

**FORM 51-102F3**  
**Material Change Report**

**Item 1.                    Reporting Issuer**

Golden Leaf Holdings Ltd. (the “**Company**”)  
82 Richmond Street East  
Toronto, Ontario M5C 1P1

**Item 2.                    Date of Material Changes**

August 22, 2017.

**Item 3.                    Press Releases**

On August 22, 2017, a news release in respect of the material changes was filed on the Company’s SEDAR profile.

**Item 4.                    Summary of Material Changes**

On August 22, 2017, the Company announced that it has entered into an agreement with Canaccord Genuity Corp. (the “**Agent**”) as sole agent and bookrunner in respect to a “best efforts” private placement of units (“**Units**”) of the Company for gross proceeds of up to C\$10,000,000 (the “**Offering**”).

Further, the Company announced that it has arranged for an unsecured bridge loan from certain lenders (the “**Lenders**”) of up to C\$2,000,000 or such larger amount as the Company and the Lenders agree (the “**Bridge Loan**”). The Company intends to issue demand notes (the “**Demand Notes**”) to the Lenders in connection with the Bridge Loan.

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

*Private Placement Offering*

On August 22, 2017, the Company announced that it has entered into an agreement with the Agent in respect of the Offering. Each Unit is to be comprised of: (i) one C\$1,000 principal amount senior secured convertible debenture (a “**Debenture**”); and (ii) 1,351 common share purchase warrants (a “**Warrant**”), at a price of C\$1,000 per Unit for gross proceeds of up to C\$10,000,000.

The Debentures shall bear interest at a rate of 10% per annum and mature 24 months from the closing to the Offering. Each Debenture shall be convertible into common shares of the Company (“**Common Shares**”) at a conversion price of C\$0.28 per Common Share, subject to certain adjustment provisions.

The Warrants shall entitle holders to acquire one Common Share (the “**Warrant Shares**”) at a price of C\$0.37 per Warrant Share for a period of 24 months from the closing of the Offering, subject to certain adjustment provisions.

The net proceeds of the Offering are expected to be used for working capital purposes, inventory and the repayment of certain existing indebtedness.

The Debentures, the underlying Common Shares issuable upon conversion of the Debentures, the Warrants, and the underlying Warrant Shares issuable upon exercise of the Warrants 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.

The closing of the Offering is expected to occur on or about September 15, 2017.

#### *Bridge Loan*

Further, the Company announced that it has arranged for the Bridge Loan from the Lenders of up to C\$2,000,000 or such larger amount as the Company and the Lenders agree. The Demand Notes issued in connection with the Bridge Loan shall bear interest at a rate of 5% per annum and mature on January 31, 2018 (the “**Maturity Date**”). The Bridge Loan is necessary to supply working capital to the Company prior to the time that the Offering closes.

Pursuant to the Bridge Loan, the Lenders will be issued 952 common share purchase warrants (the “**Bridge Loan Warrants**”) for each C\$1,000 principal amount lent to the Company. Each Bridge Loan Warrant will entitle the holder to acquire one Common Share of the Company (a “**Bridge Loan Share**”) at a price of C\$0.21 per Bridge Loan Share for a period of 24 months from the closing of the Bridge Loan, subject to certain adjustment provisions.

The Demand Notes, the Bridge Loan Warrants, and the Bridge Loan Shares issuable upon exercise of the Bridge Loan Warrants 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.

The pricing of the Bridge Loan was negotiated by management with certain Lenders at arm’s length to the Company. At the date of this report, Gary Zipfel and Gary Yeoman, directors of the Company, have indicated that they intend to lend the Company funds in connection with the Bridge Loan, C\$750,000 and C\$50,000, respectively. Non-insiders did not supply sufficient funds for the Company’s current working capital needs. The board of directors, excluding the directors that intend to lend the Company funds in connection with the Bridge Loan, unanimously approved of the Bridge Loan and the issuance of the Bridge Loan Warrants. The Company is relying 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*. Assuming the directors participate and they exercise all of their Bridge Loan Warrants, Mr. Zipfel will hold 30,266,521 Common Shares, which is approximately 8.2% of the issued and outstanding Common Shares, and Mr. Yeoman will hold 47,600 Common Shares, which is less than 0.02% of the issued and outstanding Common Shares.

The Bridge Loan is expected to close on or about September 5, 2017.

This report is being filed less than 21 days prior to the expected closing date of the Bridge Loan and the Offering due to the needs for the Company to obtain the necessary funds for working capital.

**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:

William Simpson  
Chief Executive Officer  
Golden Leaf Holdings Ltd.  
Tel: 503-805-5603

**Item 9. Date of Report**

September 1, 2017.

**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 Bridge Loan, 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.