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**Golden Leaf Holdings Ltd. Announces Closing of First Tranche of Non-Brokered
Private Placement of Convertible Debentures**

October 25, 2016

TORONTO, ONTARIO

Golden Leaf Holdings Ltd. ("GLH" or the "Company") (CSE:GLH) is pleased to announce the closing of the first tranche of its previously announced non-brokered private placement (the "Offering") of convertible senior secured debentures of the Company (the "Debentures"), at a price per Debenture of C\$1,000 (the "Offering Price"), for gross proceeds of up to C\$12,000,000 (the "Offering"). An aggregate of C\$7,043,000 principal amount of Debentures were issued with effect as of October 24, 2016 in the first tranche of the Offering.

The Debentures mature on the date that is 18 months from issuance (the "Maturity Date") and bear interest accruing at a rate of 10.0% per annum from issuance (the "Closing Date"), payable semi-annually on the last day of June and December of each year. The first interest payment will be made on December 31, 2016 and will consist of interest accrued from and including the Closing Date to December 31, 2016. Subject to certain conditions, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable: (i) in cash; or (ii) by issuing the equivalent value in common shares of the Company ("Common Shares") at a price per Common Share equal to the 20 trading day volume weighted average price of the Common Shares on the Canadian Securities Exchange (the "CSE") (or such other Canadian stock exchange on which the Common Shares may trade) ending five trading days preceding the interest due date.

The Debentures are convertible at the holder's option into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price equal to C\$0.30 per Common Share. Holders converting their Debentures will receive accrued and unpaid interest thereon, up to, but excluding, the date of conversion. The subscribers in the Offering have been granted certain rights with respect to anti-dilution and future equity issuances. If the daily volume weighted average price of Common Shares is C\$1.00 or greater for 10 consecutive trading days, the Company may require that the holders of Debentures convert into Common Shares. The Company has also reduced the conversion price of C\$9,702,000 principal amount of its convertible debentures issued since March 11, 2016 to C\$0.30 per Common Share from \$0.67 per Common Share, effective as of October 21, 2016.

As a result of any subsequent offering at a lower price than the Company's previous convertible debenture offering, the Company would have been required to pay or issue up to C\$2.7 million of additional convertible debentures as part of an anti-dilution provision in certain debentures. To settle this debt, certain convertible debenture holders were issued 2.1 million additional Common Shares in lieu of the C\$2.7 million payment. Further, the Company issued an additional 900,000 Common Shares to JJR Private Capital GP II Inc. to settle outstanding debts in relation to services rendered to the Company.

The Debentures are secured by a general security agreement over all of the assets of the Company, and carry the benefit of a guarantee of the subsidiaries of the Company (the "Subsidiaries") of all indebtedness and liability of the Company to the holders under the Debentures. The Company also pledged all of the outstanding securities of the Subsidiaries under various pledge agreements.

The Company intends to use the net proceeds of the Offering for working capital purposes.

The Debentures were offered by way of private placement to accredited investors in all provinces of Canada and in the United States to "Accredited Investors" within the meaning of Regulation D in transactions that are exempt from

registration pursuant to Rule 506 of Regulation D under the United States *Securities Act of 1933*, and such other jurisdictions as may be agreed upon by the Company.

In connection with the Offering, the Company retained AlphaNorth Asset Management as its financial advisor. AlphaNorth is being paid a cash payment in an amount equal to 8.0% of the gross proceeds of the Offering and such number of compensation options ("Compensation Options") equal to 8.0% of the aggregate number of Debentures issued and sold pursuant to the Offering divided by C\$0.30. Each Compensation Option is exercisable for one unit of the Company (a "Unit") at an exercise price of C\$0.30 for a period of 24 months following the Closing Date. Each Unit consists of one Common Share and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Compensation Warrant"). Each Compensation Warrant entitles the holder thereof to acquire one Common Share at an exercise price of C\$0.30 for a period of 24 months following the Closing Date.

The Debentures and underlying Common Shares are subject to a statutory hold period in Canada of four months from the Closing Date pursuant to Canadian securities laws. The securities mentioned herein have not been and are not qualified by prospectus for sale to the public under applicable Canadian securities laws are subject to transfer and selling restrictions in certain jurisdictions, including the United States and Canada.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, and applicable state securities laws.

About Golden Leaf Holdings:

Golden Leaf Holdings Ltd. is one of the largest cannabis oil and solution providers in North America. It's a leading cannabis products company in Oregon built around recognized brands. GLH leverages a strong management team with cannabis and food industry experience to complement its expertise in extracting, refining and selling cannabis oil.

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Disclaimer: This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's future business operations and reflects current expectations or beliefs regarding such matters including,

but not limited to, information or statements with respect to the completion of the Offering, the receipt of requisite regulatory approvals, including the approval of the CSE and the use of proceeds. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing operations, risks relating to the receipt of additional extraction machines, and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.