

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. Date of Material Changes

October 21, 2016, October 24, 2016 and October 25, 2016.

Item 3. Press Releases

On October 25 and October 26, 2016, 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 October 21, 2016, the Company entered into a supplemental indenture (the “Supplemental Indenture”) with TSX Trust Company (“TSX Trust”) that amended certain provisions of a previous debenture indenture (the “Indenture”) between the Company and TSX Trust dated March 11, 2016. The Supplemental Indenture adjusted the conversion price (the “Conversion Price”) of the outstanding debentures under the Indenture (the “Initial Debentures”) from C\$0.67 to C\$0.30 (the “Re-pricing”). The Re-pricing was a prerequisite to having certain investors participate in the Offering (as defined below).

On October 24, 2016, the Company closed the first tranche of its previously announced private placement of convertible senior secured debentures of the Company (the “Debentures”) which were issued at a price per Debenture of C\$1,000, for aggregate gross proceeds of C\$7,043,000 (the “First Tranche”).

On October 25, 2016, the Company closed the second tranche of its previously announced private placement of convertible senior secured debentures of the Company which were issued at a price per Debenture of C\$1,000, for aggregate gross proceeds of C\$982,000 (the “Second Tranche”, and collectively with the First Tranche, the “Offering”).

Item 5. Full Description of Material Changes

On October 21, 2016, the Company entered into the Supplemental Indenture with TSX Trust that amended certain provisions of the Indenture. The Supplemental Indenture adjusted the Conversion Price of the Initial Debentures from C\$0.67 to C\$0.30. The Re-pricing was a prerequisite to having certain investors participate in the Offering. It has the effect of increasing the number of common shares (“Common Shares”) issuable on conversion of the aggregate issued Initial Debentures from 14,480,597 to 32,340,000 Common Shares.

Further, certain related parties held Initial Debentures as follows:

- (i) Don Robinson – 1,500 Initial Debentures;
- (ii) Peter Saladino – 447 Initial Debentures; and
- (iii) Michael Cohl – 819 Initial Debentures (the “Related Party Debentures”).

Under the Re-pricing, the Common Shares issuable under the Related Party Debentures increased from 1,492.54 to 3,333.33 Common Shares per \$1000 principal amount such that the additional Common Shares issuable under the Related Party Debentures and the increase in their beneficial ownership of Common Shares is as follows:

- (i) Don Robinson – 2,761,189.5 Common Shares or approximately 2.8%;
- (ii) Peter Saladino – 822,834.47 Common Shares or approximately 0.8%;
and
- (iii) Michael Cohl – 1,507,609.47 Common Shares or approximately 1.5

No special process was undertaken by the directors to approve the Re-pricing as the Re-Pricing was not requested by a related party (at such time). The Re-Pricing was unanimously passed by resolution of the board of directors of the Company. The Company relied on the exemption from a formal valuation requirement in section 5.5(a) and the exemption from the minority approval requirement in section 5.7(a) of National Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

On October 24, 2016, the Company closed the First Tranche of its previously announced private placement of the Debentures which were issued at a price per Debenture of C\$1,000, for aggregate gross proceeds of C\$7,043,000.

In connection with the First Tranche, the Company issued 2,100,000 Common Shares to certain debentureholders in lieu of a \$2.7 million debt owed as part of an anti-dilution provision in certain outstanding debentures of the Company (the “Incentive Shares”). Further, the Company issued 900,000 Common Shares to JJR Private Capital GP II Inc. to settle outstanding debts in relation to services rendered to the Company (the “JJR Payable Shares”).

On October 25, 2016, the Company closed the Second Tranche of its previously announced private placement of Debentures which were issued at a price per Debenture of C\$1,000, for aggregate gross proceeds of C\$982,000.

The Offering was completed on a non-brokered basis, with AlphaNorth Asset Management acting as the financial advisor to the Company.

The Company intends to use the net proceeds of the Offering for working capital purposes.

The Debentures, the underlying Common Shares of the Debentures, the Incentive Shares, and the JJR Payable Shares will be subject to a statutory hold period in Canada of four months plus one day from the closing date pursuant to Canadian securities laws.

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

October 31, 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 use of proceeds of the Offering, 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, 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.