

## SECOND CHALICE TRANSITION AGREEMENT

**BETWEEN:** William Simpson (“**Simpson**”);

**AND:** Mike Genovese (“**Genovese**”);

**AND:** Gary Zipfel (“**Zipfel**”);

**AND:** CFA Productions LLC, an Oregon limited liability company (“**Productions**”);

**AND:** Chalice LLC, an Oregon limited liability company (“**Chalice**”);

**AND:** CFA Acquisition Company, an Oregon corporation (“**CFA Acquisition**”);

**AND:** Golden Leaf Holdings, Ltd., A Canadian (Ontario) corporation (“**GLH**”);

**AND:** Greenpoint Holdings Delaware, Inc., a Delaware corporation and wholly-owned subsidiary of GLH (“**Delaware**”).

**DATED:** November\_18\_, 2020.

### RECITALS.

- A. Simpson, Genovese and Zipfel were the sole members in Chalice (collectively, the “**Members**” or “**Owners**”).
- B. Chalice owned all of the outstanding membership interests of Productions and CFA Retail, LLC, an Oregon limited liability company (“**Retail**”).
- C. Pursuant to an Asset Purchase Agreement dated July 7, 2017 and the terms of which are hereby incorporated by this reference as if fully set forth herein (the “**APA**”), CFA Acquisition purchased substantially all of the assets of Productions.
- D. Pursuant to the terms of a Membership Interest Purchase Agreement dated July 7, 2017 and the terms of which are hereby incorporated by this reference as if fully set forth herein (the “**MIPA**”), Delaware purchased all of the outstanding membership interests of Retail, from Chalice.
- E. In connection with the acquisitions described in the APA and MIPA, certain earn - out payments totaling USD\$9,527,350 were required to be paid to Chalice and Productions, of which no less than USD\$5,000,000 (the “**Minimum Cash Payment**”) was payable by wire transfer, with the balance of USD\$4,527,350 payable in the stock of GLH (the “**Stock Earn-Out Payment**”). The Minimum Cash Payment and the Stock Earn-Out Payment are collectively referred to as the “**Earn-Out Payments**”.

F. GLH, Chalice and Productions agreed to amend and defer the Earn-Out Payments obligation, pursuant to the terms and conditions of a Transition Agreement dated July 29, 2019 and effective July 31, 2019, 2019 (“**2019 Agreement**”).

G. Due to current conditions and considerations GLH, Chalice and Productions agree to modify and supersede certain terms of the 2019 Agreement to restructure debts and payments pursuant to the terms and conditions contained in this Second Transition Agreement (“**Agreement**”).

H. Simpson, Genovese, Zipfel, Productions, Chalice, CFA Acquisition, GLH and Delaware may also be referred to in this Agreement individually as a “**Party**” and collectively, the “**Parties**”).

## **AGREEMENT.**

NOW, THEREFORE, in consideration of the mutual promises of the Parties and for other valuable consideration, the Parties agree as follows:

1. **Recitals.** The Recitals above are hereby incorporated by this reference as if fully set forth herein.

2. **Earn-Out Payments.** The terms of the 2019 Agreement notwithstanding, GLH shall pay the Earn-Out Payments to the Members in accordance with the terms and provisions set forth herein as follows:

2.1. **Total Debt.** The Parties agree that the total outstanding balance of Earn-Out Payments due and owing as of the date hereof (“**Outstanding Balance**”) is (A) USD \$9,527,000.00, consisting of the Minimum Cash Payment and Stock Earn-Out Payments as set forth in the Recitals to this Agreement plus (B) accrued interest on the Outstanding Balance (calculated through December 31, 2020) and payments missed prior to the date hereof in an aggregate amount equal to \$454,773 (the “**Unpaid Interest**”). The Parties agree that effective immediately USD\$2,500,000.00 of the Minimum Cash Payment be and hereby is converted to shares of GLH common stock at USD\$.06 per share or 41,666,666.67 shares (the “**Conversion Shares**”). As a result of such conversion, the Outstanding Balance shall be comprised of USD\$2,500,000 cash (the “**Cash Portion**”), the Conversion Shares and USD\$4,527,000 payable in GLH shares at VWAP for the thirty (30) trading-day period prior to May 2, 2022 (the “**Payment Date**”). As used herein, the term “**VWAP**” shall be calculated as the sum of the daily trading volume multiplied by closing price of GLH common shares for each of the 30 trading days ending 5 trading days prior to applicable measurement date (“**VWAP Period**”) divided by the total shares traded during the VWAP period on OTCQB exchange. The Outstanding Balance will be paid as follows:

