NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR

AN EXTRAORDINARY MEETING

OF

HOLDERS OF 9.5% UNSECURED CONVERTIBLE DEBENTURES DUE NOVEMBER 15, 2022

OF

FLOWER ONE HOLDINGS INC.

TO BE HELD ON

April 15, 2021

Dated as of March 12, 2021

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY

The Board of Directors unanimously recommends that Debentureholders vote
FOR
the Debenture Amendment Resolution,
the Notice Waiver Resolution,
the Delisting Resolution, and
the Listing Resolution

Debentureholders who have questions or require voting assistance may contact the Company's solicitation agent:

Laurel Hill Advisory Group
North American Toll-Free Number: 1-877-452-7184
Outside North America: 416-304-0211
Email: assistance@laurelhill.com

FLOWER ONE HOLDINGS INC.

NOTICE OF EXTRAORDINARY MEETING OF DEBENTURE HOLDERS TO BE HELD ON APRIL 15, 2021

REFERENCE IS MADE to the indenture dated November 15, 2019, as supplemented by a supplemental indenture dated December 18, 2019, (together, the "**Indenture**") between Flower One Holdings Inc. (the "**Company**") and Odyssey Trust Company (the "**Trustee**") under which the Company issued 9.5% Unsecured Convertible Debentures due November 15, 2022 (the "**Debentures**").

WHEREAS the Company may at any time and from time to time convene a meeting of the persons entered in the register for Debentures as registered holders of Debentures (collectively, the "**Debentureholders**") pursuant to Section 10.1 of the Indenture, **NOTICE IS HEREBY GIVEN** that an extraordinary meeting (the "**Meeting**") of the Debentureholders will be held virtually through LUMI on **Thursday, April 15, 2021 at 10:00 a.m.** (Vancouver time) for the following purposes:

1. to consider, and if deemed appropriate, to adopt, with or without amendment, an extraordinary resolution (the "**Debenture Amendment Resolution**"), the full text of which is set forth in Appendix "A-1" to the accompanying management information circular dated March 12, 2021 (the "**Information Circular**") to approve certain amendments (the "**Debenture Amendments**") to the Indenture governing the Debentures to:

    (a) extend the maturity date of the Debentures from November 15, 2022 to January 31, 2024;

    (b) provide that the Debentures will bear interest from the effective date of the Debenture Amendments at the rate of, (i) if paid in Canadian dollars, 4.0% per annum, and (ii) if paid in common shares in the capital of the Company ("**Common Shares**"), 6.0% per annum, with the applicable method of payment at the sole discretion of the Company;

    (c) reduce the conversion price for which each Common Share may be issued upon conversion of the Debentures from $1.50 to $0.385;

    (d) reduce the current market price (i.e. volume weighted average price of the Common Shares on the Canadian Securities Exchange ("**CSE**") for the 20 consecutive trading days preceding the applicable date) for which the Company will have the right to force the conversion of Debentures from greater than $2.25 to equal to or greater than $1.05;

    (e) provide the Company with the right (the "**New Conversion Option**") to convert 60% of the principal amount of the Debentures, plus accrued interest thereon, for units of the Company (each, a "**Unit**" or collectively, the "**Units**") at a conversion price of $0.35 per Unit. Each Unit will be comprised of one Common Share and 5/6 of a warrant (each, a "**Warrant**" or collectively, "**Warrants**"). Each whole Warrant will be exercisable for one Common Share at an exercise price of $0.70 per Common Share for a period of 36 months, provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the Common Shares are listed, is greater than $1.05 for 20 consecutive trading days, the Company will be entitled to, within 10 business days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice. The New Conversion Option shall be exercisable by the Company upon notice to Debentureholders and such conversion will be effective on the date specified by the Company in the notice, which date will be not more than 60 days and not less than 20 days after the date of such notice; and

(f) make such other consequential amendments as required to give effect to the foregoing as more fully set forth in the Information Circular;

2. to consider, and if deemed appropriate, to adopt, with or without amendment, an extraordinary resolution (the "**Notice Waiver Resolution**"), the full text of which is set forth in Appendix "A-2" to the Information Circular to waive the requirement for the Company to provide notice of exercise of the New Conversion Option (the "**Notice Waiver**");

3. to consider, and if deemed appropriate, to adopt, with or without amendment, an extraordinary resolution (the "**Delisting Resolution**"), the full text of which is set forth in Appendix "A-3" to the Information Circular to approve the delisting of the Debentures from the CSE (the "**Delisting**");

4. to consider, and if deemed appropriate, to adopt, with or without amendment, an ordinary resolution (the "**Listing Resolution**", together with the Debenture Amendment Resolution, the Notice Waiver Resolution and the Delisting Resolution, the "**Resolutions**") the full text of which is set forth in Appendix "A-4" to the Information Circular to approve the listing of the amended Debentures (the "**Amended Debentures**") on the CSE (the "**Listing**", together with the Debenture Amendments, Notice Waiver and Delisting, the "**Amendments**"); and

5. to transact such other business as may properly be brought before the Meeting and any postponement(s) or adjournment(s) thereof.

Please Read this Important Notice

In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. All Debentureholders, regardless of geographic location, will have an equal opportunity to participate at the Meeting. Debentureholders will not be able to attend the Meeting in person. Registered Debentureholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at https://web.lumiagm.com/205211209. Beneficial Debentureholders (being Debentureholders who hold their Debentures through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast, but will not be able to participate or vote at the Meeting.

As a Debentureholder, it is very important that you read the Information Circular and other Meeting materials carefully. They contain important information with respect to voting your Debentures and attending and participating at the Meeting.

A Debentureholder who wishes to appoint a person other than the management nominees identified on the consent and form of proxy (the "**Form of Proxy**") or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the Form of Proxy or voting instruction form and following the instructions for submitting such Form of Proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your Form of Proxy or voting instruction form. If you wish that a person other than the management nominees identified on the Form of Proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Debentures, including if you are a non-registered Debentureholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your Form of Proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST send an email to flowerone@odysseytrust.com prior to 10:00

a.m. (Vancouver time) on April 13, 2021 and must provide the Trustee with their proxyholder's contact information, amount of Debentures appointed, name in which the Debentures are registered if they are a registered Debentureholder, or the name of broker where the Debentures are held if a beneficial Debentureholder, so that the Trustee may provide the proxyholder with a Username via email.

It is important to note that Debentureholders accessing the Meeting virtually must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting.

The Information Circular accompanies this Notice. The Information Circular contains details of the matters to be considered at the Meeting. The Board of Directors of the Company (the "**Board of Directors**") has fixed March 12, 2021 as the record date for determining the Debentureholders who are entitled to receive notice of and vote at the Meeting (the "**Record Date**").

To be valid, any proxies must be received by the Trustee by not later than 10:00 a.m. (Vancouver time) on April 13, 2021 or forty-eight (48) hours (exclusive of Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time of any postponement(s) or adjournment(s) of the Meeting. See "*Information Regarding Proxies and Voting at the Meeting*" in the Information Circular.

Each of the Debenture Amendment Resolution, the Notice Waiver Resolution and the Delisting Resolution will be binding on all Debentureholders if approved:

- At the Meeting, by the holders of not less than 66 ⅔% of the principal amount of the Debentures outstanding present or represented by proxy at the Meeting; or

- In writing, by the holders of 66 ⅔% of the principal amount of all the outstanding Debentures.

The Listing Resolution will be binding on all Debentureholders if approved:

- At the Meeting, by the holders of a majority of the principal amount of the Debentures outstanding present or represented by proxy at the Meeting; or

- In writing, by the holders of 66 ⅔% of the principal amount of all the outstanding Debentures.

Accordingly, it is important that your Debentures be represented and voted whether or not you plan to attend the Meeting in person. If the Resolutions are validly approved by the Debentureholders in writing prior to the date of the Meeting, the Meeting will be cancelled and will not proceed. In such event, the Company will issue a press release notifying Debentureholders that the Resolutions have been approved and the Meeting has been cancelled.

