time or from time to time as determined by the Board prior to the effectiveness of such Triggering Event, and such Options will also be deemed to have terminated as provided above.

5.8 Additional Term

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Board may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate.

5.9 Option Certificates

The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, including the terms and conditions set out in any appendices attached to the Option Certificate. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms

and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

5.10 Term of Option

The Options will be exercisable for a period that will not exceed ten years from the Grant Date.

5.11 Incentive Stock Options

- (a) Maximum Number of Shares for Incentive Stock Options. Notwithstanding any other provision of this Plan to the contrary, the aggregate number of Common Shares available for Incentive Stock Options is 10,000,000, subject to adjustment pursuant to Section 12 of this Plan and subject to the provisions of Sections 422 and 424 of the Code.
- (b) Designation of Options. Each Option Certificate with respect to an Option granted to a U.S. Option Holder shall specify whether the related Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made in the Option Certificate, the related Option will be a Nonqualified Stock Option.
- (c) Special Requirements for Incentive Stock Options. In addition to the other terms and conditions of this Plan (and notwithstanding any other term or condition of this Plan to the contrary, except Section 11, which shall take precedence over this Section 5.11 in the event of any conflict between such Sections), the following limitations and requirements will apply to an Incentive Stock Option:
 - (i) An Incentive Stock Option may be granted only to an Employee.
 - (ii) The aggregate Fair Market Value of the Common Shares (determined as of the applicable Grant Date) with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Option Holder during any calendar year (pursuant to this Plan and all other plans of the Company and of any Parent or Subsidiary) will not exceed one hundred thousand United States dollars (US\$100,000) or any other limitation subsequently set forth in Section 422(d) of the Code. To the extent that an Option that is designated as an Incentive Stock Option becomes exercisable for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion that exceeds such amount will be treated as a Nonqualified Stock Option.
 - (iii) The exercise price per Share payable upon exercise of an Incentive Stock Option will be not less than one hundred percent (100%) of the Fair Market Value of a Share on the applicable Grant Date; provided, however, that the exercise price per Share payable upon exercise of an Incentive Stock Option granted to a U.S. Option Holder who is a 10% Shareholder (within the meaning of Code Sections 422 and 424) on the applicable Grant Date will be not less than one hundred ten percent (110%) of the Fair Market Value of a Share on the applicable Grant Date.
 - (iv) No Incentive Stock Option may be granted more than ten (10) years after the earlier of (i) the date on which this Plan is adopted by the Board or (ii) the date on which this Plan is approved by the shareholders of the Company.
 - (v) An Incentive Stock Option will terminate and no longer be exercisable no later than ten (10) years after the applicable Grant Date; provided, however, that an Incentive Stock Option granted to a U.S. Option Holder who is a 10% Shareholder (within the meaning of Code Sections 422 and 424) on the applicable Grant Date will terminate and no longer be exercisable no later than five (5) years after the applicable Grant Date.
 - (vi) An Incentive Stock Options shall be exercisable in accordance with its terms under the Plan and the applicable Option Certificate and related exhibits and appendices thereto. However, in order to retain its treatment as an Incentive Stock Option for United States federal income tax purposes, the

Incentive Stock Option must be exercised within the following time periods (to the extent it otherwise is exercisable during such period pursuant to its terms):

