

FORM 51-102F3
Material Change Report

Item 1. **Reporting Issuer**

Golden Leaf Holdings Ltd. (“GLH” or the “Company”)
1235 Bay Street, Suite 400
Toronto, Ontario, Canada
M5R 3K4

Item 2. **Dates of Material Changes**

January 21 and January 22, 2016.

Item 3. **Press Releases**

On January 21, 2016 and January 22, 2016, respectively, news releases in respect of the material changes were disseminated by the Company through Marketwired and subsequently filed on the Company’s SEDAR profile.

Item 4. **Summary of Material Changes**

On January 21, 2016, the Company announced that it has executed an agreement in Washington State (the “Washington Agreement”) implementing a strategic partnership with BMF Washington LLC, one of Washington’s premier cannabis companies (the “Strategic Partner”). The Washington Agreement includes the acquisition of certain assets and the provision of certain goods and services to the Strategic Partner in furtherance of creating a strategic partnership.

As consideration in connection with the Washington Agreement, the Strategic Partner will be paid a total of US\$15 million payable within 45 days of the transaction closing date together with the issuance of 300,000 warrants exercisable for a two-year period. Of the US\$15 million purchase price, US\$3 million is payable in cash and US\$12 million is payable in GLH stock. GLH anticipates that this strategic relationship will be highly EBITDA accretive to its current operations upon completion of the integration.

On January 22, 2016, the Company announced that it has entered into an engagement letter with Dundee Securities Ltd. (the “Lead Agent”) on behalf of a syndicate of agents including Liberty North Capital Corp. (together, the “Agents”) pursuant to which the Agents have agreed to offer for sale convertible unsecured senior debentures of the Company (the “Debentures”), on a private placement basis, subject to all required regulatory approvals, at a price per Debenture of C\$1,000 (the “Offering Price”), for minimum gross proceeds of C\$4,500,000 and maximum gross proceeds of C\$10,000,000 (the “Offering”).

Item 5. **Full Description of Material Changes**

On January 21, 2016, the Company announced that it has executed the Washington Agreement implementing a strategic partnership with the Strategic Partner, one of Washington’s premier cannabis companies. The Washington Agreement includes the acquisition of certain assets and the provision of certain goods and services to the Strategic Partner in furtherance of creating a strategic partnership.

The Washington Agreement does not include any assets which require a license from the Washington Liquor and Cannabis Board to use or possess. The Strategic Partner will remain a cannabis licensee in Washington. The strategic partner produces, processes and distributes a range of cannabis oils and flower products in Washington. Under the strategic partnership, GLH and the Strategic Partner will undertake an integration of best practices, brands, and growth initiatives to further drive market share and profits in both the Washington and Oregon markets.

As consideration in connection with the Washington Agreement, the Strategic Partner will be paid a total of US\$15 million payable within 45 days of the transaction closing date together with the issuance of 300,000 warrants exercisable for a two-year period. Of the US\$15 million purchase price, US\$3 million is payable in cash and US\$12 million is payable in GLH stock. GLH anticipates that this strategic relationship will be highly EBITDA accretive to its current operations upon completion of the integration.

Washington State has an established recreational marijuana market where oil and extracts products are already regulated and available for consumer purchase through licensed retailers. In connection with the Washington Agreement, the parties have begun implementing a strategic relationship and have entered into certain agreements whereby GLH will license propriety intellectual property to the Strategic Partner, provide the Strategic Partner with services and non-cannabis materials, lease equipment and other property, and also lease employees to the Strategic Partner.

Certain U.S. states, including the state of Washington imposes a residency requirement for licensed operators and their individual owners. As such, in the state of Washington the Company will focus on providing services to the industry rather than directly owning production or retail operations. In connection with the strategic partnership, the Company will not be directly involved in the production or retail operations of the Strategic Partner but rather will provide ancillary services to the Strategic Partner.