Certain of the Debentures have been issued in the form of global certificates registered in the name of CDS & Co. and, as such for these Debentures, CDS & Co. is the registered Debentureholder. Only registered Debentureholders, or their duly appointed proxyholders, have the right to vote at the Meeting, or to appoint or revoke a proxy. In connection with Debentures held in the name of CDS & Co., CDS & Co., or its duly appointed proxyholders, may only vote the Debentures in accordance with instructions received from the beneficial Debentureholders. Beneficial Debentureholders as of the Record Date wishing to vote their Debentures at the Meeting must provide instructions to their broker or other intermediary through which they hold their Debentures in sufficient time prior to the deadline for depositing proxies for the Meeting to permit their broker or other nominee to instruct CDS & Co., or its duly appointed proxyholders, as to how to vote their Debentures at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

"Kellen O'Keefe"

Kellen O'Keefe
President & Interim Chief Executive Officer

Voting Methods	Internet	Email or Fax	Mail
Registered Debentureholders *Debentures held in own name and represented by a physical certificate.*	Vote online at https://login.odysseytrust.com/pxlogin	Email: proxy@odysseytrust.com Fax: 1-800-517-4553	Return the Form of Proxy in the enclosed envelope.
Non-Registered Debentureholders *Debentures held with a broker, bank or other intermediary.*	Vote online at www.proxyvote.com	Call or fax to the number(s) listed on your voting instruction form.	Return the voting instruction form in the enclosed envelope

MANAGEMENT INFORMATION CIRCULAR
As at and dated March 12, 2021

FOR THE EXTRAORDINARY MEETING OF DEBENTUREHOLDERS TO BE HELD ON APRIL 15, 2021

INTRODUCTION

Information Contained in this Information Circular

No person has been authorized to give information or to make any representations in connection with the matters to be considered by the Debentureholders other than those contained in this management information circular (the "**Information Circular**") and, if given or made, any such information or representations should not be relied upon by any person in making a decision as to whether to consent to or vote for the Resolutions, or to be considered to have been authorized by the Company.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Debentureholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

Capitalized Terms

Unless the context indicates otherwise, capitalized terms which are used in this Information Circular and not otherwise defined herein have the meanings given to such terms in the accompanying Notice of Extraordinary Meeting of Debentureholders (the "**Notice**").

Notice to Debentureholders in the United States

The Debentures have not been and will not be registered under the United States *Securities Act of 1933*, as amended, and no solicitation is being made in the United States.

You should be aware that the Amendments may have tax consequences to Debentureholders, both in the United States and in Canada. Tax considerations applicable to Debentureholders subject to United States federal taxation have not been included in the Information Circular, and such Debentureholders should consult their own tax advisors to determine the particular consequences to them of participating in the solicitation being made hereunder. For a summary of the applicable tax considerations under Canadian law, see "*Certain Canadian Federal Income Tax Considerations*".

THIS TRANSACTION HAS NOT BEEN CONSIDERED, APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC"), ANY STATE SECURITIES ADMINISTRATOR, OR ANY SECURITIES REGULATORY AUTHORITY IN CANADA, NOR HAS THE SEC, ANY STATE SECURITIES ADMINISTRATOR, OR ANY

SECURITIES REGULATORY AUTHORITY IN CANADA PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included herein constitute "forward-looking statements". All statements included in this Information Circular that address future events, conditions or results of operations, including in respect of the Amendments, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as "may", "should", "will", "could", "expect", "intend", "plan", "estimate", "anticipate", "believe", "future" or "continue" or the negative forms thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Debentureholders are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of risks and uncertainties, including, but not limited to statements with respect to: the Company's belief that the Debenture Amendments will: (i) lessen the Company's debt and debt service obligations thereby providing the Company with added liquidity; and (ii) allow management additional flexibility to focus on the Company's operations as opposed to focusing on debt-servicing obligations and restructuring future plans; expected relief of the negative pressure on the Company's stock price, given the extension of the maturity date of the Debentures and March Debentures (as defined herein) to January 31, 2024; the Company's assumptions around better access to the capital markets as the maturation of the Debentures will have been extended by an additional two years; sources of liquidity available to the Company; plans to provide Debentureholders with the opportunity to vote on the proposed Resolutions and timing of completion of the Debenture Amendments; satisfaction of the conditions to the Debenture Amendments becoming effective; the date on which the Supplemental Indenture will be entered into; the benefits of the Amendments; the treatment of Debentureholders under tax laws; stock exchange listings and trading prices. Many of such risks and uncertainties are outside the control of the Company and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In making such forward-looking statements, management has relied upon a number of material factors and assumptions, including with respect to general economic and financial conditions, interest rates, exchange rates, equity markets, business competition, changes in government regulations or in Canadian or U.S. federal, state or provincial tax laws, acts and omissions of third parties and the ability of the Company to obtain approval for the Amendments. Such forward-looking statements should, therefore, be construed in light of such factors and assumptions. All forward- looking statements are expressly qualified in their entirety by the cautionary statements set forth above. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Currency and Date of Information

In this Information Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Information contained in this Information Circular is given as of March 12, 2021, unless otherwise specifically stated.

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This Information Circular is furnished in connection with the Indenture and the solicitation of proxies by the management of the Company for use at the Meeting to be held virtually via the LUMI meeting platform at https://web.lumiagm.com/205211209 on Thursday, April 15, 2021 at 10:00 a.m. (Vancouver time), for the purposes set forth in the Notice accompanying this Information Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, electronic or oral communication by the directors, officers and regular employees of the Company, at no additional compensation. The Company has retained Laurel Hill Advisory Group to provide proxy solicitation agent and advisory services in connection with the Meeting. In connection with these services, the Company will pay a fee of $35,000 plus out-of-pocket expenses. Costs associated with the solicitation of proxies will be borne by the Company.

Appointment of Proxyholders

Accompanying this Information Circular is a Form of Proxy for use at the Meeting. Debentureholders who are unable to attend the Meeting virtually via the LUMI meeting platform and wish to be represented by proxy are required to date and sign the enclosed Form of Proxy and return it in the enclosed return envelope. **All properly executed forms of proxy for Debentureholders must be received at the offices Odyssey Trust Company, United Kingdom Building, 323 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 not later than 10:00 a.m. (Vancouver time) on April 13, 2021 or forty-eight (48) hours (exclusive of Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time of any postponement(s) or adjournment(s) of the Meeting.**

The persons designated in the Form of Proxy are officers and/or directors of the Company. A Debentureholder has the right to appoint a person (who need not be a Debentureholder) other than the persons designated in the accompanying Form of Proxy, to attend at and represent the Debentureholder at the Meeting. To exercise this right, a Debentureholder should insert the name of the designated representative in the blank space provided on the Form of Proxy. Please note that voting electronically by proxy is separate and apart from voting electronically through the LUMI meeting platform during the Meeting, which is discussed further below.

Signing of Proxy

The Form of Proxy must be signed by the Debentureholder or the Debentureholder's duly appointed attorney authorized in writing or, if the Debentureholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. A Form of Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Debentureholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Company).