- (1) For Incentive Stock Option treatment, if a U.S. Option Holder who has been granted an Incentive Stock Option ceases to be an Employee due to the Disability of such U.S. Option Holder (within the meaning of Code Section 22(e)), such Incentive Stock Option must be exercised (to the extent such Incentive Stock Option was exercisable on the date of Disability) by the date that is one year following the date of such Disability (but in no event beyond the term of such Incentive Stock Option).
 - (2) For Incentive Stock Option treatment, if a U.S. Option Holder who has been granted an Incentive Stock Option ceases to be an Employee for any reason other than the death or Disability of such U.S. Optionholder, such Incentive Stock Option must be exercised (to the extent such Incentive Stock Option was exercisable on the date of termination) by such U.S. Option Holder within three months following the date of termination (but in no event beyond the term of such Incentive Stock Option).
 - (3) For purposes of this Section 5.11(c)(vi), the employment of a U.S. Option Holder who has been granted an Incentive Stock Option will not be considered interrupted or terminated upon (a) sick leave, military leave or any other leave of absence approved by the Board that does not exceed ninety (90) days in the aggregate; provided, however, that if reemployment upon the expiration of any such leave is guaranteed by contract or applicable law, such ninety (90) day limitation will not apply, or (b) a transfer from one office of the Company (or of any Parent or Subsidiary) to another office of the Company (or of any Parent or Subsidiary) or a transfer between the Company and any Parent or Subsidiary.
- (vii) An Incentive Stock Option granted to a U.S. Option Holder may be exercised during such U.S. Option Holder's lifetime only by such U.S. Option Holder.
 - (viii) An Incentive Stock Option granted to a U.S. Option Holder may not be transferred, assigned, pledged, hypothecated or otherwise disposed of by such U.S. Option Holder, except by will or by the laws of descent and distribution.
 - (ix) In the event the Plan is not approved by the shareholders of the Company in accordance with the requirements of Section 422 of the Code within twelve (12) months of the date of adoption of the Plan, Options otherwise designated as Incentive Stock Options will be Nonqualified Stock Options.
 - (x) The Company shall have no liability to a U.S. Option Holder or any other party if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.12 U.S. Securities Laws.

Neither the Options which may be granted pursuant to the provisions of the Plan nor the Shares which may be purchased pursuant to the exercise of Options have been registered under the U.S. Securities Act or under any securities law of any state of the United States of America. Accordingly, any Option Holder who is or becomes a U.S. Option Holder, who is granted an Option in the United States, who is a resident of the United States or who is otherwise subject to the U.S. Securities Act or the securities laws of any state of the United States shall by acceptance of the Options be deemed to represent, warrant, acknowledge and agree that:

- (a) the Option Holder is acquiring the Options and any Shares acquired upon the exercise of such Options as principal and for the account of the Option Holder;
- (b) in granting the Options and issuing the Shares to the Option Holder upon the exercise of such Options, the Company is relying on the representations and warranties of the Option Holder contained in this Plan relating to the Options to support the conclusion of the Company that the granting of the Options and the issue of Shares upon the exercise of such Options do not require registration under the U.S. Securities Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Shares issued upon the exercise of such Options to a U.S. Option Holder shall bear a restrictive legend provided for in the Option Certificate;
- (d) other than as contemplated by Section 5.12(c), prior to making any disposition of any Shares acquired pursuant to the exercise of such Options which might be subject to the requirements of the U.S. Securities Act, the U.S. Option Holder shall give written notice to the Company describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Company to determine whether registration under the U.S. Securities Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by Section 5.12(c), the U.S. Option Holder will not attempt to effect any disposition of the Shares owned by the U.S. Option Holder and acquired pursuant to the exercise of such Options or of any interest therein which might be subject to the requirements of the U.S. Securities Act in the absence of an effective registration statement relating thereto under the U.S. Securities Act or an opinion of counsel satisfactory in form and substance to counsel for the Company that such disposition would not constitute a violation of the U.S. Securities Act or any securities laws of any state of the United States of America and then will only dispose of such Shares in the manner so proposed;
- (f) the Company may place a notation on the records of the Company to the effect that none of the Shares acquired by the U.S. Option Holder pursuant to the exercise of such Options shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Shares acquired by the U.S. Option Holder pursuant to the exercise of such Options is such that the U.S. Option Holder may not be able to sell or otherwise dispose of such Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Securities Act other than as contemplated by Section 5.12(c).

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

Except as provided otherwise in this Section 6, the Options are non-assignable and non-transferable.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a Director or Executive Officer of the Company or a related entity is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a Director or Executive Officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a Director or Executive Officer of the Company or a related entity (as such terms are defined by NI 45-106, as amended from time to time) by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Board determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

**SECTION 7
EXERCISE OF OPTION**

7.1 Exercise of Option

- (a) An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Board or the Administrator, if any:
- (i) the required Exercise Notice;
 - (ii) the applicable Option Certificate; and
 - (iii) (A) a certified cheque, bank draft or money order payable to or to the order of the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of such Option; or (B) if the Option Holder has elected to exercise such Option in whole or in part by means of a cashless exercise in accordance with Section 7.1(b) herein, the amount, if any, equal to the aggregate Exercise Price in respect of the Shares then being purchased pursuant to the exercise of such Option that the Option Holder has not elected to exercise by means of a cashless exercise in accordance with Section 7.1(b) herein.

