

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

December 16, 2020.

Item 3 News Release

November 16, 2020 through Globe Newswire.

Item 4 Summary of Material Change

On December 16, 2020, the Company 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 of the Company (“**Common Shares**”) equal to US\$0.06 per share.

Item 5 Full Description of Material Change

The Amendments

On December 16, 2020, the Company announced that it will seek the approval of the Convertible Debentureholders to amend certain terms of the Convertible Debentures at an extraordinary meeting to be held on January 21, 2021. 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. The full text of the extraordinary resolution is set out in the notice of the Meeting filed on SEDAR.

Background

Management and the Board regularly review and evaluate the Company’s capital structure and strategic alternatives relating to the Debentures and other obligations with a view to enhancing securityholder value. On November 19, 2020, the Company announced that it had favorably restructured and further extended (the “**Chalice Restructuring**”) the US\$9,527,350 earn-out payment due on May 2, 2022 to Chalice LLC (“**Chalice**”) and its members. This obligation related to the acquisition of certain assets and a subsidiary of Chalice on July 7, 2017. Chalice agreed to an immediate conversion of 50% or US\$2,500,000 of the existing cash obligation that remains due on May 2, 2022 into Common Shares at US\$0.06. The resultant 41,666,667 common shares were placed into escrow to be released over 60

months commencing May 2, 2022. The remaining principal of US\$2,500,000 is payable in 60 monthly installments of US\$41,666 over 60 months plus an interest rate of 6% beginning on May 2, 2022. The existing share payment of US\$4,527,350 remains unchanged and is due at the original maturity of May 2, 2022 based on a then 30-day trailing volume weighted average price. These Common Shares will also be released from escrow over 60 months. As a condition of the Chalice Restructuring, the Company agreed to either attain positive cash flow or raise US\$5,000,000 within 12 months from the execution of the agreement. If one of these requirements are not met, then the Company is obligated to pay a further 62,500,000 Common Shares to Chalice on May 2, 2022 under the same escrow release terms.

As a result of the balance sheet and cash flow improvements that are expected to result from the Chalice Restructuring, the Company sought to evaluate strategic alternatives relating to the Debentures to specifically address the upcoming maturity of the Debentures, and to encourage conversions of the Debentures. The Company believes that the threat of a dilutive issuance of Common Shares at depressed prices to satisfy the repayment of principal at maturity of the Debentures (either to raise the funds or on a shares for debt basis) has been a cause of negative pressure on the trading price of its Common Shares, and that this negative pressure may be relieved by extending the maturity date to November 16, 2022 and by increasing the chance of voluntary conversions before such time as and if the price of the Common Shares improves.

Upon completion of the Chalice Restructuring, management approached certain Debentureholders to consider alternatives prior to maturity intended to further strengthen the Company's balance sheet and the capital overhang. The Debentureholders were presented with three options for consideration: extend the maturity of the Debentures; early convert the Debentures; or try to sell the Debentures, at a discount. After consideration and negotiation with the largest Debentureholders, the first option was chosen. With the benefit of the Chalice share price conversion of US\$0.06 as a near proxy on value, management and the key Debentureholder were able to resolve in favour of an extension, as supplemented by a reduction in the conversion price to that proxy on value. Management believes that this proposed revised conversion price is an appropriate compromise between current market prices and management's view on value and is intended to both reduce the possibility of repayment in cash and minimize potential future dilution.

The Board was provided with the same alternatives and concluded that the extending and repricing the Debentures was the in the best interest of all stakeholders of the Company.

Effect of the Amendments on Share Capital

In addition to a later maturity date, the Amendments will increase the number of Common Shares issuable on conversion of the Debentures. At the date hereof, there is a total of C\$8,039,000 principal amount of Debentures outstanding, which is convertible into 26,796,667 Common Shares at a conversion price of C\$0.30. If the Amendments are approved and the conversion price is reduced to US\$0.06, then at current exchange rates, C\$8,039,000 principal amount of Debentures will be convertible into approximately 105,000,000 Common Shares.

Interests of Certain Persons in the Amendments

As at December 21, 2020, none of the directors or executive officers of the Company own any Debentures, other than the following:

Director or Executive Officer	Principal Held (C\$)	% of Total Outstanding Principal Amount
John Varghese Executive Chairman & Director	C\$10,000	0.12%
Jeff Yapp CEO & Director	C\$7,000	0.09%
Rick Miller	C\$132,000	1.64%

Director		
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Each of the foregoing directors and executive officers 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 formal valuation and minority shareholder approval requirements in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the Amendments as neither the fair market value of the Debentureholders 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 twenty-five percent of the market capitalization of the Company.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

Andrew Marchington, Chief Financial Officer; Tel: 971-269-6092

Item 9 Date of Report

December 23, 2020

GOLDEN LEAF HOLDINGS LTD.

By: *Signed* “Andrew Marchington”
Andrew Marchington
Chief Financial Officer