Leading Provider of Premium Branded Cannabis Oils and Edibles

Golden Leaf Holdings Ltd. (“GLH” or the “Company”) is one of the largest cannabis oil and solution providers in North America. It is a leading cannabis products company built around a differentiated brand portfolio with superior consumer value, enabled by core strengths that leverage a consumer-driven business model. GLH leverages a strong management team with cannabis and food industry experience and advanced research techniques. Golden Leaf is focused on first mover advantage and developing the lowest cost production of highest quality oils through its competitive advantage rooted in economies of scale and IP.

➢ **Market Leading Brand Position.** In Oregon, GLH has achieved a 20%-30% market share distributing to medical marijuana dispensaries only and is leveraging its market leading presence to extend its brands into Washington State with a strategic partner, BMF Washington (“BMF”). Working closely with BMF, including the sharing of new brands and best practices in extraction, refining, and marketing and sales, is expected to help support BMF capture at least 20% market share in Washington state. GLH anticipates that this will generate greater revenues for GLH from the strategic relationship.

➢ **Strong Revenue Growth.** Total revenues generated for the year ending December 31, 2015 were US$9.9 million, compared to US$1.3 million in the same period in 2014. This is an increase of 657%, reflecting the Company’s early stage growth trajectory. Total unaudited revenues for the first quarter ended March 31, 2016 were approximately $2.5 million, compared to $1.3 million in the same period in 2015.

➢ **Differentiated Brand Portfolio.** Over the past year, the Company has transitioned from vertical integration to a value-added manufacturing business model with a focus on its core competencies in extraction, refining, and marketing and selling cannabis oil and edibles. This change in its business model aligns GLH behind the need for greater agility and responsiveness. By leveraging a model where the Company purchases and secures trim through supply contracts, Golden Leaf is able to create a differentiated brand portfolio with superior consumer value.

➢ **Expert Management and Best Practices from the Food Industry.** The Company’s CEO is Don Robinson, who spent more than 20 years with Mars Inc., one of the world’s largest confectionary and food products companies, as CEO since 1990, prior to his role as President and CEO of Cara Operations, the leading food service and restaurant operator in Canada. As the cannabis industry matures, branding of cannabis products is reflecting many of the strategies applied in the food industry.

➢ **Large Market Opportunity – Medical and Recreational Marijuana.** The legal marijuana industry is one of the fastest growing industries in the United States. Industry size was estimated at $4.6 billion in 2014, to $5.4 billion in 2015 and exceeding $10 billion by 2018.

➢ **Medical Cannabis Solutions Grounded in Science & Research.** Science is essential for innovation in the industry and Golden Leaf is developing technology to more efficiently cultivate cannabis and innovative intellectual property on genes and varieties.

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Our Management Team
The Perfect Mix of Corporate And Industry Expertise

Revolutionizing Health and Well-being, Improving Lives With Cannabis

Delivering Innovative Cannabis Solutions Grounded in Science and Research
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EXECUTIVE SUMMARY

Golden Leaf Holdings Ltd. ("GLH" or the "Company") is one of the largest cannabis oil and solution providers in North America. It is a leading cannabis products company built around a differentiated brand portfolio with superior consumer value, enabled by core strengths that leverage a consumer-driven business model. GLH leverages a strong management team with cannabis and food industry experience and advanced research techniques. Golden Leaf Holdings is focused on first mover advantage and developing the lowest cost production of highest quality oils through its competitive advantage rooted in economies of scale and intellectual property.

The Company is developing a portfolio of premium cannabis oil and edible brands in Oregon with its strategic partner in Washington to serve the medical and recreational use community by providing a broad offering of products that deliver an unparalleled user experience. Since GLH’s branded cannabis oil first hit the market in 2014, the Company has developed a loyal following of medical marijuana customers who have made the product the best-selling oil in the state, significantly outselling other competitors in the space. The Company looks to drive sales by leveraging organic growth, expanded market share, potential M&A and geographic expansion.

GLH has assembled a world class team of management and board of directors who bring deep entrepreneurial, executive management and relevant industry experience to the Company. CEO Don Robinson, former CEO of Mars, Inc. and former President of Cara Operations, brings unique experience and track record to the Company in the consumer and branded food industry. Board member, Michael Cohl was the former Chairman of Live Nation, one of the world’s leading events production companies, and has produced worldwide music tours including The Rolling Stones, Pink Floyd, U2 and Barbra Streisand, and spent decades on and off Broadway with shows including Spiderman: Turn Off the Dark (for which Mr. Cohl was voted Producer of the Year 2011), Rock of Ages, The Lion King, and Spamalot (Tony Award).

GLH went public on the Canadian Securities Exchange in October 2015 and in November 2015 announced an exclusive licensing agreement to manufacture and distribute in Oregon, the products of one of the most recognized names in premium cannabis - infused products, Dixie Elixirs and Edibles. This partnership entails collaboration on working to explore future opportunities in other states for a collective portfolio of products.

GLH is focused on first mover advantage and developing the lowest cost production of the highest quality oils through competitive advantage rooted in economies of scale and intellectual property. Lowest cost is critical as prices continue to compress and flower becomes commoditized. The ability to leverage lowest cost will drive regulated market prices down below black market prices creating a more robust and healthy cannabis market.