- (b) An Option Holder may exercise any Option in whole or in part from time to time prior to the Expiry Date by means of a “cashless exercise” whereby the Option Holder shall surrender for cancellation all of such Option subject to the cashless exercise (being that portion of such Option exercised for such number of Shares represented by “X” in the formula below) in exchange for which the Option Holder shall be entitled to receive and the Company will issue and deliver to the Option Holder a certificate or DRS statement for the number of Shares equal to the quotient obtained by dividing $[(A-B) (X)]$ by (A), where:

A = the Current Market Price of the Shares on the date on which Option Holder elects to exercise such Option by means of a “cashless exercise,” as set forth in the applicable Exercise Notice;

B = the Exercise Price of such Option, as adjusted hereunder; and

X = the number of Shares for which such Option has been exercised by means of a cashless exercise and that would be issuable upon exercise of such Option in accordance with the terms of such Option if such exercise were by means of a cash exercise rather than a cashless exercise,

the Exercise Price shall be deemed to be satisfied by the surrender for cancellation of such Option for such lesser number of Shares calculated in accordance with the formula above than would otherwise be issuable upon the exercise of such Option in accordance with Section 7.1(a) of this Plan.

7.2 Issue of Share Certificates or DRS Statements

As soon as reasonably practicable following the receipt of the Exercise Notice, the Board shall deliver or cause to be delivered to the Option Holder a certificate or DRS statement for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Board shall also provide or cause to provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the certificate or DRS statement for the Shares purchased.

7.3 No Rights as Shareholder

Until the date of the issuance of the certificate or DRS statement for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Board determines otherwise. In the event of any dispute over the date of the issuance of the certificate or DRS statement, the decision of the Board shall be final, conclusive and binding.

SECTION 8 ADMINISTRATION

8.1 Board

The Plan shall be administered by the Board, or by an Administrator appointed in accordance with Section 8.3(b).

8.2 Quorum and Voting

A majority of the members of the Board shall constitute a quorum and, subject to the limitations in this Section 8, all actions of the Board shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Board may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself or herself (but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is taken with respect to the granting of Options to that member). The Board may approve matters by written resolution signed by a majority of the quorum.

8.3 Powers of Board

Subject to the rules of any Regulatory Authorities, and except as provided for in the Plan, the Board shall have the authority to do the following:

- (a) administer the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Exercise Price of the Shares;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Employees, Executive Officers, Directors, or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and Section 9.2 herein, amend the terms of any Options;
 - (iv) determine when Options shall be granted; and
 - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.4 Administration by Administrator

All determinations made by the Administrator in good faith shall be final, conclusive and binding upon all persons. The Administrator shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.5 Interpretation

The interpretation by the Board or the Administrator of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan or any Options made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or

determination in the manner provided for by the Company. Any determination approved by a majority of the members of the Board will be deemed to be a determination of that matter by the Board.

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Board, this Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Company. Any such Options granted under this Plan will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment Plan

Subject to any required Regulatory Approvals, the Board may from time to time amend, suspend or terminate the Plan or any portion thereof at any time, but an amendment may not be made without shareholder approval if such approval is necessary to comply with applicable Regulatory Rules. Notwithstanding anything herein to the contrary, no amendment, variance or discontinuance of the Plan, or any agreement or entitlement subject to the Plan, may be made, without the prior written consent of the Option Holder, if the Board determines that the effect thereof is to impair, derogate from or otherwise materially and adversely affect any Option previously granted to such Option Holder under the Plan.

SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates or DRS statements representing such Shares accordingly.

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any Regulatory Rules, then such provision will be deemed to be amended to the extent required to bring such provision into compliance therewith.

