

## FORM 9

### **NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES<sup>1</sup>** **(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Please complete the following:

Name of Listed Issuer: Golden Leaf Holdings Ltd. (the "Issuer").

Trading Symbol: GLH .

Date: May 4, 2017 .

Is this an updating or amending Notice: ☐ Yes ☒ No

If yes provide date(s) of prior Notices: \_\_\_\_\_.

Issued and Outstanding Securities of Issuer Prior to Issuance: 140,541,586 .

Date of News Release Announcing Private Placement: May 4, 2017 .

Closing Market Price on Day Preceding the Issuance of the News Release:  
\$0.295

**1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form)**

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relationship to Issuer (2)
To be determined	To be determined	To be determined	To be determined	NI 45-106, S2.3 or 2.24	To be determined	To be determined	To be determined

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

<sup>1</sup>An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

**FORM 9 – NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES**

January 2015  
Page 1

1. Total amount of funds to be raised: Up to \$35 million, or up to \$40.25 million in the event the Agents' Option (as defined herein) is exercised in full.
2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. To satisfy the cash component of the purchase price for the Acquisitions (as defined herein) as well as for general corporate purposes.
3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: Peter Saladino, a director of the Issuer, owns 18.75% of the outstanding membership interests of NevWa (as defined herein) and will receive up to 18.75% of the consideration to be paid in connection with the Nevada Acquisition (as defined herein), after the deduction of amounts equal to the investments made in NevWa by other parties. Mr. Saladino, also owns 51% of the outstanding membership interests of JuJu (as defined herein) and will receive all of the Cash Consideration (as defined herein) payable in connection with the JuJu Acquisition (as defined herein). A portion of the proceeds from the private placement may be applied towards the consideration payable under the Nevada Acquisition and the JuJu Acquisition.

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4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities. N/A.
5. Description of securities to be issued:
  - (a) Class Subscription receipts ("Subscription Receipts"). Upon satisfaction of certain escrow release conditions, each Subscription Receipt shall be automatically exchanged, without any further consideration or action by the holder of such Subscription Receipt, for one common share in the capital of the Issuer (each, a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant").  
  
The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") to be entered into among the Issuer, Canaccord Genuity Corp. and TSX Trust Company (as subscription receipt agent). Pursuant to the Subscription Receipt Agreement, the gross proceeds from the private placement (less 50% of the agents' cash commission and all of the agents' expenses) (the "Escrowed Funds") will be held in escrow pending satisfaction of the escrow release conditions, which include (i) the definitive agreement (the "Definitive Agreement") regarding the Chalice Acquisition (as defined herein) shall have

been entered into on terms substantially similar to the terms of the binding letter agreement or otherwise on terms acceptable to the agents, acting reasonably; (ii) the completion or satisfaction of all conditions precedent to the completion of the Chalice Acquisition shall have occurred; (iii) the Common Shares to be issued on conversion of the Subscription Receipts shall be listed on the Canadian Securities Exchange; (iv) the receipt of all necessary regulatory, shareholder and third-party approvals, if any, required in connection with the Chalice Acquisition; and (v) the Issuer shall not be in breach or default of any of its covenants or obligations under the Subscription Receipt Agreement or the agency agreement to be entered into with the agents in connection with the private placement (the "Escrow Release Conditions"). Upon satisfaction of the Escrow Release Conditions, the balance of the agents' commission shall be released to the agents and the remaining Escrowed Funds, together with any interest earned thereon, will be released to the Issuer.

- (b) Number Up to 125,000,000. The Issuer has also granted the Agents (as defined below) an option (the "Agents' Option") to arrange for the sale of up to an additional 18,750,000 Subscription Receipts.
- (c) Price per security \$0.28 per Subscription Receipt (the "Issue Price")
- (d) Voting rights N/A.

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued:

- (a) Number Up to 62,500,000 Warrants. An additional 9,375,000 Warrants may be issued in the event the Agents' Option is exercised in full.
- (b) Number of securities eligible to be purchased on exercise of Warrants (or options) Up to 62,500,000 Warrant Shares. An additional 9,375,000 Warrant Shares may be issued in the event the Agents' Option is exercised in full.
- (c) Exercise price \$0.37
- (d) Expiry date 24 months from the date of closing of the private placement.