2.1.1 Within five (5) days following the execution of this Agreement by the Parties, GLH shall deposit the Conversion Shares into an escrow account reasonably acceptable to the Owners (the “**Escrow Account**”). Beginning on May 3, 2022 (the “**Initial Release Date**”) and for sixty (60) consecutive months thereafter, the Conversion Shares shall be released from the Escrow Account to the Owners in such proportion as set forth

on Exhibit A hereto in equal monthly installments of 694,444 shares (provided, that if the Owners request that all or any portion of the Conversion Shares be released sooner (or in such other proportion as is set forth on Exhibit A), the escrow agent shall provide for such release of said shares of common stock upon delivery of written instructions therefor by the Owners).

2.1.2 The Unpaid Interest shall be converted to shares on December 31, 2020 based on the thirty day VWAP as provided herein. The shares shall be placed in escrow and paid out in sixty (60) equal installments beginning on the Payment Date.

2.1.3 On the Payment Date, GLH will issue to the Owners shares of GLH common stock valued at USD\$4,527,000 based on the thirty (30) day VWAP ending on such date. GLH shall deposit the shares in the Escrow Account and such shares shall be released to the Owners beginning on the Initial Release Date in sixty equal monthly installments in such proportion as set forth on Exhibit A hereto (provided, that if the Owners request that all or any portion of such shares be released sooner (or in such other proportion as set forth on Exhibit A), the escrow agent shall provide for such release of said shares upon delivery of written instructions therefor by the Owners).

2.2 Interest. The Outstanding Balance shall bear simple interest at a fixed annual rate of six percent (6%), with such interest accruing from the date hereof. GLH shall pay to the Owners USD\$47,635.00 per month begin January 2, 2021 (in such proportion as set forth on Exhibit A hereto (or such other proportion as set forth in writing by the Owners to GLH)) as follows:

2.2.1 USD\$20,000.00 cash payments made no later than the 2<sup>nd</sup> of each month until the Payment Date; and

2.2.2 The remaining USD\$27,635.00 per month will be paid in GLH shares with a value calculated as of December 31, 2021 based upon the trailing 30 day VWAP at that date. The shares shall be placed in the Escrow Account on January 1, 2022 and be released to the Owners in sixty (60) consecutive equal monthly installments starting on the Initial Release Date (in such proportion as set forth on Exhibit A hereto (provided, that if the Owners request that all or any portion of such shares be released sooner (or in such other proportion as set forth on Exhibit A), the escrow agreement shall provide for such release of said shares upon delivery of written instructions therefor by the Owners)).

2.3 Cash Portion Security. The Cash Portion shall be paid in sixty (60) consecutive monthly principal and interest payments of USD\$48,332 beginning on the Payment Date and the last monthly payment due on April 2, 2027. In the event GLH is unable to pay or in the event GLH declares bankruptcy, the Owners shall have as security for the outstanding balance of the Cash Portion, assets of a certain Chalice store or stores designated by the GLH valued to the amount of the then outstanding balance of Cash Portion owed by GLH. In the event GLH completes an equity offering or debt financing (or any combination thereof) of at least USD \$25,000,000, then the entire then-remaining principal and interest payments shall immediately become due and payable.