10.2 Obligation to Obtain Regulatory Approvals

In administering this Plan, the Board will seek any Regulatory Approvals required from time to time. The Board will make all filings required with the Regulatory Authorities in respect of the Plan and grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals, if any, have been obtained. The Board shall be entitled to amend this Plan in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under Section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Board to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11 CALIFORNIA OPTIONS

Notwithstanding any other provision of this Plan, the provisions of this Section 11 shall apply to any Option granted or proposed to be granted to a Person in California, unless such Option is otherwise exempt from the applicable securities laws of California (a "California Option").

11.1 Termination Date.

A California Option may not be exercised, nor may any securities be delivered pursuant to a California Option, more than 10 years after the grant date and any Option Certificate shall terminate on or before the 10th anniversary of the date of grant.

11.2 Post-Termination Exercise Period.

Subject to Section 11.1 of this Plan, unless employment is terminated for cause as defined by applicable law, the terms of the Plan or Option Certificate or a contract of employment, the right to exercise an Option by an Option Holder in California in the event of termination of employment of the Option Holder, to the extent that the Option Holder is entitled to exercise on the date employment terminates, continues until at least the earlier of:

- (a) the expiration of the Term of Option;
- (b) at least six months from the date of termination, if termination was caused by death or disability; or
- (c) at least 30 days from the date of termination, if termination was caused by other than death or disability.

11.3 Non-Transferability.

No Option Holder may transfer any California Option or any rights to acquire any securities thereunder except by will, by the laws of descent and distribution, to a revocable trust, or as permitted by Rule 701 under the Securities Act.

11.4 Shareholder Approval / Grant Limitations.

The Company will not grant California Options unless:

- (a) the Company is a foreign private issuer, as defined by Rule 3b-4 under the U.S. Exchange Act, on the grant date of the California Option, and the aggregate number of persons in California granted awards under all compensation plans and agreements and issued securities under all purchase and bonus plans and agreements of the Company does not exceed 35; or
- (b) prior to any grant made in reliance upon this subparagraph (b) and within 12 months before or after the Plan was adopted by the Board, the Plan is approved by a majority of the Company's outstanding securities entitled to vote, not counting for the purpose of calculating such vote any securities issued upon exercise or vesting of Options granted in California.

SECTION 12 ADJUSTMENTS AND TERMINATION

12.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Board may terminate or suspend the Plan.

12.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

12.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way changed or substituted for, or if there is a stock dividend or after distribution of the Company's equity securities without the receipt of consideration by the Company, of or on the Shares, the Board shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Board determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this Section 12.3, and without limitation, neither:

- (a) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (b) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company.

Any adjustment made to any Options pursuant to this Section 12.3 shall not be considered an amendment for the purposes of Section 9.2 of this Plan.

12.4 Triggering Events

Subject to the Company complying with Section 12.5 of the Plan and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Board may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Board deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment for the purpose of Section 9.2 of the Plan.

12.5 Notice of Termination by Triggering Event

In the event that the Board wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to

exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

12.6 Determinations to be Made By Board

Adjustments and determinations under this SECTION 12 shall be made by the Board, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive. Any adjustment or amendment to an outstanding Option of a U.S. Option Holder pursuant to this Section 12 or any other provision in the Plan will be made so as to comply with, and not created any adverse consequences under, Section 409A.

**SECTION 13
BLACKOUT PERIODS**

13.1 Extension for Exercise of Options during Blackout Periods

Where the expiry date of an Option, or the deadline for filing an Exercise Notice, occurs during or within a Blackout Period, the expiry date for such Option or the deadline for the receipt of an Exercise Notice, shall be extended to the date which is ten Trading Days after the expiry of such Blackout Period, whether consecutive or non-consecutive, following the end of such Blackout Period or any subsequently imposed Blackout Period occurring during such thirty Trading Day period. The automatic extension of an Option Holder's Options will not be permitted where the Option Holder or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company's securities.

SCHEDULE "A"

FLOWER ONE HOLDINGS INC.

STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the "Plan") of Flower One Holdings Inc. (the "Company") and evidences that [•] is the holder (the "Option Holder") of an option (the "Option") to purchase up to [•] common shares (the "Shares") in the capital stock of the Company at a purchase price of **Cdn.\$ [•]** per Share (the "Exercise Price"). This Option may be exercised at any time and from time to time from and including the vesting dates in accordance with **Appendix 1** attached hereto through to and including up to 5:00 p.m. local time in Vancouver, British Columbia on [•] (the "Expiry Time").