Revocability of Proxies

A Debentureholder who has submitted a Form of Proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Debentureholder or by his or her duly authorized attorney or, if the Debentureholder is a company, under its corporate seal or executed by a duly authorized officer or attorney of the company and deposited either: (a) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the Form of Proxy is to be used; or (b) with the Chair of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, a Form of Proxy may be revoked: (i) by the Debentureholder personally attending the Meeting via LUMI and voting the securities represented thereby or, if the Debentureholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting via LUMI and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Debentures represented at the Meeting by properly executed proxies will be voted on any applicable ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Form of Proxy, the Debentures represented by the Form of Proxy will be voted in accordance with such instructions. The management designees named in the accompanying Form of Proxy will vote or withhold from voting the Debentures in respect of which they are appointed in accordance with the direction of the Debentureholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Debentures will be voted "FOR" the proposed Resolutions at the Meeting**. The accompanying Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting. In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Information Circular, the management of the Company knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

Voting of Debentures – Advice to Beneficial Holders

Only the Company and the Trustee, by their respective officers and directors, and registered holders of Debentures (a "**Registered Holder**"), or the persons they appoint as their proxies, are permitted to attend the Meeting virtually and vote at the Meeting, as applicable. However, in many cases, Debentures beneficially owned by a holder (a "**Beneficial Holder**") are registered either:

(a) in the name of an intermediary (an "**Intermediary**") that the Beneficial Holder deals with in respect of the Debentures. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

(b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")).

In accordance with the requirements of National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*, the Company has distributed copies of the Notice, this Information Circular and the Form of Proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders.

Intermediaries are required to forward meeting materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communication Solutions ("**Broadridge**")) to forward Meeting Materials to Beneficial Holders.

Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will:

(a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Beneficial Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit Debentureholders to vote by telephone or through the internet at www.proxyvote.com; or

(b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Debentures beneficially owned by the Beneficial Holder but which is otherwise uncompleted. This Form of Proxy need not be

signed by the Beneficial Holder. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the Form of Proxy and deposit it with Trustee at the address referred to above.

The purpose of these procedures is to permit Beneficial Holders to direct the voting of the Debentures that they beneficially own. Should a Beneficial Holder wish to attend and vote at the Meeting virtually (or have another person attend and vote on behalf of the Beneficial Holder), the Beneficial Holder should strike out the names of the persons named in the proxy and insert the Beneficial Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Holders should carefully follow the instructions of their Intermediaries and their service companies and as detailed below under "*Voting at the Virtual Meeting*". The Company may utilize the Broadridge QuickVote™ service to assist Debentureholders with voting and Debentureholders who have not objected to the Company knowing who they are may be contacted by Laurel Hill Advisory Group to conveniently obtain a vote directly over the phone.

Only Registered Holders have the right to revoke a proxy. Beneficial Holders who wish to change their vote must in sufficient time in advance of the Meeting arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set forth above.

Voting at the Virtual Meeting

Registered Holders may vote at the Meeting by completing a ballot online during the Meeting, as further described below under "- *How do I attend and participate at the Meeting?*".

Beneficial Holders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote at the Meeting. This is because the Company and the Trustee do not have a record of the Beneficial Holders of the Company, and, as a result, will have no knowledge of your Debentures or entitlement to vote, unless you appoint yourself as proxyholder. If you are a Beneficial Holder and wish to vote at the Meeting, you have to appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and you must follow all of the applicable instructions provided by your Intermediary. See "*Appointment of a Third Party as Proxy*" and "- *How do I attend and participate at the Meeting?*".

Appointment of a Third Party as Proxy

The following applies to Debentureholders who wish to appoint a person (a "**third party proxyholder**") other than the management nominees set forth in the Form of Proxy or voting instruction form as proxyholder, including Beneficial Holders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

Debentureholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Debentures MUST submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder AND register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your Form of Proxy or voting instruction form. **Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.**

- **Step 1 – Submit your Form of Proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the Form of Proxy or voting instruction form (if permitted) and follow the instructions for submitting such Form of Proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your Form of Proxy or voting instruction form. If you are a Beneficial Holder located in the United States, you must also provide the Trustee

with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

- **Step 2 – Register your proxyholder:** To register a proxyholder, Debentureholders MUST send an email to flowerone@odysseytrust.com by 10:00 a.m. (Vancover time) on April 13, 2021 and provide the Trustee with the required proxyholder contact information, the amount of Debentures appointed, the name in which the Debentures are registered if they are a Registered Holder, or the name of broker where the Debentures are held if a Beneficial Holder, so that the Trustee may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a Beneficial Holder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your Intermediary, follow all of the applicable instructions provided by your Intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions below under the heading "- *How do I attend and participate at the Meeting?*".

Legal Proxy – US Beneficial Holders

If you are a Beneficial Holder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "- *How do I attend and participate at the Meeting?*", you must obtain a valid legal proxy from your Intermediary. Follow the instructions from your Intermediary included with the legal proxy form and the voting instruction form sent to you, or contact your Intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your Intermediary, you must then submit such legal proxy to the Trustee. Requests for registration from Beneficial Holders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to flowerone@odysseytrust.com and received by 10:00 a.m. (Vancouver time) on April 13, 2021.

How do I attend and participate at the Meeting?

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Debentureholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Debentureholders must have a valid Username.

Registered Holders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at https://web.lumiagm.com/205211209. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

- **Registered Holders:** The control number located on the Form of Proxy (or in the email notification you received) is the Username. The Password to the Meeting is "November2021" (case sensitive). If as a Registered Holder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cut-off.

- **Duly appointed proxyholders:** The Trustee will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is "November2021" (case sensitive). Only Registered Holders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial Holders who have not duly appointed themselves as

proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Debentureholders who wish to appoint a third party proxyholder to represent them at the Meeting (including Beneficial Holders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See "- *Appointment of a Third Party as Proxy*".

VOTING DEBENTUREHOLDERS AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Debentures

The Company is authorized under the Indenture to issue up to $23,000,000 principal amount of Debentures, of which a total of $9,276,000 principal amount of Debentures (9,276 Debentures) were issued and outstanding as at the close of business on the Record Date of March 12, 2021. The Debentures are entitled to be voted at the Meeting on the basis of one vote in respect of each $1,000 principal amount of Debentures.

Debentureholder Rights

Certain of the rights of Debentureholders, including those relating to the Meeting, are described generally in this Information Circular. For more details, reference is made to the full text of the Indenture, a copy of which is posted for public access on the Company's SEDAR profile at www.sedar.com.

PARTICULARS OF MATTERS TO BE ACTED UPON

The Indenture confers upon the Debentureholders the power, exercisable by extraordinary resolution, to, among other things: (i) authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue; (ii) sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee (with its consent) against the Company, or against its property, whether such rights arise under the Indenture or the Debentures or otherwise; and (iii) assent to any modification of or change in or addition to or omission from the provisions contained in the Indenture or any Debenture which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission.

Debenture Amendments

Given the power of the Debentureholders to supplement the Indenture, at the Meeting, the Debentureholders will be asked to pass the Debenture Amendment Resolution approving the Debenture Amendments to the Indenture governing the Debentures to:

(a) extend the maturity date of the Debentures from November 15, 2022 to January 31, 2024;

(b) provide that the Debentures will bear interest from the effective date of the Debenture Amendments at the rate of, (i) if paid in Canadian dollars, 4.0% per annum, and (ii) if paid in Common Shares, 6.0% per annum, with the applicable method of payment at the sole discretion of the Company;

(c) reduce the conversion price for which each Common Share may be issued upon conversion of the Debentures from $1.50 to $0.385;

(d) reduce the current market price (i.e. volume weighted average price of the Common Shares on the CSE for the 20 consecutive trading days preceding the applicable date) for which

the Company will have the right to force the conversion of Debentures from greater than $2.25 to equal to or greater than $1.05;

(e) provide the Company with the right to convert 60% of the principal amount of the Debentures, plus accrued interest thereon, for Units at a conversion price of $0.35 per Unit. Each Unit will be comprised of one Common Share and 5/6 of a Warrant. Each whole Warrant will be exercisable for one Common Share at an exercise price of $0.70 per Common Share for a period of 36 months, provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the Common Shares are listed, is greater than $1.05 for 20 consecutive trading days, the Company will be entitled to, within 10 business days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice. The New Conversion Option shall be exercisable by the Company upon notice to Debentureholders and such conversion will be effective on the date specified by the Company in the notice, which date will be not more than 60 days and not less than 20 days after the date of such notice; and

(f) make such other consequential amendments as required to give effect to the foregoing as more fully set forth in the Information Circular;

The full text of the Debenture Amendment Resolution to be considered, and if thought appropriate, passed by Debentureholders, and the supplemental indenture (the "**Supplemental Indenture**") substantially in the form that will be entered into by the Company and the Trustee to evidence the Debenture Amendments if the Debenture Amendment Resolution is passed by the Debentureholders at the Meeting are set forth in Appendix 'A-1' and Appendix 'B' to this Information Circular, respectively. If the Debenture Amendment Resolution is approved by the Debentureholders and all required regulatory approvals are obtained and other conditions precedent are satisfied, the effective date of the Debenture Amendments will be the date that the Company enters into the Supplemental Indenture.

