

Golden Leaf Strengthens its Balance Sheet

Proposes Amendments to Convertible Debentures

TORONTO, Dec. 16, 2020 -- Golden Leaf Holdings Ltd. (CSE: GLH) (OTCQB: GLDFF) ("Golden Leaf" "GLH", or the "Company"), a premier, consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, announced that it will seek the approval of holders (the "Convertible Debentureholders") of Convertible Debentures due November 16, 2021 (the "Convertible Debentures") to amend certain terms of the Convertible Debentures at an extraordinary meeting to be held on January 21, 2021 (the "Meeting"). The proposed amendments (the "Amendments") include extending the maturity date of the Convertible Debentures from November 16, 2021 to November 16, 2022, providing immediate relief to the Company and its current liabilities. As consideration for this extension, the conversion price of the principal will change from C\$0.30 to US\$0.06 per common share. The Convertible Debentureholders will also receive a one-time restructuring fee of 2% of the principal amount. This one-time fee will be paid in common shares equal to US\$0.06 per share immediately upon approval of this proposal at the extraordinary meeting.

The Company has reached an agreement in principle for the Amendments with some of the Convertible Debentureholders, including the largest holder of the Convertible Debentures and on that basis is assured of being successful at the Meeting.

Currently the outstanding balance of Convertible Debentures is C\$8,039,000. At the original conversion price, these could have been converted into approximately 26,796,667 common shares. If the proposed amendments are approved, at the current C\$:US\$ exchange rate, the Convertible Debentures could be convertible into approximately 105,000,000 common shares. If the Amendments are approved by the Convertible Debentureholders, they will be effective on the date that the Company enters into the supplemental indenture providing for such Amendments, which is anticipated to be on or about January 19th, 2021. These Amendments are also subject to the approval of the Canadian Securities Exchange.

"The support from our debenture holders is another vote of confidence in current managements progress over the last 18 months," stated John Varghese, Executive Chairman. "This extension allows optionality for Golden Leaf. Cash flow from operations or possibly an equity raise in the future at accretive share prices will enable us to address this debenture in 2022. With this extension, we now have one of the cleanest balance sheets in the industry. As we near profitability, we will continue to execute our business plan and look for accretive acquisitions to grow our footprint. Management believes that the uncertainty as to the Company's ability to repay this debenture upon maturity has had a negative impact on the value of Golden Leaf. In November 2020, we were able to reach an agreement with the Chalice group to restructure long term liabilities for up to 60 months. By agreeing to a conversion price of USD\$0.06 that is 200% greater than current market value, both independent groups of debt holders have endorsed our belief that GLH has been undervalued."

Details regarding the Amendments and the Meeting can be found in the Company's circular that will be filed under the Company's profile on SEDAR at www.sedar.com and mailed to the Convertible Debentureholders in advance for the Meeting.

Certain of the Company's directors and executive officers who own in the aggregate C\$149,000 principal amount (or 1.9%) of the outstanding Convertible Debentures are considered "related parties" to the Company for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), and accordingly, the Amendments are considered "related party transactions" within the meaning of MI 61-101. The Company is relying on exemptions from the valuation and minority shareholder approval requirements in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, in respect of the Amendments as neither the fair market value of the Convertible Debentures held by interested parties (as such term is defined in MI 61-101) nor any consideration for the transaction insofar as it involves interested parties exceeds 25% of the market capitalization of the Company. In addition, as the Company is listed only on the CSE, the Amendments are exempt from the formal valuation requirements of MI 61-101.

[About Golden Leaf Holdings](#)

Golden Leaf Holdings is a premiere consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with 7 dispensaries in Portland, Oregon. The company is committed to developing a dynamic portfolio built around the recognized brands of Chalice Farms, with a focus on health and wellness. Markets served include Oregon, California, Nevada and Washington. Visit glhmonthly.com for regular updates.

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Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.