To exercise this Option, the Option Holder must deliver to the Board of the Company or the Administrator of the Plan, if any, prior to the Expiry Time on the Expiry Date:

- (a) an Exercise Notice, in the form attached hereto as **Appendix 2**;
- (b) the original copy of this Option Certificate; and
- (c) (A) a certified cheque, bank draft or money order payable to or to the order of the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of this Option; or (B) if the Option Holder has elected to exercise this Option in whole or in part by means of a cashless exercise in accordance with the next paragraph, the amount, if any, equal to the aggregate Exercise Price in respect of the Shares then being purchased pursuant to the exercise of this Option that the Option Holder has not elected to exercise by means of a cashless exercise in accordance with the next paragraph.

An Option Holder may exercise this Option in whole or in part from time to time prior to the Expiry Date by means of a "cashless exercise" whereby the Option Holder shall surrender for cancellation all of this Option subject to the cashless exercise (being that portion of this Option exercised for such number of Shares represented by "X" in the formula below) in exchange for which the Option Holder shall be entitled to receive and the Company will issue and deliver to the Option Holder a certificate or DRS statement for the number of Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

A = the Current Market Price of the Shares on the date on which Option Holder elects to exercise this Option by means of a "cashless exercise," as set forth in the applicable Exercise Notice;

B = the Exercise Price of this Option, as adjusted hereunder; and

X = the number of Shares for which this Option has been exercised by means of a cashless exercise and that would be issuable upon exercise of this Option in accordance with the terms of this Option if such exercise were by means of a cash exercise rather than a cashless exercise,

the Exercise Price shall be deemed to be satisfied by the surrender for cancellation of this Option for such lesser number of Shares calculated in accordance with the formula above than would otherwise be issuable upon the exercise of this Option in accordance with the preceding paragraph.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend: or DRS statements representing the Shares will be endorsed with the following or a similar legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

provided that if such Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act the foregoing legends may be removed by providing a written declaration by the holder to the registrar and transfer agent for the Shares to the following effect:

"The undersigned (A) acknowledges that the sale of _____ common shares represented by Certificate Number(s) _____, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Company or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of a “designated offshore securities market” within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any person acting on its behalf engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings as used in Regulation S.”;

If the Option Holder is a U.S. person (the definition of which includes, but is not limited to, a person resident in the United States, a partnership or corporation organized or incorporated under the laws of the United States, and a trust or estate of which any trustee, executor or administrator is a U.S. person), the Option Holder has prepared, executed and delivered herewith a supplemental Acknowledgment and Agreement for U.S. Option Holders substantially in the form provided by the Company (attached hereto as Exhibit 1), which is true and correct in every material respect as of the date hereof.

FLOWER ONE HOLDINGS INC.

Per:

Director

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed: _____

Print Name

Address

EXHIBIT 1

Exhibit 1 to Schedule A

**STOCK OPTION PLAN
SUPPLEMENTAL ACKNOWLEDGMENT AND AGREEMENT
(U.S. OPTION HOLDER)**

The grant of the Option evidence hereby is made subject to the terms and conditions of the Company's Stock Option Plan and the Stock Option Certificate, the terms and conditions of which are hereby incorporated herein.

The Option Holder is a bona fide Director, Executive Officer, Employee or Consultant (as such terms are defined in the Plan), as the case may be, and is participating in the Plan voluntarily.

Neither the Option nor the Shares have been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. The Options may not be exercised in the United States unless registered under the U.S. Securities Act or an exemption from such registration requirement is available. Any Shares issued to the Option Holder in the United States that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

The Option Holder acknowledges that the Options are not intended to qualify as "incentive stock options" in accordance with the terms of Section 422 of Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. The Option Holder acknowledges that the Company may have federal, state, provincial or local tax withholding and reporting obligations and consents to such actions by the Company as may reasonably be required to comply with such obligations in connection with the exercise of Options. The acceptance and exercise of the Option and the sale of Shares issued pursuant to exercise of the Option may have consequences under federal, provincial and other tax and securities laws which may vary depending on the individual circumstances of the Option Holder. Accordingly, the Option Holder acknowledges that the Option Holder has been advised to consult the Option Holder's personal legal and tax advisors in connection with this Agreement and the Option Holder's dealings with respect to the Option or the Shares.