7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount N/A .
  - (b) Maturity date N/A .
  - (c) Interest rate N/A .
  - (d) Conversion terms N/A .
  - (e) Default provisions N/A .
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):  
Canaccord Genuity Corp. – 161 Bay Street, Suite 3000, P.O. Box 516, Toronto, ON M5J 2S1  
Echelon Wealth Partners Inc. – 130 King Street West, Suite 2500, P.O. Box 47, Toronto, ON M5X 2A2  
Mackie Research Capital Corporation – 199 Bay Street, Suite 4500, Commerce Court West, Box 368, Toronto, ON M5L 1G2  
  
(Canaccord Genuity Corp, Echelon Wealth Partners Inc. and Mackie Research Capital Corporation are collectively referred to herein as the “Agents”)
  - (b) Cash The Agents will receive a cash commission in an amount equal to 7.0% of the gross proceeds of the private placement. .
  - (c) Securities The Agents will receive such number of compensation options (the “Compensation Options”) equal to 7.0% of the aggregate number of Subscription Receipts sold pursuant to the private placement. Each Compensation Option shall be exercisable at the Issue Price for one Common Share and one-half of one Warrant for a period of 2 years following the closing of the private placement. .
  - (d) Other N/A. .
  - (e) Expiry date of any options, warrants etc. 24 months from the date of closing of the private placement. .

(f) Exercise price of any options, warrants etc. The Compensation Options will be exercisable at a price of \$0.28. Each Warrant will be exercisable at a price of \$0.37.

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship N/A

10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.).

N/A.

11. State whether the private placement will result in a change of control.

No.

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. No.

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

## **2. Acquisition**

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: The Issuer is completing the following strategic acquisitions (collectively, the “Acquisitions”): (i) the acquisition (the “MMGC Acquisition”) of all of the issued and outstanding shares of Medical Marihuana Group Corporation (“MMGC”) and Medical Marihuana Group Consulting Corporation (“MMCC”); (ii) the acquisition (the “JuJu Acquisition”) of all of the outstanding membership interests of JJ 206, LLC (“JuJu”); (iii) the acquisition (the “Nevada Acquisition”) of the cultivation license and an extraction license of NevWa, LLC, doing business as Grassroots (“NevWa”); and (iv) the acquisition of CFA Retail, LLC and the

acquisition of the assets of CFA Productions LLC, each a wholly-owned subsidiary of Chalice LLC (the “Chalice Acquisition”).

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

Pursuant to the MMGC Acquisition, the Issuer will acquire all of the outstanding shares of MMGC and MMCC in exchange for consideration comprised of: (i) C\$10,000,000, payable in Common Shares at a price of C\$0.28 per share, resulting in 35,714,286 Common Shares being issued on closing of the MMGC Acquisition, and (ii) contingent consideration of C\$5,000,000 (the “MMGC Contingent Consideration”) payable in the event that certain gross sales targets are met within 18 months of marketing efforts commencing in Canada of GLH branded products (the “Earn-in Period”). The MMGC Contingent Consideration is payable in Common Shares at a price of C\$0.28 per share, which may result in 17,857,143 Common Shares being issued. The MMGC Acquisition has been negotiated at arm’s length and there are no common directors, officers or, to the knowledge of the Issuer, controlling shareholders of the Issuer and MMGC. In connection with the MMGC Acquisition, it is intended that Gary Yeoman, a current insider of MMGC, will become a director of the Issuer.

Pursuant to the JuJu Acquisition, the Issuer will acquire the outstanding membership interests of JuJu in exchange for consideration comprised of: (i) US\$2,250,000 payable in cash on closing of the JuJu Acquisition (the “Cash Consideration”), and (ii) US\$2,250,000 payable in Common Shares at a price of C\$0.28 per share, resulting in 11,019,904 Common Shares being issued on closing of the JuJu Acquisition (the “Share Consideration”), assuming an exchange rate of C\$1.00 = US\$0.7292. Peter Saladino, a director of the Issuer, owns 51% of the outstanding membership interests of JuJu and will receive all of the Cash Consideration payable in connection with the JuJu Acquisition (as defined herein).

Pursuant to the Nevada Acquisition, the Issuer will acquire a cultivation license and an extraction license in Nevada from NevWa in exchange for consideration comprised of US\$1,925,000 payable in cash on closing of the Nevada Acquisition. Peter Saladino, a director of the Issuer, owns 18.75% of the outstanding membership interests of NevWa and will receive up to 18.75% of the consideration to be paid in connection with the Nevada Acquisition, after the deduction of amounts equal to the investments made in NevWa by other parties.