On January 22, 2016, the Company announced that it has entered into an engagement letter with the Lead Agent, on behalf of a syndicate of Agents pursuant to which the Agents have agreed to offer for sale Debentures, on a private placement basis, subject to all required regulatory approvals, at the Offering Price, for minimum gross proceeds of C\$4,500,000 and maximum gross proceeds of C\$10,000,000.

The Debentures will mature on the date that is 18 months from closing of the Offering (the "Maturity Date") and will bear interest accruing at a rate of 10.0% per annum from the closing of the Offering (the "Closing Date"), payable semi-annually on the last day of June and December of each year. The first interest payment will be made on June 30, 2016 and will consist of interest accrued from and including the Closing Date to June 30, 2016. Subject to certain conditions, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable (i) in cash; or (ii) the equivalent value in common shares of the Company ("Common Shares") at a price per Common Share equal to the 20 trading day weighted average closing price of the Common Shares on the Canadian Securities Exchange (the "CSE") (or such other Canadian stock

exchange on which the Common Shares may trade) ending five trading days preceding the interest due date.

Subject to CSE approval, the Debentures will be convertible at the holder's option into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price equal to C\$0.67 per Common Share (the "Conversion Price"). Holders converting their Debentures will receive accrued and unpaid interest thereon, up to, but excluding, the date of conversion.

The Debentures will rank pari passu in right of payment of principal and interest with all previously existing debentures of the Company.

The Company intends to use the net proceeds of the Offering for funding of the Strategic Partnership and for working capital purposes.

Closing of the Offering is scheduled to be on or about February 11, 2016 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Canadian Securities Exchange and the applicable securities regulatory authorities. The Debentures will be offered by way of private placement to accredited investors in all provinces of Canada and in the United States to "Accredited Investors" within the meaning of Regulation D in transactions that are exempt from registration pursuant to Rule 506 of Regulation D under the United States Securities Act of 1933, and such other jurisdictions as may be agreed upon by the Company and the Agents.

In the event that during the term of the Debentures the Company (i) completes a future equity offering for Common Shares or units, at a price that would result in a 10% discount to such issue price (the "Discounted Price") being below the Conversion Price, the Lead Subscriber will receive a payment in cash or Debentures equal to the difference between Conversion Price and the Discounted Price and, where warrants are issued in connection with the future equity offering, equal to the economic value of the warrants, or (ii) issues Common Shares in connection with an acquisition at an issue price below the Conversion Price, the Lead Subscriber will receive a payment in cash or Debentures equal to the difference between Conversion Price and the issue price.

In consideration for their services, the Agents will receive a cash commission in an amount equal to 8.0% of the gross proceeds of the Offering (excluding sales to insiders of the Corporation resident in the United States) and such number of compensation options ("Compensation Options") equal to 8.0% of the aggregate number of Debentures issued and sold pursuant to the Offering (excluding sales to insiders of the Corporation resident in the United States) divided by C\$0.67. Each Compensation Option shall be exercisable for one unit of the Corporation (a "Unit") at an exercise price of C\$0.67 for a period of 24 months following the Closing Date. Each Unit shall consist of one Common Share and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Compensation Warrant"). Each Compensation Warrant shall entitle the holder thereof to acquire one Common Share at an exercise price of C\$0.85 for a period of 24 months following the Closing Date.

Item 6.

Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

The following executive officer is knowledgeable about the material changes and may be contacted about this report:

Donald M. Robinson
Chief Executive Officer
Golden Leaf Holdings Ltd.
Tel: 503-388-7693

Item 9. Date of Report

February 1, 2016.

Cautionary Note Regarding Forward-Looking Statements

This material change report contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the funding of the strategic partnership, the benefits of the strategic partnership, statements with respect to performance of the Company and the Strategic Partner, the payment of the consideration under the Washington Agreement, statements with respect to completion of the Offering, the receipt of requisite regulatory approvals, including the approval of the CSE and the use of proceeds, the Company's future business operation, expectations of gross sales, the opinions or beliefs of management, and future business goals. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing operations, risks relating to the performance of the Strategic Partner and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.