The Warrants issued as part of a Unit will be issued pursuant to, and be subject to the terms of, a warrant indenture in a form determined by the Company and the warrant indenture trustee. The Warrants will not be listed on a stock exchange.

Debentureholders are encouraged to read the full text of the Debenture Amendment Resolution and the Supplemental Indenture in their entirety.

Unless otherwise directed, the management representatives named in the accompanying Form of Proxy intend to vote FOR the Debenture Amendment Resolution at the Meeting. The Board of Directors unanimously recommends that Debentureholders vote FOR the Debenture Amendment Resolution. In order for the Debenture Amendment Resolution to be passed, it must be proposed at a meeting of Debentureholders duly convened for that purpose and held in accordance with the provisions of Article 10 of the Indenture, at which Debentureholders holding not less than 25% of the principal amount of the Debentures then outstanding are present or represented by proxy and passed by the affirmative votes of Debentureholders holding not less than 66 ⅔% of the principal amount of the Debentures then outstanding present or represented by proxy.

Waiver of Notice of Exercise of New Conversion Option

At the Meeting, the Debentureholders will be asked to approve the Notice Waiver Resolution to waive the requirement for the Company to provide notice of exercise of the New Conversion Option, the full text of which is set forth in Appendix "A-2" to the Information Circular. Debentureholders are encouraged to read the full text of the Notice Waiver Resolution in its entirety. **IF THE NOTICE WAIVER RESOLUTION**

IS APPROVED BY DEBENTUREHOLDERS, THE COMPANY INTENDS TO EXERCISE AND EFFECT THE NEW CONVERSION OPTION PROMPTLY FOLLOWING THE IMPLEMENTATION OF THE DEBENTURE AMENDMENTS. If the Notice Waiver Resolution is not approved by Debentureholders, then the Company intends to exercise the New Conversion Option by providing the requisite notice.

Unless otherwise directed, the management representatives named in the accompanying Form of Proxy intend to vote FOR the Notice Waiver Resolution at the Meeting. The Board of Directors unanimously recommends that Debentureholders vote FOR the Notice Waiver Resolution. In order for the Notice Waiver Resolution to be passed, it must be proposed at a meeting of Debentureholders duly convened for that purpose and held in accordance with the provisions of Article 10 of the Indenture, at which Debentureholders holding not less than 25% of the principal amount of the Debentures then outstanding are present or represented by proxy and passed by the affirmative votes of Debentureholders holding not less than 66 ⅔% of the principal amount of the Debentures then outstanding present or represented by proxy.

Delisting from CSE

At the Meeting, the Debentureholders will be asked to approve the Delisting Resolution approving the delisting of the Debentures from the CSE, the full text of which is set forth in Appendix "A-3" to the Information Circular. Debentureholders are encouraged to read the full text of the Delisting Resolution in its entirety. The delisting of the Debentures is required by the CSE in connection with the Debenture Amendments. If the Delisting Resolution is approved by Debentureholders (and the Debenture Amendment Resolution is also approved by Debentureholders), the Company intends to apply to the CSE to delist the Debentures to facilitate the Debenture Amendments. If the Delisting Resolution is not approved by Debentureholders, then the Company will not proceed with the Debenture Amendments.

Unless otherwise directed, the management representatives named in the accompanying Form of Proxy intend to vote FOR the Delisting Resolution at the Meeting. The Board of Directors unanimously recommends that Debentureholders vote FOR the Delisting Resolution. In order for the Delisting Resolution to be passed, it must be proposed at a meeting of Debentureholders duly convened for that purpose and held in accordance with the provisions of Article 10 of the Indenture, at which Debentureholders holding not less than 25% of the principal amount of the Debentures then outstanding are present or represented by proxy and passed by the affirmative votes of Debentureholders holding not less than 66 ⅔% of the principal amount of the Debentures then outstanding present or represented by proxy.

Listing on the CSE

At the Meeting, the Debentureholders will be asked to approve the Listing Resolution approving the listing of the Amended Debentures on the CSE, the full text of which is set forth in Appendix "A-4" to the Information Circular. Debentureholders are encouraged to read the full text of the Listing Resolution in its entirety. The listing of the Amended Debentures on the CSE is subject to the approval of the CSE.

Unless otherwise directed, the management representatives named in the accompanying Form of Proxy intend to vote FOR the Listing Resolution at the Meeting. The Board of Directors unanimously recommends that Debentureholders vote FOR the Listing Resolution. In order for the Listing Resolution to be passed, it must be approved by the holders of a majority of the principal amount of the Debentures outstanding present or represented by proxy at the Meeting.

Recommendation of the Board of Directors

The Board of Directors has concluded that the Debenture Amendments, Notice Waiver, Delisting and Listing are in the best interests of the Company, and as such, authorized submission of this Information Circular and the proposed Resolutions to Debentureholders for approval and unanimously recommend that Debentureholders vote FOR the Resolutions.

Stock Exchange Listing

The Common Shares and the Debentures are listed and posted for trading on the CSE under the trading symbols "FONE" and "FONE.DB.A", respectively. The Debentures commenced trading on the CSE on November 18, 2019. It is expected that the Debentures will cease to be listed on the CSE following the Debenture Amendments and the Delisting.

The closing price of the Debentures on March 11, 2021, the last full trading day on the CSE before the date of this Information Circular, was $59.00. The following table sets forth the high and low trading prices and the aggregate volume of trading of the Debentures on the CSE for the periods indicated.

Price Range			
Period	**High($)**	**Low($)**	**Volume**
March 2020	$ 51.00	$ 39.50	127,000
April 2020	$ 48.00	$ 40.00	92,000
May 2020	$ 83.00	$ 60.00	650,000
June 2020	$ 72.00	$ 59.11	68,000
July 2020	$ 60.11	$ 50.51	33,000
August 2020	$ 56.00	$ 53.00	4,000
September 2020	$ 55.00	$ 35.70	50,000
October 2020	N/A	N/A	N/A
November 2020	N/A	N/A	N/A
December 2020	$ 45.00	$ 39.51	46,000
January 2021	$ 40.00	$ 20.22	70,000
February 2021	$ 60.00	$ 48.51	232,000
March 2021 (1-11)	$ 60.00	$ 50.00	115,000

Background for the Amendments

The Board of Directors regularly reviews and evaluates the Company's capital structure and strategic options with a view to maintaining current operations given current and projected cash requirements and enhancing securityholder value. As a part of such review, the Board of Directors have been evaluating alternatives available to the Company to address both: (i) the Company's near-term cash needs, including for ongoing operations, accounts payable and equipment and facility maintenance and (ii) the upcoming maturity of the Debentures and other debt instruments.

In connection with this, the Company identified the Debenture Amendments as an avenue to address such issues and to enhance securityholder value in the long-run. The Board of Directors believes that the Debenture Amendments will: (i) lessen the Company's debt and debt service obligations thereby providing the Company with added liquidity; and (ii) allow management additional flexibility to focus on the

Company's operations, including its reduction in accounts payable and ongoing equipment and facility maintenance, as opposed to focusing on debt-servicing obligations and restructuring.