Pursuant to the Chalice Acquisition, the Issuer will acquire all of the issued and outstanding membership interests of CFA Retail, LLC and all of the assets of CFA Productions LLC, each a wholly-owned subsidiary of Chalice,

LLC for aggregate consideration comprised of: (i) US\$15,050,000 payable in cash at closing of the Chalice Acquisition; (ii) Common Share based consideration in an amount that is equal to three times the annualized gross sales revenue attributable to the Chalice subsidiary and assets for the first quarter of 2017, less US\$6,050,000. Based on an estimated gross sales revenue for the first quarter of 2017 of approximately US\$2.295 million, we anticipate that this will result in the issuance of 105,252,331 Common Shares on the closing of the Chalice Transaction, of which US\$4,200,000 of such Common Shares (or 20,570,488 Common Shares) will be sold to a third party for cash consideration of C\$0.28 per share at closing and (iii) deferred consider equal to 1.25 times the gross sales revenue attributable to the Chalice subsidiary and assets for the year ended December 31, 2017. A minimum of US\$5 million of such consideration will be payable in cash (subject to certain adjustment) and the balance shall be paid in Common Shares at a deemed price per share that will be determined at the time that the 2017 annual results for the Issuer are announced (based on a 30-day VWAP from such date) (the "Chalice Deferred Consideration"). The Chalice Acquisition has been negotiated at arm's length and there are no common directors, officers or, to the best knowledge of the Issuer, controlling shareholders of the Issuer and Chalice. Following completion of the Chalice Acquisition, it is the intended that William Simpson, the current President of Chalice LLC, will become the President of the Issuer. Mr. Simpson currently owns 61.45% of the membership interests of Chalice, LLC.

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3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

- (a) Total aggregate consideration in Canadian dollars: C\$ 26,365,165 in cash and C\$42,639,318 (based on an exchange rate of C\$1.00 = US\$0.7292) in Common Shares, not including any contingent consideration that may be payable pursuant to the Acquisitions.
- (b) Cash: US\$2,250,000 pursuant to the JuJu Acquisition, US\$1,925,000 payable pursuant to the Nevada Acquisition, and US\$15,050,000 payable pursuant to the Chalice Acquisition. The Chalice Deferred Consideration may also be payable in cash as set forth in #2 above.
- (c) Securities (including options, warrants etc.) and dollar value:  
  
MMGC Acquisition - 35,714,286 Common Shares comprising the base consideration (C\$10,000,000) and up to 17,857,143 Common Shares comprising the MMGC Contingent Consideration (C\$5,000,000).

JuJu Acquisition - 11,019,904 Common Shares (US\$2,250,000, assuming an exchange rate of C\$1.00 = US\$0.7292).

Chalice Acquisition - 105,252,331 Common Shares (US\$21,490,000 assuming an exchange rate of C\$1.00 = US\$0.7292) comprising the base consideration. The Chalice Deferred Consideration cannot be determined at this time.

- (d) Other: N/A. .
- (e) Expiry date of options, warrants, etc. if any: N/A. .
- (f) Exercise price of options, warrants, etc. if any: N/A. .
- (g) Work commitments: N/A. .
4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).  
Arm's length negotiations.
5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: N/A. .
6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows: To be determined.

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer <sup>(1)</sup>

(1) Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: The Issuer is relying on the representations and warranties of the vendors with respect to title to assets, as set forth in the respective agreements to be entered into in connection with the Acquisitions.



8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):  
To be determined.  
\_\_\_\_\_.
- (b) Cash To be determined. \_\_\_\_\_.
- (c) Securities To be determined. \_\_\_\_\_.
- (d) Other N/A. \_\_\_\_\_.
- (e) Expiry date of any options, warrants etc. N/A. \_\_\_\_\_.
- (f) Exercise price of any options, warrants etc. \_\_\_\_\_.
9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A.  
\_\_\_\_\_  
\_\_\_\_\_.
10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A.  
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\_\_\_\_\_  
\_\_\_\_\_.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated May 4, 2017.

Don Robinson  
Name of Director or Senior  
Officer

(signed) "Don Robinson"  
Signature

Chief Executive Officer  
Official Capacity