

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

**MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF**  
**NATIONAL INSTRUMENT NO. 51-102**

**Item 1.**                    **Reporting Issuer**

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

**Item 2.**                    **Date of Material Change**

A material change took place on October 11, 2019.

**Item 3.**                    **Press Release**

On February 3, 2020, a news release in respect of the material change was disseminated by the Company.

**Item 4.**                    **Summary of Material Change**

The Company announced on February 3, 2020 that its wholly-owned subsidiary, TZ Acquisition, Inc. has signed a definitive agreement to acquire Tozmoz, LLC (“Tozmoz”).

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

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated by reference herein.

The Company announced that it had entered into an Asset Purchase Agreement for substantially all of the assets of Tozmoz, a licensed cannabis processor in Oregon. The formal closing of the acquisition is conditioned on the approval of the change of ownership of Tozmoz by the Oregon Liquor Control Commission.

Tozmoz will be acquired for aggregate consideration of US\$2,800,000 consisting of cash and advances totalling US\$675,000, an earn-out of up to US\$400,000 and 29,166,667 shares of the Company at US\$0.06. The earn-out may be paid to Tozmoz quarterly beginning in July 2020, based upon 30% of up to US\$1.2 million of third-party revenue generated from the assets acquired by the Company.

**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**

Stan Grissinger

**Item 9.**

**Date of Report**

DATED at Toronto, in the Province of Ontario, this 20<sup>th</sup> day of February, 2020.

## **SCHEDULE "A"**



# Golden Leaf Holdings to Acquire Premier Extractor Tozmoz

## ***Acquisition Allows for Expanded Extraction Capabilities to Support Growth***

TORONTO, Feb. 03, 2020 (GLOBE NEWSWIRE) — Golden Leaf Holdings Ltd. (CSE: GLH) (OTCQB: GLDFF) (“Golden Leaf” or the “Company”), a pioneering cannabis solutions company and dispensary operator built around the recognized brands of Chalice Farms, has signed a definitive agreement (“Agreement”) for its wholly-owned subsidiary, TZ Acquisition, Inc., an Oregon corporation (“Buyer”), to acquire Tozmoz, LLC, an Oregon limited liability company (“Seller”).

Founded in 2015 as one of the first Oregon Liquor Control Commission (“OLCC”) licensed processors in Oregon, Tozmoz established itself as one of the premier cannabis extractors in the state. Tozmoz offers multiple extraction processes including CO2, hydrocarbon and ethanol, and both short path and wiped film distillation. Additionally, Tozmoz provides product manufacturing and formulation, as well as packaging services, providing clients OLCC-approved products ready for wholesale distribution and retail sale.

“We have been working with Tozmoz for years now and this acquisition fits squarely into our product-focused business strategy,” said Jeff Yapp, Golden Leaf Holdings’ CEO. “The core of this business is about the highest quality products on the market, like our Elysium Fields line of live resin cartridges and tinctures and our recently launched Chalice Farms RXO lines. This acquisition will allow us to take what we’ve been doing well, and continue to build and further expand our diverse portfolio of products. In our ‘crawl, walk, run’ model of business development, we believe Tozmoz is at the “run” stage.”

Pursuant to the terms of the Asset Purchase Agreement, Golden Leaf purchased substantially all of the assets of Tozmoz, including the facility located in Clackamas, which serves as the headquarters for multiple extraction options as stated above, for consideration of US\$2.8 million consisting of cash and advances totaling US\$675,000, an earnout of up to US\$400,000 and GLH stock (29,166,667 shares at US\$.06 per share). GLH has previously made certain payments to Tozmoz so that only approximately US\$227,000 of cash will be due at closing. The earnout of US\$400,000 may be paid to Tozmoz quarterly beginning in July 2020, based upon 30% of up to US\$1.2 million of third-party revenue generated from the assets acquired by GLH.

Since its founding, Tozmoz generated revenue by toll-processing for clients including GLH. The attractive gross margins on the GLH business will now be earned by GLH. In addition, Tozmoz will continue to serve, and is growing revenue from, third-party white-label processing. Tozmoz has contributed to GLH product development for the Company’s tinctures and Elysium products. Their expertise will integrate with GLH’s existing product research and development abilities.

Co-Founders of Tozmoz Joel Klobas and Jerry Wallis, will continue providing services to GLH after the acquisition closes. Mr. Klobas will be employed by the Company as Vice President, Production and Mr. Wallis will assist the Vice President, Production and Senior Vice President Operations, as a consultant.

“Golden Leaf Holdings and Chalice Farms have become part of the fabric of the Oregon cannabis market, and we are excited to continue to innovate with them and provide the market with amazing new products,” said Mr. Klobas.

The formal closing of the acquisition is conditioned on the approval of the change of ownership of Seller by the OLCC, which is expected imminently.

To be added to the distribution list please email [ir@goldenxtrx.com](mailto:ir@goldenxtrx.com) with “GLH” in the subject line.

### **About Golden Leaf Holdings**

Golden Leaf Holdings Ltd. is a Canadian company with operations in multiple jurisdictions including Oregon, Nevada and California, with cultivation, production and retail operations built around the recognized brands of Chalice Farms. Golden Leaf distributes its products through its branded Chalice Farms retail dispensaries, as well as through third-party dispensaries. Golden Leaf’s cannabis retail operations and products are designed with the customer in mind, focused on superlative in-store experience and quality products. Visit [goldenleafholdings.com](http://goldenleafholdings.com) to learn more.

### **Investor Relations:**

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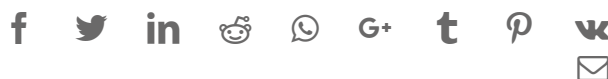
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*estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance 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. This press release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration or an exemption from registration.*

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