2.4 **Payment Application.** Unless specifically provided otherwise in this Agreement, all payments provided for in this Agreement shall first be credited towards accrued interest, then outstanding principal on (i) the Minimum Cash Payment, and if any excess, then to (ii) the Stock Earn-Out Payment;

2.5 **Removal of Guaranty.** GLH hereby represents and warrants that any Owner that was a guarantor of any lease or financing of GLH or Chalice prior to the date hereof has been removed as a guarantor thereof and is no longer liable thereunder.

3. **Penalty.** GLH shall have twelve (12) months (the “**Term**”) from the date of execution of this Agreement to meet one of the two following requirements (the “**Requirement**”):

3.1 GLH shall be cash flow positive prior to the end of the Term, as reasonably determined in accordance with past practice. For the avoidance of doubt, in the event that GLH is delinquent on any cash payment required to be made hereunder or required to be made to any employees or leaseholders during the Term, then GLH shall be deemed to not be cash flow positive prior to the end of the Term. In the event the Parties cannot reasonably determine whether GLH is cash flow positive, (and Section 3.2 does not apply), GLH shall hire an independent accounting firm to make such determination.

3.2 GLH shall have completed an equity offering of a minimum of USD\$5,000,000.00 by the end of the Term. No debt offering (including convertible debt) shall count towards meeting this Requirement.

3.3 If GLH is unable to meet at least one of the Requirements then an additional 62,500,000 shares of GLH common stock shall be placed in the Escrow Account on the business day immediately following the last day of the Term and be released to the Owners in sixty (60) consecutive equal monthly installments starting on the Initial Release Date. Upon sixty (60) days written notice, Owners may request that all or any portion of such shares be released sooner.

4. **Other Provisions of APA, MIPA and 2019 Agreement.** Other than the revisions provided for in this Agreement, all other provisions of the APA, MIPA and the 2019 Agreement remain in full force and effect pursuant to the terms of each respective document, including exhibits and schedules.

5. **Waiver.** By signing this agreement, the Parties stipulate and agree that GLH is not in breach of any of its payment obligations under the 2019 Agreement and the Parties waive any and all potential claims that any Party may assert that against GLH that is in default thereunder.

6. **Governing Law.** The rights and obligations of the Parties under this Agreement shall in all respects be governed by Oregon law. Every provision is intended to be severable. If any provision or part thereof is deemed unenforceable by a court of competent jurisdiction, the court shall enforce all remaining provisions or parts thereof to the fullest extent permissible by law.

7. **Venue.** The Parties agree that should any dispute arise out of this Agreement, the issue shall be submitted to arbitration in Multnomah County, Oregon, before one arbitrator pursuant to

the then current employment rules of the American Arbitration Association. Each Party shall pay its own costs and attorneys' fees related to any arbitration.

**8. Attorneys' Fees.** In any dispute resolution proceeding between the Parties relating to this Agreement, the prevailing party will be entitled to recover its reasonable attorneys' fees and costs from the other party.

**9. Integration Clause.** The Parties acknowledges that this Agreement contains the entire agreement between them relating to the subject matter of this Agreement. There have been no other oral or written representations or commitments by any Party other than those referred to in this Agreement. No modification or waiver of any of the provisions or any future representation, promise or addition shall be binding upon the Parties unless made in writing and signed by both Parties.

**SIMPSON**

"William Simpson"  
William Simpson

**GENOVESE**

"Mike Genovese"  
Mike Genovese

**ZIPFEL**

"Gary Zipfel"  
Gary Zipfel

**CHALICE**  
Chalice, LLC

By: "William Simpson"  
Its: Member

**GLH**

GOLDEN LEAF HOLDINGS LTD.

By: "John Varghese"  
Its: Executive Chairman

**DELAWARE**  
Greenpoint Holdings Delaware, Inc.

By: "John Varghese"  
Its: President

**CFA ACQUISITIONS**  
CFA Acquisition Company

By: "John Varghese"  
Its:

**PRODUCTIONS**  
CFA Productions, LLC

By: "John Varghese"