FLOWER ONE HOLDINGS INC.

Per: _____

Authorized Signatory

Employee Signature

APPENDIX 1
VESTING DATES

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

The Option may be exercised with respect to the purchase of the following number of Shares at any time and from time to time from and including the vesting dates included opposite to such number of Shares below, through to and including the Expiry Time:

- a. [•]Shares ([•]%) will vest and be exercisable from [•];
- b. [•] additional Shares ([•]%) will vest and be exercisable from [•]; and
- c. [•] additional Shares ([•]%) will vest and be exercisable from [•].

APPENDIX 2
NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan [*if applicable*]
 The Board of Flower One Holdings Inc. (the "Company")
 [•]
 (or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the "Plan") of Flower One Holdings Inc. (the "Company"), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Shares; or
(b) _____ of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**).

In connection with such exercise, the undersigned represents, warrants and covenants to the Company (and acknowledges that the Company is relying thereon) that (**check one**):

_____ 1. The undersigned is not a U.S. person (the definition of which includes, but is not limited to, a person resident in the United States, a partnership or corporation organized or incorporated under the laws of the United States, and a trust or estate of which any trustee, executor or administrator is a U.S. person), the undersigned was not offered the Shares in the United States and the options are not being exercised within the United States or for the account or benefit of a U.S. person. The terms "United States" and "U.S. person" are as defined by Rule 902 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"); or

_____ 2. The undersigned represents, warrants and covenants to the Company that:

(a) the undersigned understands and agrees that:

_____ (i) the Shares have not been and will not be registered under the U.S. Securities Act and the Shares are being offered and sold by the Company in reliance upon an exemption from registration under the U.S. Securities Act; or

_____ (ii) the Shares have been registered under the U.S. Securities Act and paragraph (c) below does not apply;

(b) if the undersigned is a U.S. person, the undersigned confirms that the representations and warranties of the undersigned set forth in the Supplemental Acknowledgment and Agreement attached as Exhibit 1 to Schedule A remain true and correct as of the date hereof; and

(c) unless the shares have been registered under the U.S. Securities Act, the undersigned understands that upon the issuance of the Shares, and until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable U.S. state laws and regulations, the certificates representing the Shares will bear a legend in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S

UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided, that if Shares of the Company are being sold under clause (B) above, the legend may be removed by providing a declaration to the Company's transfer agent in such form as the Company may from time to time prescribe together with such documentation as the Company or its transfer agent may require, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act.

The terms "United States" and "U.S. person" are as defined by Rule 902 of Regulation S under the U.S. Securities Act.

The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to "Flower One Holdings Inc." in an amount equal to the aggregate Exercise Price of the aforesaid Shares and directs the Company to issue the certificate or DRS statement evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address (**provide full complete address**):

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 5:00 p.m. local time in Vancouver, B.C. on the Expiry Date of the Option.

DATED the _____ day of _____, 20_____.

Signature of Option Holder

SCHEDULE “C”
AUDIT, RISK & FINANCE COMMITTEE CHARTER

I. PURPOSE

The Audit, Risk & Finance Committee Charter (the “**Charter**”) outlines the duties and responsibilities of the Audit, Risk & Finance Committee (the “**Committee**”) is, subject to applicable laws and the Company’s constating documents, to:

- (a) assist the board of directors (the “**Board of Directors**” or “**Board**”) of Flower One Holdings Inc. (the “**Company**”) in fulfilling its oversight responsibilities by reviewing and reporting on the financial information which will be provided to shareholders and others, the system of corporate internal controls which management and the Board have established, and the audit process;
- (b) identifying the principal risks of the Company and its subsidiaries and ensuring the implementation of appropriate systems to monitor those risks;
- (c) reviewing accounting principles, capital budgeting and major transactions (acquisitions, divestitures and funding);
- (d) increasing the credibility and objectivity of financial reports;
- (e) facilitating better communication between director of the Company (the “**Directors**”) and the external auditor;
- (f) enhancing the independence of the external auditor; and
- (g) reviewing compliance with applicable legal and regulatory requirements.