In order to implement the Debenture Amendments, in February 2021 the Company began engaging with Debentureholders to obtain their support with respect to the Debentures Amendments and the corresponding restructuring of the Company. Accordingly, Debentureholders that are supportive of the Debenture Amendments and the restructuring of the Company have agreed to enter into a support agreement (including related joinder agreements) with the Company and with other Debentureholders supportive of the Debenture Amendments (the "**Support Agreement"**).

The Support Agreement provides, among other things, that the Debentureholders that are a party to the Support Agreement: (i) agree to the Debenture Amendments, and their implementation in accordance with the terms of the Support Agreement; and (ii) will vote their Debentures in favour of the Debenture Amendment Resolution, the Delisting Resolution and the Listing Resolution at the Meeting. As of the date of this Information Circular, holders of approximately 68.46% of the outstanding principal amount of the Debentures have signed the Support Agreement and have therefore agreed to vote in favour of the Resolutions.

In connection with the Debenture Amendments and as a part of the overall restructuring of the Company, holders of the 9.5% unsecured convertible debentures of the Company due March 28, 2022 (the "**March Debentures**") are also being asked to approve amendments to the indenture governing such March Debentures. Such amendments to the indenture governing the March Debentures are substantially the same as the Debenture Amendments (the "**March Debenture Amendments**"). The extraordinary meeting of the holders of March Debentures is expected to be held April 15, 2021 immediately following the Meeting (the "**March Debentureholder Meeting**").

Reasons for the Amendments

In recommending that the Debentureholders approve the Resolutions, the Board of Directors gave consideration to a number of factors. Certain of these factors are discussed in additional detail below. The below discussion is not intended to be exhaustive of the factors considered by the Board of Directors in its decision to recommend the approval of the Resolutions.

Extended Term

The Company believes that the threat of a dilutive issuance of Common Shares at depressed prices to satisfy the repayment of principal at maturity of the Debentures has been one of the causes of negative pressure on the trading price of its Common Shares, which as a consequence has led to negative pressure on the trading price of the Debentures. This negative pressure may be relieved by extending the maturity date of the Debentures and March Debentures to January 31, 2024. The extension of the maturity date is also expected to provide the Company with better access to the capital markets as the maturation of the Debentures will have been extended by an additional two years.

Amended Debenture Conversion

The Debenture Amendments will, as a result of the reduced conversion price for the Debentures and the planned exercise of the New Conversion Option, provide Debentureholders an improved opportunity to participate in any future share price appreciation of the Common Shares.

Early Repayment Right

As noted above, the holders of the March Debentures will hold the March Debentureholder Meeting immediately after the Meeting. In the event that the holders of the March Debentures do not approve the

March Debenture Amendments and/or such amendments are not completed on or before June 15, 2021, holders of certain 9.0% unsecured convertibles debentures of the Company will have the option to receive early repayment of 60% of the principal amount such 9.0% unsecured convertible debentures (the "**Early Repayment Right**"). Such debentureholders exercising their Early Repayment Right could result in additional debt servicing costs and liquidity restraints for the Company.

Certain Consequences if the Debenture Amendments are not approved by Debentureholders

If the Debenture Amendments and Delisting are not approved by the Debentureholders at the Meeting, or any adjournment thereof, and the maturity of the Debentures is therefore not extended to January 31, 2024 from November 15, 2022, the Company will be required to consider other alternatives restructure its indebtedness. There is no assurance that the Company will have sufficient time to arrange for the financing necessary in order to meet its near-term operating obligations and its obligation to pay the amounts that will be due in advance of the maturity date. Further, if the Debenture Amendments are not approved, the Company may experience liquidity restraints, impairing its ability to operate as efficiently as possible.

Effective Date of the Debenture Amendments

The Debenture Amendments will become effective on the date the Company and the Trustee enter into the Supplemental Indenture. Although the Company anticipates entering into the Supplemental Indenture on or about April 15, 2021, it is not possible to state with certainty when the effective date of the Debenture Amendments will occur. The effective date of the Debenture Amendments could be delayed for a number of reasons, including the satisfaction of all conditions precedents to entering into the Supplemental Indenture.

Alternatively, the Indenture also permits any action that may be exercised by Debentureholders at a meeting of Debentureholders to be taken and exercised by holders of 66 ⅔% of the principal amount of the outstanding Debentures. Correspondingly, if the Company receives proxies representing 66 ⅔% of the principal amount of the outstanding Debentures approving the Resolutions, the Debenture Amendments will be approved. In such an event, the Company intends to cancel the Meeting and enter into the Supplemental Indenture as soon as practicable thereafter.

Although the Company intends to enter into the Supplemental Indenture as soon as possible following approval of the Resolutions, the Board of Directors has retained the discretion, without further notice to or approval of the Debentureholders, to revoke any of the Resolutions at any time prior to the Company entering into the Supplemental Indenture.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary generally describes the principal Canadian federal income tax considerations arising from and relating to the Amendments generally applicable to a Debentureholder who, for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), and at all relevant times, deals at arm's length with and is not affiliated with the Company.

This summary is not applicable to: (a) a Debentureholder that is a "financial institution" (for the purposes of the "mark- to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Debentureholder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Debentureholder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (d) a Debentureholder that has entered into or will enter into a "derivative forward agreement" with respect to the Debentures within the meaning of the Tax Act. Such holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the published administrative practices of the Canada Revenue Agency ("**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

It is not certain whether the Amendments would result in a disposition of the Debentures for Canadian tax purposes. Canadian jurisprudence has held that the amendment of fundamental terms of a debt instrument can result in the creation of a new debt obligation in some circumstances, and for certain purposes. Thus, there can be no assurance that the CRA would not treat the Amendments as a disposition of the Debentures, or that a Canadian court would agree with the CRA's position, in the event that a court action is pursued in respect of any such CRA position. Each Debentureholder should consult its own tax advisor regarding the proper treatment of the Amendments for Canadian tax purposes.

No legal opinion from legal counsel or advance tax ruling from the CRA has been requested or obtained to confirm the tax consequences to Debentureholders of the Amendments. This summary is not binding on the CRA, and the CRA is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the CRA and the Canadian courts could disagree with one or more of the positions taken in this summary.

This summary is of a general nature only and is not intended to be and should not be construed to be, legal or tax advice to any particular Debentureholder, and no representations with respect to the income tax consequences to any such holder are made. Debentureholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of the Amendments and acquiring, holding and disposing of Debentures, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Holders Resident in Canada

The following discussion applies to a Debentureholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is, or is deemed to be, resident in Canada, and holds Debentures as capital property (a "**Resident Holder**"). Debentures will generally be considered to be capital property to a Debentureholder unless the Debentureholder holds such Debentures in the course of carrying on a business or the Debentureholder acquired such Debentures in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Debentureholders whose Debentures might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Debentures and all other "Canadian Securities", as defined in the Tax Act, owned by such Debentureholder in the taxation year, and in all subsequent taxation years, deemed to be capital property. **Debentureholders should consult with their own tax advisors if they contemplate making such an election.**

This summary is not applicable to: (a) a Debentureholder that is a "financial institution" (for the purposes of the "mark- to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Debentureholder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Debentureholder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (d) a Debentureholder that has entered into or will enter into a "derivative forward agreement" with respect to the Debentures within the meaning of the Tax Act. Such holders should consult their own tax advisors.

Amendment of the Debentures

It is not certain whether the Amendments would result in a disposition of the Debentures for Canadian tax purposes. Canadian jurisprudence has held that the amendment of one or more fundamental terms of a debt instrument can result in the creation of a new debt obligation in some circumstances, and for certain purposes. The CRA has stated that it is a question of fact whether a new obligation is created. Thus, there can be no assurance that the CRA would treat the Amendments as a disposition of the Debentures, or that a Canadian court would agree with the CRA's position. Each Resident Holder should consult its own tax advisor regarding the proper treatment of the Amendments for Canadian tax purposes.

