

**Form 62-103F1
EARLY WARNING REPORT**

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Subordinate Voting Shares (“**Shares**”)

Goodness Growth Holdings Inc. (the “**Issuer**”)
207 South 9th Street
Minneapolis, Minnesota
USA
55402

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Chicago Atlantic Credit Opportunities, LLC (“**CACO**”)
Chicago Atlantic Advisers, LLC (“**CAA**”)
Chicago Atlantic Manager, LLC (“**CAM**”)
Chicago Atlantic GP Holdings, LLC (“**CAGPH**”)
Chicago Atlantic Group, LP (“**CAG**”)
Chicago Atlantic Group GP, LLC (“**CAGGP**”)

420 North Wabash Avenue
Suite 500
Chicago, Illinois
60611
USA

CAA is the investment manager to CACO. CAM is the managing member of CACO, and CAGPH is its managing member. CAG is the managing member of CAA and CAGGP is the general partner of CAG.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

CACO and another company for which CAG serves as managing member (together, the “**Record Holders**”) are the record holders of warrants exercisable for Shares and are the beneficiaries of an obligation of the Issuer to issue Shares in connection with the Fifth Amendment (described in more detail below). In addition,

CACO is the record holder of convertible promissory notes convertible into Shares. The warrants, the Shares to be issued in connection with the Fifth Amendment and the convertible promissory notes were issued by the Issuer as partial consideration for the extension of credit by affiliates of CAG to the Issuer, and for subsequent amendments to such credit extension.

2021 Warrants

On March 25, 2021, the Issuer and certain of its subsidiaries entered into a Credit Agreement with certain CAG affiliates as lenders, and with another CAG affiliate as administrative and collateral agent (as amended, the “**Credit Agreement**”). The Credit Agreement provided for a senior secured credit facility to the Issuer of up to \$46 million. In connection with entering into the Credit Agreement, the Issuer issued warrants to purchase Shares to the CAG affiliates and certain other persons (collectively, the “**2021 Warrants**”). After subsequent transfers, the Record Holders hold 2021 Warrants to acquire an aggregate of 1,196,618 Shares at an exercise price of CAD\$3.50 per Share. The 2021 Warrants expire on March 25, 2026. **As of the date of this report, none of the 2021 Warrants have been exercised and no underlying Shares have been issued.**

Issuance in Connection with Fifth Amendment

On March 31, 2023, the Issuer and certain of its subsidiaries entered into a fifth amendment to the Credit Agreement (the “**Fifth Amendment**”) with certain CAG affiliates. The Fifth Amendment made various changes to the Credit Agreement, as it had then been amended to date, including by extending the maturity date. In connection with the Fifth Amendment, the Issuer agreed to issue 15 million Shares to parties designated by the administrative agent for the Credit Agreement. Pursuant to such agreement, the Issuer has committed to issue a total of 10,660,644 Shares to the Record Holders. The aggregate funds committed by the lenders under the Fifth Amendment is \$65.2 million.

2023 Convertible Notes

On April 28, 2023, the Issuer and certain of its subsidiaries entered into a sixth amendment to the Credit Agreement (the “**Sixth Amendment**”) with certain CAG affiliates. Among other matters, the Sixth Amendment provides a convertible note facility (collectively, the “**2023 Convertible Notes**”) with a committed principal amount of US\$10 million and a discretionary additional principal amount of US\$5 million. The 2023 Convertible Notes mature on April 30, 2026, have a cash interest rate of 6% per year and a paid-in-kind interest rate of an additional 6% per year. Other than the addition of the convertible note facility, the aggregate funds committed by the lenders under the Sixth Amendment is unchanged from the Fifth Amendment.

The 2023 Convertible Notes are convertible into the Shares at a conversion price of US\$0.145 per Share (for the initial US\$2 million advance) or the lesser of US\$0.145 or a 20% percent premium over the 30-day volume weighted average price of the Shares calculated on the day prior to the date on which each tranche is advanced.

