

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

September 25, 2017 and October 2, 2017

Item 3. Press Releases

On September 25, 2017 and October 2, 2017, news releases in respect of the material changes were filed on the Company’s SEDAR profile.

Item 4. Summary of Material Changes

On September 25, 2017, the Company announced the completion of the sale of certain real property in Aurora, Oregon (the “**Aurora Property**”) for gross proceeds of \$2.2 million. The Aurora Property was previously held by the Company’s wholly-owned subsidiary, Greenpoint Real Estate LLC.

In addition, the Company announced that it has entered into certain convertible debenture note repayment agreements (the “**Repayment Agreements**”) relating to outstanding 12% secured convertible debentures of the Company (the “**Aurora Debentures**”) issued in September 2015 in connection with the purchase of the Aurora Property. Further, the Company has agreed to issue a total of 300,000 common share purchase warrants to certain holders of Aurora Debentures as an incentive to accept partial payment for the Aurora Debentures in common shares of the Company (“**Common Shares**”).

On October 2, 2017, the Company announced that it has revised the terms of its previously announced “best efforts” private placement of units (“**Units**”) of the Company (the “**Offering**”).

Further, the Company announced that it has secured commitments, and expects to secure additional commitments, from certain holders of outstanding convertible debentures of the Company due in April 2018 (the “**April Debentures**”) and has secured commitments from all of the lenders that provided proceeds to the Company under certain bridge loans obtained on September 5, 2017 (the “**Bridge Loan**”), to accept early repayment of such debts and to direct the funds received towards the purchase of Units under the Offering.

Item 5. Full Description of Material Changes

Sale of Aurora Property and Repayment of Aurora Debentures

On September 25, 2017, the Company announced the completion of the sale of the Aurora Property, which was intended to serve as the Company’s extraction and refinement facility, for gross proceeds of \$2.2 million. The Aurora Property could

not be used for the Company's intended purpose after the Marion Count Commissioners "opted out" of allowing cannabis production facilities in that county, which was where the Aurora Property is located. The Aurora Property was previously held by the Company's wholly-owned subsidiary, Greenpoint Real Estate LLC.

In addition, the Company announced that it has entered into the Repayment Agreements relating to the outstanding Aurora Debentures issued in September 2015 in connection with the purchase of the Aurora Property. Under the Repayment Agreements, the Company and the holders of the Aurora Debentures (the "**Secured Parties**") agreed to settle the amounts payable to the Secured Parties under the Aurora Debentures by accepting from the Company a combination of cash and a total of 9,250,054 Common Shares on a "shares for debt" basis, as full repayment and satisfaction of all amounts due to the Secured Parties. The aggregate debt to be repaid under the Repayment Agreements is C\$1,685,359.

Revision of the Terms of Previously Announced Private Placement Offering

On October 2, 2017, the Company announced that it has revised the terms of its previously announced Offering. Under the revised Offering, the Company intends to offer up to C\$15,000,000 in Units. Each Unit is to be comprised of: (i) one C\$1,000 principal amount senior secured convertible debenture (a "**Debenture**"); and (ii) 2,381 common share purchase warrants ("**Warrants**"), at a price of C\$1,000 per Unit.

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 at a conversion price of C\$0.21 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\$0.28 per Warrant Share for a period of 24 months from the closing of the Offering, subject to certain adjustment provisions.

The Debentures will be secured by a general security interest over all of the assets of the Company, and through guarantees and a general security interest from each of the Company's subsidiaries. Under the indenture to be entered into governing the Debentures, the Company will agree not to pledge, sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent. To the extent security arrangements permit the Company (or are modified), the Company shall also pledge all of the outstanding securities of its subsidiaries.

Canaccord Genuity Corp. ("**CGC**") is acting as sole agent and bookrunner with respect to the Offering. The Company has granted CGC an option to offer for sale up to an additional 15% of Units, exercisable in whole or in part at any time up to 48 hours prior to the Closing Date.

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 October 17, 2017.

Debt Exchange

Further, the Company announced that it has secured commitments, and expects to secure additional commitments, from certain holders of April Debentures and has secured commitments from all of the lenders that provided proceeds to the Company under the Bridge Loan, to accept early repayment of such debts and to direct the funds received towards the purchase of Units under the Offering.

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

October 3, 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 and 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.