In the event that the Amendments do not cause a disposition of the Debentures, a Resident Holder will not be considered to have disposed of any property for tax purposes, and will have no adverse Canadian tax consequences at the time the Amendments become effective.

In the event that the Amendments cause a disposition of the Debentures, a Resident Holder will be deemed to have received proceeds of disposition equal to the fair market value of the Debentures owned by the Resident Holder at the time the Amendments become effective. The Resident Holder will recognize a capital gain (or loss) on the disposition equal to the amount by which the Resident Holder's proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the adjusted cost base to the Resident Holder of the Debentures owned at the time the Amendments become effective. See "*Taxation of Capital Gains and Losses*" below. In such a case, the cost of the Debentures to the Resident Holder immediately after the time the Amendments become effective will be equal to the fair market value of the Debentures at that time.

In the event of a disposition of a Debenture, interest accrued thereon to the date of disposition may be included in computing the income of the Resident Holder, except to the extent that such amount was included in the Resident Holder's income for the taxation year or a preceding taxation year.

Interest on Debentures Subsequent to the Amendments

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in computing its income for a taxation year all interest (and amounts that are considered for the purposes of the Tax Act to be interest) on the Debentures that accrues or is deemed to accrue to the Resident Holder to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder before the end of that taxation year, including on a conversion, redemption, retraction or repayment at maturity, except to the extent that such interest (or amount considered to be interest) was included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing income for a taxation year all interest (and amounts that are considered for the purposes of the Tax Act to be interest) on the Debentures that is received or receivable by such holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), including on a conversion, redemption, retraction or repayment at maturity, except to the extent that the interest (or amount considered to be interest) was included in the Resident Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to the Resident Holder, such Resident Holder will be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that year except to the extent such interest was otherwise included in the Resident Holder's income for that year or a preceding year.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax, refundable in certain circumstances, on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Subsequent Disposition of Debentures

Any disposition or deemed disposition of a Debenture by a Resident Holder subsequent to the time of the Amendments, including a redemption, retraction, payment on maturity or purchase for cancellation, generally should result in the Resident Holder realizing a capital gain (or, subject to certain rules in the Tax Act, a capital loss) equal to the amount by which the proceeds of disposition, net of any amount otherwise required to be included in the Resident Holder's income as interest, exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) should be subject to the tax treatment described below under "*Taxation of Capital Gains and Losses*".

Upon a disposition or deemed disposition of an Debenture, interest thereon should be included in computing the income of the Resident Holder as described above under "*Interest on Debentures Subsequent to the Amendments*", and should be excluded in computing the Resident Holder's proceeds of disposition of the Debenture.

Taxation of Capital Gains and Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

Capital gains realized by an individual or by most trusts may give rise to alternative minimum tax under the Tax Act. In addition, a Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax, refundable in certain circumstances, on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Holders Not Resident in Canada

The following discussion applies to a Debentureholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; (ii) holds Debentures, including entitlement to all payments thereunder, as beneficial owner; (iii) does not, and is not deemed to, use or hold the Debentures in carrying on a business in Canada; and (iv) is not a "specified shareholder" of the Company for purposes of subsection 18(5) of the Tax Act or a person who does not deal at arm's length with such a specified shareholder (a "**Non-Resident Holder**"). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or to an authorized foreign bank (as defined in the Tax Act).

Amendment of the Debentures

In the event that the Amendments cause a disposition of the Debentures for purposes of the Tax Act, a Non-Resident Holder will not generally be subject to tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) that may be realized on such a

disposition unless the Debentures constitute "taxable Canadian property" to the Non-Resident Holder, and do not constitute "treaty-protected property" for purposes of the Tax Act at such time.

If a Debenture constitutes taxable Canadian property, a Non-Resident Holder may be exempt from tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) where the Debenture is "treaty-protected property" for purposes of the Tax Act. Non-Resident Holders to whom Debentures may constitute taxable Canadian property should consult their own tax advisors.

Additionally, a Non-Resident Holder may be subject to Canadian withholding tax under the Tax Act at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention) in respect of any interest that may be considered paid or deemed to be paid to the Non-Resident Holder on a disposition of a Debenture arising as a result of the Amendments, or paid or deemed to be paid to the Non-Resident Holder subsequent to the Amendments.

Other Tax Considerations

This summary is not intended to be an exhaustive review of the non-Canadian tax considerations in respect of the Amendments that may be applicable to Debentureholders who are subject to income tax outside of Canada. Such Debentureholders should consult their own tax advisors with respect to the tax implications of the Amendments, including any associated filing requirements in such jurisdictions.

POTENTIAL CANCELLATION OF MEETING

Written Consent in Lieu of a Meeting

IF THE ACCOMPANYING FORM OF PROXY OR VOTING INSTRUCTION FORM IS COMPLETED BY DEBENTUREHOLDERS HOLDING THE REQUISITE PRINCIPAL AMOUNT OF DEBENTURES TO PASS THE RESOLUTIONS PRIOR TO THE MEETING, THE AMENDMENTS WILL BE APPROVED AND THE COMPANY WILL CANCEL THE MEETING.

The Company or its representatives will seek the execution of the Form of Proxy or voting instruction form in lieu of holding the Meeting. The Indenture provides, among other things, that any action which may be taken and all powers that may be exercised by Debentureholders at a meeting may also be taken and exercised by an instrument in writing signed by the holders of not less than 66⅔% of the principal amount of outstanding Debentures. Accordingly, the Company or its representatives may be soliciting signed instruments in writing in the form of the Form of Proxy or voting instruction form in advance of the Meeting. If signed instruments in writing are obtained from Debentureholders of the applicable number principal amount of the Debentures before the Meeting, the Company will cancel the Meeting. If the Company elects to proceed in this manner, instruments in writing signed by the Debentureholders in accordance with the provisions of the Indenture shall be binding upon all Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee shall be bound to give effect accordingly to such Resolutions and instruments in writing.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, the management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Company's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

TRUSTEE

The Trustee under the Indenture is Odyssey Trust Company, a trust company incorporated under the laws of Alberta. The Trustee may be contacted by telephone at 1-833-361-5163 or as provided at www.odysseycontact.com.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com under "Company Profiles – Flower One Holdings Inc." A copy of the Indenture is available for review under the Company's profile on SEDAR at www.sedar.com.

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 Information 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 Information Circular to vote the same in accordance with their best judgment of such matters.

APPROVAL OF INFORMATION CIRCULAR

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

DATED at Las Vegas, Nevada, the 12th day of March, 2021.

ON BEHALF OF THE BOARD OF
FLOWER ONE HOLDINGS INC.

"Kellen O'Keefe"
Kellen O'Keefe
President & Interim Chief Executive Officer

APPENDIX "A-1"
FORM OF DEBENTURE AMENDMENT RESOLUTION

"**BE IT RESOLVED** as an Extraordinary Resolution that:

1. the Amendments to the indenture between Flower One Holdings Inc. (the "**Company**") and Trustee ("**Trustee**") dated November 15, 2019 (the "**Indenture**") governing the 9.5% unsecured convertible debentures of the Company due November 15, 2022 (the "**Debentures**"), as defined and described in the management information circular of Company dated March 12, 2021 in respect of such Debentures (the "**Information Circular**") and set forth in a supplemental indenture (the "**Supplemental Indenture**"), substantially in the form attached as Appendix B to the Information Circular are hereby approved and authorized;

2. notwithstanding that this Extraordinary Resolution has been duly passed, the Board of Directors of the Company may, without further notice to or approval of the holders of Debentures, revoke this Extraordinary Resolution at any time prior to the Company entering into the Supplemental Indenture;

3. the Trustee is hereby authorized and directed to negotiate the final form, enter into, execute and to cause to be executed on behalf of the holders of the Debentures or to deliver or cause to be delivered all such documents, agreements and instruments, and to do or cause to be done all such other acts and things as the Company or its advisors shall determine to be necessary or desirable to carry out the intent of this extraordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the Company's execution and delivery of any such document, agreement or instrument or written direction of the Company for the doing of any such act or thing; and

4. any director or officer of the Company is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as such individual may, in his or her sole discretion, determine to be appropriate from time to time to give effect to the foregoing, including, without further notice to the Debentureholders, revocation of this Extraordinary Resolution at any time, such determination to be conclusively evidenced by the execution and delivery by such individual of such documents or the doing of such other acts or things."

