

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

**Item 1.                    Reporting Issuer**

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

**Item 2.                    Date of Material Changes**

September 5, 2017

**Item 3.                    Press Releases**

On September 5, 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 September 5, 2017, the Company announced that it has closed its previously announced unsecured bridge loan from certain lenders (the “**Lenders**”) for gross proceeds of C\$2,000,000 (the “**Bridge Loan**”). The Company issued demand notes (the “**Demand Notes**”) to the Lenders in connection with the Bridge Loan.

Further, the Company announced that it has secured conversion of 95% of the remaining outstanding convertible debentures of the Company issued in March 2016 and maturing on September 11, 2017 (the “**March Debentures**”). Approximately 21,552,380 common shares of the Company (“**Common Shares**”) were issued in connection with the conversion of the March Debentures.

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

*Bridge Loan*

On September 5, 2017, the Company announced that is has closed the Bridge Loan. The Demand Notes issued in connection with the Bridge Loan bear interest at a rate of 5% per annum and mature on January 31, 2018. Pursuant to the Bridge Loan, the Lenders were issued 952 common share purchase warrants (the “**Bridge Warrants**”) for each C\$1,000 principal amount lent to the Company. Each Bridge Warrant entitles the holder to acquire one Common Share (“**Bridge Loan Shares**”) at a price of C\$0.21 per Bridge Loan Share for a period of two years from the closing date, subject to adjustment in certain events. The net proceeds of the Bridge Loan will be used by the Company for general corporate purposes.

The Demand Notes, the Bridge Loan Warrants, and the Bridge Loan Shares issuable upon exercise of the Bridge Loan Warrants are 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. Gary Zipfel and Gary Yeoman, directors of the Company, lent 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 lent 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 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*. If the directors exercise all of such 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.

#### *Conversion of the March Debentures*

Further, the Company announced that it has secured conversion of 95% of the remaining outstanding March Debentures. An aggregate principal amount of C\$4,526,000, including C\$1,266,000 held by directors of the Company, has been converted into Common Shares at a price of C\$0.21 per Common Share. The Company agreed to an amended exercise price in order to secure conversions of such outstanding March Debentures. Approximately 21,552,380 Common Shares were issued in connection with the conversion of the March Debentures prior to their maturity.

**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 14, 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 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.