

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer Golden Leaf Holdings Ltd. (the “Issuer” or “GLH”).

Trading Symbol: GLH

Number of Outstanding Listed Securities: 1,198,690,035

Date: February 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On March 12, 2020, the World Health Organization (“WHO”) declared a global pandemic as a result of the spread of a virus known as COVID-19. The impacts on global commerce are expected to be far reaching. This has limited the Company’s workforce from travelling to its various state specific jurisdictions.

This will likely impact demand for the Company's products in the near term and will also likely impact the Company's supply chains. It may also impact expected credit losses on trade receivables and may cause staff shortages and increased government regulations or interventions, which may negatively impact the financial condition or results of the Company. The Company has taken effective steps to ensure frequent sanitization, social distancing, and abstention from duty for employees with illnesses.

As of the date of this report, the Company has experienced minimal disruptions in staffing and none of the Company's facilities have been forced to close. Despite this crisis, the Company has experienced significant retail revenue growth and overall demand in Oregon was sustained through the date of this report.

As of the date of this report, retail dispensary storefronts in Nevada have been allowed to open, however most retailers are significantly limiting traffic and are strongly encouraging curbside pickup or delivery for all sales. Despite these developments, however, upwards of 75% of Nevada's cannabis revenue derives from tourism and this has impacted the Company's Nevada business, especially in Las Vegas. Before COVID-19 the Company was already planning to transition its Nevada operations to a third-party manufacturing partner in the Reno area. This crisis expedited the Company's plans to lay off much of its Nevada workforce and pause production until the Nevada market conditions improve for its wholesale business. The Company has located a potential new manufacturing relationship in the Nevada market.

2. Provide a general overview and discussion of the activities of management.

Management continues to drive revenue in the wholesale and retail businesses in Oregon and focus on growth and optimization of revenue from its contract manufacturers in California.

The Company generated revenues from continuing operations of \$16.4M for the nine months ended September 30, 2020, compared to \$12.2M for the nine months ended September 30, 2019, an increase of 34% year-over-year. The increase in revenue is primarily due to continued growth in the Company's Oregon businesses, which increased \$4.0M or 36% year-over-year. The Company also benefited from new revenue streams in California and Washington during fiscal 2020.

For additional information, please refer to the Interim Condensed Consolidated Financial Statements and Management's Discussion and Analysis (MD&A) for the 3 months ended September 30, 2020 and the Audited Financial Statements for the

years ended December 31, 2019 and 2018 and Management Discussion and Analysis (MD&A) filed on the SEDAR website at www.sedar.com.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

The Company's licensing arrangement in the state of Washington is currently on hold.

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable.

5. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

The Company signed a non-binding letter of intent to acquire a multi store chain in Northwest Oregon. These stores are expected to generate at least US\$10 million in annual run rate revenue (based on unaudited January 2021 results) and had a net operating margin of 11% (unaudited) during fiscal 2020 (under U.S. GAAP). The Company currently anticipates that the consideration for the acquisition will consist of a mix of cash, common shares and a promissory note.

7. Describe the acquisition of new customers or loss of customers.
Not applicable.
8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.
Not applicable.
9. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
Not applicable.
10. Report on any labour disputes and resolutions of those disputes if applicable.
Not applicable.
11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The Company filed a lawsuit against BMF Washington LLC ("BMF") and Peter Saladino ("Saladino") on January 21, 2020, in Multnomah County (Oregon) Circuit Court, Case No. 20CV03528, seeking to recover \$6,916,580 in damages. The Company asserted two claims for breach of contract, arising out of the parties' equipment leasing and intellectual property licensing agreements, seeking damages of \$676,580 and \$2,080,000, respectively, with alternative claims against both BMF and Saladino (collectively, the "Defendants") for unjust enrichment related to their improper use of the Company's equipment and intellectual property. The Company is also asserting claims against the Defendants for misappropriation of trade secrets under Oregon and Washington law, seeking additional damages of \$4,160,000.

A receiver was appointed to marshal the assets of BMF and liquidate them to pay the creditors of BMF. Consequently, the Company's claims against BMF are in the process of being dismissed without prejudice and a Proof of Claim is being sent to the receiver, in an attempt to obtain payment of the damages related to the claims alleged against BMF by the Company.

The claims against Mr. Saladino were removed to the Federal Court for the Western District of Washington and a Magistrate has been appointed to manage and hear the case.

Mr. Saladino filed an Answer to the Company's Complaint on May 29, 2020. Mr. Saladino admits or denies each allegation in the Complaint individually. He asserts several affirmative defenses. The Answer does not include any counterclaims against the Company.

The Company filed an Amended Complaint against Mr. Saladino on June 18, 2020 adding claims for approximately \$9.3 million, including fraud and deceptive trade practices. On July 27, 2020, Saladino filed a Motion to Dismiss the Company's fraud and deceptive trade practices claims.

The Company filed a response to Saladino's Motion to Dismiss on August 21, 2020, asking the Court to deny the Motion. The parties are presently waiting to hear if the Magistrate wants oral argument on the Motion, or will issue an order without oral argument.

The parties met for a settlement conference on October 27, 2020. As a result of the settlement meeting, the parties wanted more time to exchange discovery documentation and attempt to settle the case. Pursuant to a stipulated request by the parties, on November 9, 2020, an Order staying the case for 45 days was entered by the Magistrate. The outcome of this matter is not currently determinable.

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

In February the Company issued common shares related to various conversions of its outstanding debentures. The debentures were converted at US\$0.06 per common share, pursuant to the January 2021 amendment. Currently the outstanding principal balance of convertible debentures is C\$4,365,070.

13. Provide details of any securities issued and options or warrants granted.

In February the Company announced a proposed non-brokered private placement of up to 169,230,770 units priced at C\$0.065 per unit for aggregate gross proceeds of up to C\$11,000,000. Each unit will be comprised of one common share of the Company and one full common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of C\$0.10 for a period of 24 months from the date of issuance thereof.

Beginning on the date that is four months and one day following closing of the financing, the Company may accelerate the expiry of the warrants to a 30-day warrant acceleration period if the daily volume weighted average trading price of the common shares on the Canadian Securities Exchange is greater than C\$0.13 per common share for the preceding 10 consecutive trading days.

The proceeds of the offering will be used by the Company for strategic retail license acquisitions and for general corporate purposes. The financing is expected to close in the first half of March.

14. Provide details of any loans to or by Related Persons.

Not applicable.

15. Provide details of any changes in directors, officers or committee members.

Not applicable.

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

See answer to #1.

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.
2. As of the date hereof there was no 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 CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: March 5, 2021

Andrew Marchington
Name of Director or Senior
Officer

"Andrew Marchington"
Signature
Chief Financial Officer
Official Capacity

Issuer Details	For Month End	Date of Report
Name of Issuer Golden Leaf Holdings Ltd.	February 2021	YY/MM/DD 21/03/05
Issuer Address 82 Richmond Street East		
City/Province/Postal Code Toronto, ON M5C 1P1	Issuer Fax No. (416) 848-0790	Issuer Telephone No. 971-371-2685
Contact Name John Varghese	Contact Position: Investor Relations	Contact Telephone No. 971-371-2685
Contact Email Address ir@goldenxtrx.com	Web Site Address: http://goldenleafholdings.com/	