II. COMPOSITION AND TERM OF OFFICE

- A. Members of the Committee are appointed for a one (1) year term at the first meeting of the Directors of the Company following the Annual General Meeting. Members of the Committee may be removed from office or replaced at any time by the Board. Any member shall cease to be a member upon ceasing to be a Director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
- B. The Committee is comprised of not less than three (3) Directors who are financially literate (i.e. have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement) and at least one member shall have an accounting designation or related financial expertise.
- C. The Chair of the Committee shall be appointed by the Board of Directors. In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
- D. The Chief Financial Officer (“CFO”) will act as the management liaison for the Committee.
- E. The Committee will meet not less than four (4) times per year.
- F. The quorum for the Committee is a majority of members.

III. FINANCIAL REPORTING

The Committee will have the following duties and responsibilities:

- A. Review and recommend to the Board the annual financial reports (AIF, MIC, N.I. 52-110F1, financial statements, MD&A, reports to shareholders and press releases) for approval.
- B. Review and recommend to the Board the quarterly financial statements (financial statements, MD&A, reports to shareholders and press releases) for approval.
- C. Be satisfied that for all other public disclosures or information that is extracted or derived from the financial statements, that management has procedures in place to review such information, and periodically assess the adequacy of such procedures.
- D. Review and approve any other press releases that relate to material financial disclosures.
- E. Review and recommend any changes to accounting policies to the Board.
- F. Review with the auditors any areas of judgment or where estimates have been made, including effects of alternatives under generally accepted accounting principles.

IV. OTHER REVIEW PROCEDURES

The Committee will have the following duties and responsibilities:

- A. Review with management the opportunities and risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- B. Oversee management reporting on and review of adequacy of internal controls (while it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit, Risk & Finance Committee to ensure that management has done so).
- C. Gain reasonable assurance that the Company complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure.
- D. Confirm or review the Company's disclosure policy.
- E. Review material transactions (acquisitions, divestitures and funding).
- F. Review policies and compliance with same that require significant actual or potential liabilities, contingent or otherwise, to be reported to the committee in a timely fashion.
- G. Approve annually the reasonableness of the expenses of the Executive Chairman, President and CFO.

V. EXTERNAL AUDITORS

The Committee will recommend to the Board, for shareholder approval, an external auditor to examine the Company's accounts, control and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Company.

The external auditor reports directly to the Committee with unrestricted access and will meet at least quarterly with the Committee. Matters discussed will include the annual audit, quarterly reviews, the quality of the Company's accounting policies and principles, and the adequacy and effectiveness of the Company's internal control and management information systems. In-camera sessions with the external auditors will be held quarterly or as determined by the Committee. In addition, the Committee will have the following duties and responsibilities:

- A. Provide approval and recommend to the Board the external auditor's remuneration, or their discharge.
- B. Provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and ensure their independence.
- C. Evaluate the audit services provided by the external auditor;
- D. Review external audit plans for the year.
- E. Review with the external auditors any difficulties which arose during the course of their engagement and the ongoing relationship with management.
- F. Obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.
- G. Review, at least annually, the relationship between the Company and the external auditor in order to establish the independence of the external auditor.
- H. Pre-approve all audit and non-audit services to be provided by the external auditor (which may be delegated to one or more members of the Committee for ratification at the next scheduled Audit, Risk & Finance Committee meeting).
- I. Review and approve any hiring of partners/employees of the external auditors.

VI. OTHER

The Committee will have the following duties and responsibilities:

- A. Establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees. Refer to Whistle Blowing Policy (TAB 5(B)).
- B. Ensure for each meeting that minutes are recorded, drafted and circulated on a timely basis to committee members.
- C. Confirm or amend the Committee's charter annually, for review by external auditors and legal counsel and approval by the Board.
- D. Prior to renewals, review Director & Officer Liability insurance and other corporate insurance coverage.

VII. REVIEW OF CHARTER, AMENDMENT AND WAIVER

The Board will review and reassess the adequacy of this Charter annually or otherwise as it deems appropriate. These guidelines may be amended or modified by the Board, subject to disclosure and other policies and guidelines of the Canadian Securities Administrators.

Last approved by the Board of Directors: October 3, 2018