APPENDIX "A-2"
FORM OF NOTICE RESOLUTION

"**BE IT RESOLVED** as an Extraordinary Resolution that:

1. capitalized terms used in this Extraordinary Resolution shall take their meaning from the management information circular of Flower One Holdings Inc. (the "**Company**") dated March 12, 2021 (the "**Information Circular**") in respect of the 9.5% unsecured convertible debentures of the Company due November 15, 2022 (the "**Debentures**");

2. the Debentureholders hereby waive the requirement for the Company to provide notice to holders of Debentures of exercise of the New Conversion Option;

3. notwithstanding that this Extraordinary Resolution has been duly passed, the board of directors of the Company may, without further notice to or approval of the holders of Debentures, revoke this Extraordinary Resolution at any time prior to the Company exercising the New conversion Option; and

4. any director or officer of the Company is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as such individual may, in his or her sole discretion, determine to be appropriate from time to time to give effect to the foregoing, including, without further notice to the Debentureholders, revocation of this Extraordinary Resolution at any time, such determination to be conclusively evidenced by the execution and delivery by such individual of such documents or the doing of such other acts or things."

APPENDIX "A-3"
FORM OF DELISTING RESOLUTION

"**BE IT RESOLVED** as an Extraordinary Resolution that:

1. the amendments to the indenture between Flower One Holdings Inc. (the "**Company**") and Trustee ("**Trustee**") dated November 15, 2019 (the "**Indenture**") governing the 9.5% unsecured convertible debentures of the Company due November 15, 2022 (the "**Debentures**"), as described in the management information circular of Company dated March 12, 2021 in respect of such Debentures (the "**Information Circular**") and set forth in a supplemental indenture (the "**Supplemental Indenture**"), substantially in the form attached as Appendix B to the Information Circular be approved and authorized and management of the Company be given the discretion to voluntarily delist the Debentures from the Canadian Securities Exchange;

2. notwithstanding that this Extraordinary Resolution has been duly passed, the board of directors of the Company may, without further notice to or approval of the holders of Debentures, revoke this Extraordinary Resolution at any time prior to the Company entering into the Supplemental Indenture; and

3. any director or officer of the Company is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as such individual may, in his or her sole discretion, determine to be appropriate from time to time to give effect to the foregoing, including, without further notice to the Debentureholders, revocation of this Extraordinary Resolution at any time, such determination to be conclusively evidenced by the execution and delivery by such individual of such documents or the doing of such other acts or things."

APPENDIX "A-4"
FORM OF LISTING RESOLUTION

"**BE IT RESOLVED** that:

1. the application of the Company to list its amended 9.5% secured debentures due January 31, 2024 (the "**Amended Debentures**") on the Canadian Securities Exchange, as described in the management information circular of the Company dated March 12, 2021 in respect of such Debentures (the "**Information Circular**") be approved and authorized and management of the Company be given the discretion to voluntarily list the Amended Debentures on the Canadian Securities Exchange (the "**Listing**");

2. notwithstanding that this resolution has been duly passed, the Board of Directors of the Company may, without further notice to or approval of the holders of Amended Debentures, revoke this resolution at any time prior to the Company completing the Listing; and

3. any director or officer of the Company is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as such individual may, in his or her sole discretion, determine to be appropriate from time to time to give effect to the foregoing, including, without further notice to the Debentureholders, revocation of this resolution at any time, such determination to be conclusively evidenced by the execution and delivery by such individual of such documents or the doing of such other acts or things."

APPENDIX "B"
FORM OF SUPPLEMENTAL INDENTURE

(See attached.)

FLOWER ONE HOLDINGS INC.

as the Company

and

ODYSSEY TRUST COMPANY

as the Trustee

SUPPLEMENTAL DEBENTURE INDENTURE

Dated as of {{Month}}{{Day}}, 2021

SECOND SUPPLEMENTAL DEBENTURE INDENTURE

This Agreement (the "**Supplemental Indenture**") is made as of {{Month}}{{Day}}, 2021, between

FLOWER ONE HOLDINGS INC.

a company existing under the laws of British Columbia having its registered and records office in the City of Vancouver in the Province of British Columbia

(the "**Company**")

AND

ODYSSEY TRUST COMPANY

a trust company incorporated under the laws of the *Loan and Trust Corporations Act* (Alberta) with an office in the City of Calgary in the Province of Alberta

(the "**Trustee**")

WHEREAS:

A. The Company and the Trustee executed a debenture indenture dated as of November 14, 2019 (as amended by a certain supplemental indenture executed between the Company and the Trustee dated as of December 18, 2019, the "**Original Indenture**") providing for the creation and issue of Debentures;

B. Section 13.1 of the Original Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Original Indenture for the purpose of, *inter alia*, giving effect to any Extraordinary Resolution passed as provided in Article 10 of the Original Indenture;

C. The holders of the Initial Debentures, being the holders of all Debentures issued pursuant to the Indenture, have duly passed an Extraordinary Resolution to provide for certain amendments of the Initial Debentures and to enter into this Supplemental Indenture with the Trustee to amend the terms of the Indenture and the Initial Debentures;

D. All necessary acts and proceedings have been performed and taken and all necessary resolutions have been passed, including an Extraordinary Resolution of the Initial Debentureholders, to authorize the execution and delivery of this Supplemental Indenture and to make this Supplemental Indenture legal, valid, effective and binding upon each of the Company and the Trustee for and on behalf of the holders of the Debentures in accordance with the terms of the Original Indenture, as amended by this Supplemental Indenture;

E. The Trustee is authorized and directed to enter into this Supplemental Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who are holders of the Debentures issued pursuant to the Original Indenture as modified by this

Supplemental Indenture from time to time; and

F. The foregoing recitals are made as statements of fact by the Company and not by the Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Company and the Trustee covenant and agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 To Be Read With the Debenture Indenture

(a) This Supplemental Indenture is supplemental to the Original Indenture and the Original Indenture will henceforth be read in conjunction with this Supplemental Indenture and all the provisions of the Original Indenture, except only insofar as the same may be inconsistent with the express provisions hereof, will apply and have the same effect as if all the provisions of the Original Indenture and of this Supplemental Indenture were contained in one instrument and the expressions used herein will have the same meaning as is ascribed to the corresponding expressions in the Original Indenture.

(b) On and after the date hereof, each reference in the Original Indenture, as amended by this Supplemental Indenture, to "this Indenture", "this indenture", "herein", "hereby", and similar references, and each reference to the Original Indenture in any other agreement, certificate, document or instrument relating thereto, will mean and refer to the Original Indenture as amended hereby. Except as specifically amended by this Supplemental Indenture, all other terms and conditions of the Original Indenture will remain in full force and unchanged. For greater certainty, each of the Company and the Trustee acknowledge and agree that this Supplemental Indenture is not a novation of the Original Indenture, and nothing herein will be read as any implication to the contrary.

Section 1.2 Definitions

All terms which are defined in the Original Indenture and are used but not defined in this Supplemental Indenture will have the meanings ascribed to them in the Original Indenture as such meanings may be amended or supplemented with respect to the Debentures by this Supplemental Indenture. In the event of any inconsistency between the meaning given to a term in the Original Indenture and the meaning given to the same term in this Supplemental Indenture, the meaning given to the term in this Supplemental Indenture will prevail to the extent of the inconsistency.