CACO has committed to purchase 2023 Convertible Notes up to an original principal balance of US\$7,831,300. As of the date of this report, CACO has advanced funds to the Issuer in amounts that are less than such full commitment, but the lenders, including CACO, also have the right to advance any remaining undrawn funds on the 2023 Convertible Notes to the Issuer at any time.

Assuming, by way of example only, that CACO advances its maximum commitment for 2023 Convertible Notes, and that such notes are converted at a conversion price of US\$0.145 per Share (excluding the effect of any accrued interest), CACO's 2023 Convertible Notes would be converted into 54,008,965.5 Shares. This number is by way of illustration only; the actual number of Shares into which the 2023 Convertible Notes may be converted is variable and depends on, among other things, the timing of any future advances and conversions, the effect of interest on the conversion amount and the then-prevailing markets prices for the Shares. ***As of the date of this report, none of the advanced principal amount of the 2023 Convertible Notes, being US\$4,000,000, has been converted and no underlying Shares have been issued.***

2023 Warrants

In connection with the Sixth Amendment, the Issuer issued CACO and others designated by CACO warrants to purchase Shares (collectively, the "**2023 Warrants**"). The 2023 Warrants expire on April 28, 2028, and have an exercise price equal to US\$0.145 per Share. CACO holds 2023 Warrants to purchase 4,894,561 Shares. ***As of the date of this report, none of the 2023 Warrants have been exercised and no underlying Shares have been issued.***

On the assumption that all of the 2021 Warrants are exercised, the full principal amount of the 2023 Convertible Notes that are committed to be purchased is converted, and all of the 2023 Warrant are exercised, CACO and its affiliates would have ownership and control of over a total of 70,089,030.5 Shares, which would represent 44.7% of the then issued and outstanding Shares, based on the 86,721,030 currently issued and outstanding Shares as disclosed by the Issuer in its Form 10-Q Quarterly Report filed on SEDAR on May 15, 2023, and assuming issuance of shares in connection with the Fifth Amendment, exercise of the 2021 Warrants and the 2023 Warrants and issuance and conversion of the maximum amount of 2023 Convertible Notes.

2.3 State the names of any joint actors.

See description of parties under Item 2.1.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

See Item 2.2.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

See Item 2.2.

- 3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

- 3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

See Item 2.2.

- 3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 2.2.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

See Item 2.2.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities**

or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See Item 2.2. The conversion price of the 2023 Convertible Notes and the exercise price of the 2023 Warrants (being US\$0.145) are expressed in United States Dollars. Based on the exchange rate as of the date of this report (C\$1.3188 per \$US), US\$0.145 is approximately C\$0.191.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 2.2 and Item 4.1.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

See Item 2.2.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following: (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer; (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries; (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries; (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term

of directors or to fill any existing vacancy on the board; (e) a material change in the present capitalization or dividend policy of the reporting issuer; (f) a material change in the reporting issuer's business or corporate structure; (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company; (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace; (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada; (j) a solicitation of proxies from securityholders; (k) an action similar to any of those enumerated above.

The transactions described above relate to CACO and its affiliates lending money to the Issuer for the operation of the Issuer's business. CACO, CAG and the parties noted in Item 2.1 will continue to monitor the business, prospects, financial condition and potential capital requirements of the Issuer. Depending on its evaluation of these and other factors, the parties may from time to time in the future increase or decrease their direct or indirect ownership, control or direction over the 2021 Warrants and any Shares issued upon exercise, the Shares issuable under the Fifth Amendment, the 2023 Convertible Note and any Shares issuable upon conversion and the 2023 Warrants and any Shares issued upon exercise through market transactions, private agreements, subscriptions from treasury or otherwise, or may in the future and may develop plans or intentions relating to any of the other actions listed in (a) through (k) above.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

See Item 2.2.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification**Certificate**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

July 12, 2023

Chicago Atlantic Credit Opportunities, LLC

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer

Chicago Atlantic Advisers, LLC

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer

Chicago Atlantic Manager, LLC

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer

Chicago Atlantic GP Holdings, LLC)

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer

Chicago Atlantic Group, LP

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer

Chicago Atlantic Group GP, LLC

By: (signed) "David Kite"
Name: David Kite
Title: Chief Operating Officer