Section 1.3 Headings, etc.

The division of this Supplemental Indenture into articles, sections, subsections and paragraphs, and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation hereof. Unless the context otherwise requires, "this Supplemental Indenture", "hereto", "hereby", "hereunder", "hereof", "herein" and similar expressions refer to this Supplemental Indenture and not to any particular article, section, subsection, paragraph or other portion hereof, and include any and every instrument which amends this Supplemental Indenture or is supplemental or ancillary hereto or in implementation hereof.

ARTICLE 2
AMENDMENTS TO THE DEBENTURE INDENTURE

Section 2.1 Amendments

2.1.1 The following new definitions are hereby added to section 1.1 of the Original Indenture in the correct alphabetical order:

"**New Conversion Right**" has the meaning ascribed thereto in Section 2.5(15);

"**New Conversion Right Date**" has the meaning ascribed thereto in Section 2.5(15);

"**PIK Notice**" has the meaning ascribed thereto in Section 2.5(3);

"**Second Supplemental Debenture**" means the second supplemental debenture to this Indenture;

"**Units**" has the meaning ascribed thereto in Section 2.5(15);"

"**Warrants**" has the meaning ascribed thereto in Section 2.5(15), issued pursuant to, and subject to the terms of, a warrant indenture in a form agreed to by the Company and the warrant agent;"

2.1.2 Subsections 2.5(2) and 2.5(3) of the Original Indenture are hereby amended, restated and superseded in their entirety by the following new subsections 2.5(2) and 2.5(3), respectively:

"(2) The Initial Debentures shall be dated the date of closing of the Offering and shall mature on January 31, 2024 (the "**Maturity Date**" for the Initial Debentures).

(3) The Initial Debentures shall bear interest:

(a) from the date of issue to and including the date of the Second Supplemental Debenture at the rate of 9.5% per annum (based on a year of 360 days composed of twelve 30-day months), payable in equal semi-annual payments in arrears on June 30 and December 31 in each year (with the exception of the first interest payment, which will include interest from and including the date of closing of the Offering as set forth below), the first such payment to fall due on June 30, 2019, representing accrued interest for the period from March 28, 2019 to June 30, 2019 and the last such payment to fall due on the earlier of: (i) the last Interest Payment Date prior to the date of the Second Supplemental Debenture and (ii) January 31, 2024 (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures), payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. For certainty, the first interest payment will include interest accrued from the Closing Date to, but excluding, June 30, 2019. Any payment required to be made on any day that is not a Business Day will be made on

the next succeeding Business Day. The record date for the payment of interest on the Initial Debentures will be the last Business Day of the month preceding the month of the applicable Interest Payment Date; and

(b) after the date of the Second Supplemental Indenture at the rate of (i) if paid in cash, 4.0% per annum, and (ii) if paid in Common Shares, 6.0% per annum, (based on a year of 360 days composed of twelve 30-day months), payable in equal semiannual payments in arrears on June 30 and December 31 in each year, the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures) to fall due on January 31, 2024, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. The method of payment of interest in subsections (i) and (ii) above shall be determined by the Company in its sole discretion. If the Company elects to pay interest in Common Shares, (i) the Company will issue a press release advising of such election no less than 20 days prior to the applicable Interest Payment Date (the "**PIK Notice**"), and (ii) the issuance price for such Common Shares will be Current Market Price on the date of the applicable PIK Notice; provided, however, no fractional Common Shares will be issued to a Debentureholder, and the number of Common Shares so issuable to a Debentureholder will be rounded down to the nearest whole number, with no additional consideration being provided by the Company to a Debentureholder in respect of the rounding down of such Common Shares. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record date for the payment of interest on the Initial Debentures will be the last Business Day of the month preceding the month of the applicable Interest Payment Date."

2.1.3 The second paragraph of Subsection 2.5(5) of the Original Indenture is hereby amended, restated and superseded in its entirety by the following new second paragraph of subsection 2.5(5):

"The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Initial Debentures shall be equal to $0.385 such that approximately 2,597 Common Shares shall be issued for each $1,000 principal amount of Initial Debentures so converted. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 4, or for interest accrued on Initial Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number, on any conversion of the Debentures and in lieu thereof, the Company will satisfy fractional interests by a cash payment equal to the Conversion Price on the relevant date of any fractional interest. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Initial Debentures is subject to adjustment pursuant to the provisions of Section 5.3. Holders converting their Initial Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Initial Debentures surrendered for conversion up to and

including the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest."

2.1.4 The first paragraph of Subsection 2.5(11) of the Original Indenture is hereby amended, restated and superseded in its entirety by the following new first paragraph of subsection 2.5(11):

"(11) Subject to regulatory approval and Article 4, the Company shall have the right at its option to force the conversion of the then outstanding Initial Debentures at the Conversion Price, upon the Current Market Price of the Common Shares being equal to or greater than $1.05 on the following terms and conditions (a "**Mandatory Conversion Event**"):"

2.1.5 The following section is added as a new Subsection 2.5(15) of the Original Indenture:

"(15) Subject to regulatory approval and Article 4, the Company shall have the right (the "**New Conversion Right**") at its option to force the conversion of 60% of principal amount, plus accrued interest thereon, of the then outstanding Initial Debentures for units of the Company (the "**Units**") at a conversion price of $0.35 per Unit on the following terms and conditions:

(a) the Company shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the Initial Debentures, a notice stating that the Company intends to exercise the New Conversion Right effective on a day that is not more than 60 days and not less than 20 days after the date of such notice (the "**New Conversion Right Date**");

(b) no fractional Units will be issued, and the number of Units so issuable will be rounded down to the nearest whole number, with no additional consideration being provided by the Company in respect of the rounding down of such Units;

(c) no fractional Warrants will be issued, and the number of Warrants so issuable will be rounded down to the nearest whole number, with no additional consideration being provided by the Company in respect of the rounding down of such Warrants;

(d) the rights of such holder under the terms of the Initial Debentures and this Indenture as it relates to the principal and accrued interest converted ceases effective as of the New Conversion Right Date provided the Company has issued the corresponding number of Units in accordance with this Indenture and thereafter the Initial Debentures as it relates to the principal and accrued interest converted shall not be considered to be outstanding and the holder shall not have any right except to receive such holder's Units upon surrender and delivery of such holder's Initial Debentures in accordance with the Indenture; and

2.1.6 each Unit will be comprised of one Common Share and 5/6 of a Warrant (the "**Warrants**"). Each whole Warrant is exercisable for one Common Share at an exercise price of $0.70 per Common Share for a period of 36 months, provided that if, at any time prior to the expiry date of the Warrants, the Current Market Price of

the Common Shares is greater than $1.05, the Company may, within 10 Business Days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice."

ARTICLE 3
MISCELLANEOUS

Section 3.1 Confirmation of Indenture

(a) The Debenture Indenture as further amended and supplemented by this Supplemental Indenture is hereby confirmed and approved.

(b) The Debentures issued and outstanding shall be deemed to include the amendments as set forth herein, without any further action of the Debentureholders.

Section 3.2 Governing Law

This Supplemental Indenture will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and will be treated in all respects as British Columbia contracts. With respect to any suit, action or proceedings relating to this Supplemental Indenture, the Company, the Trustee and each holder irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

Section 3.3 Counterparts

This Supplemental Indenture may be executed in counterparts, each of which so executed will be deemed to be an original, and each of such counterparts when taken together will constitute one and the same instrument.

[Signature Page Follows]

The parties have executed this Supplemental Indenture.

FLOWER ONE HOLDINGS INC.

By: _____
Name:
Title:

ODYSSEY TRUST COMPANY

By: _____
Name:
Title:

By: _____
Name:
Title:

North American Toll Free:
1-877-452-7184

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