Oregon regulatory authorities introduced marijuana rules relating to land use restrictions, canopy scale limitations and oil sales into the recreational market. These regulations have posed challenges to GLH’s original business model where vertical integration with a large cannabis grow and the opening up of the recreational market to oil and derivative products were key drivers. As a result, Golden Leaf has transitioned from vertical integration to a value-added manufacturing business
model with a focus on its core competencies in extraction, refining, automated manufacturing, marketing and selling. By leveraging a model where the Company purchases and secures trim through supply contracts, Golden Leaf is able to create a cost efficient, differentiated brand portfolio with superior consumer value, enabled by its core strengths.

With a focus on value-added food grade manufacturing and consumer packaged goods centric sales and branding, GLH is strategically positioned as a cannabis solutions provider to increase revenue streams and capture additional market share. In addition, as an industry leader focused on transparency and controls, GLH is dedicated to partnering with industry, communities and regulators.

Cannabis will become a branded business similar to what exists in the food industry. Food experience is relevant, as the Company is marketing food products. To differentiate itself from competitors, the Company applies best practices from the food industry to cannabis and leverages a management team of experienced food professionals. Smaller cannabis or “mom and pop” companies across different states encounter challenges competing due to a lack of business experience and the inability to scale.

The Company’s Golden and Proper oil brands respectively deliver the highest quality CO2 and BHO extracted product experiences. GLH is poised leverage these brands and more to take advantage of the “Early Start Program” in Oregon that kicked off June 2, 2016. This program allows for the sales of extracts and edibles in Oregon Health Authority (“OHA”) regulated medical marijuana dispensaries to recreational users (“Adult Users”) until Q4 2016 when the Oregon Liquor Control Commission (“OLCC”) implements the full Adult Use program. Subject to compliance with the Company’s regulatory requirements and undertakings, GLH expects to leverage its extracting, refining, marketing and sales expertise to participate in this market in the future.

The Company’s products have the potential to tap into a large market of both growing medicinal and Adult Users seeking out health and wellness alternatives. This target audience is seeking out authentic, high quality and more traditionally consumer branded cannabis products.

Due to the Company’s leading brand equity in the state and highest distribution of products at dispensaries, GLH is well positioned to continue maximizing the short and long term growth potential in both the medical and recreational market. To maintain its leadership in the space, the Company hired a strong new executive team in the second half of 2015, including a CFO, CMO, VP Operations and VP of Sales. This management team based in Oregon will serve the entire Company in all states as it expands in the future.

In January 2016, to accelerate growth opportunities and capture additional market share, the Company executed certain agreements implementing a strategic partnership with BMF to expand its brand names into Washington. GLH and BMF are sharing and integrating best practices, licensing of brand names and leveraging mutually beneficial growth initiatives to drive market share and profits for both companies in the Washington and Oregon marijuana markets.
MARKET AND OPPORTUNITY

Despite the continued listing of cannabis as a Schedule I substance under the U.S. Controlled Substances Act and its illegality from a federal law perspective, the state-level legal marijuana industry in the U.S. has experienced a major transformation over the past three years, with the increasing public approval of cannabis use and massive shifts in the regulatory environment changing the industry’s business landscape in a variety of ways. Based on the Gallup Poll in 2015, 58% of adults in the U.S. were in favor of the legalization of marijuana, a 7% increase from the previous year. Moreover, nine new states plus the District of Columbia have adopted legislation that permit the use of medical marijuana in the past year, bringing the total number of states with legalized medical marijuana to 24. However, the most instrumental change impacting the industry has been the development of the first recreational marijuana markets in the history of the United States. On January 1, 2014, Colorado and Washington became the first states in the nation’s history to implement recreational cannabis use policies. With these states benefitting from substantial tax revenue from these inaugural policies, many experts estimate that seven to fourteen new states could attempt to enact similar recreational use policies by 2017. In the November 2014 midterm election, Oregon, Alaska and the District of Columbia successfully passed legislation to legalize recreational cannabis. This has propelled the cannabis sector in several key ways, from increasing the flow of capital into legal cannabis companies to setting up the 2016 legalization push in California and other states.

Oregon and Alaska joined Colorado and Washington State, which legalized recreational cannabis in 2012. State officials in Oregon permitted registered and licensed medical marijuana dispensaries to begin selling recreational cannabis products in October 2015. Alaska officials are in the process of creating the administrative system for cannabis sales, which are expected to begin in 2016. Voters in the District of Columbia passed what has been called “soft legalization,” which allows citizens to possess and grow small amounts of cannabis, but does not create cannabis stores (the DC initiative must also be approved by Congress, where opposition is already brewing.). The successful legislation in Oregon, Alaska, and the District of Columbia, along with the close result in Florida, will make 2016 another positive year for the cannabis industry. These midterm results offered law makers in other states the confidence to introduce new legislative initiatives for action in 2016 and placement on 2016 ballots. This trend will be accelerated if the sale of recreational cannabis in Colorado, Washington and Oregon continues to grow.

The shifting regulatory environment in favor of legalizing marijuana combined with the increasing demand has led to the state-level legal marijuana industry becoming one of the fastest growing industries in the United States. The estimated value of this burgeoning industry was approximately $4.6 billion in 2014 growing to $5.4 billion in 2015. However, these estimates are perhaps on the low side due to undercounting of ancillary products and services. The long-term growth outlook for the industry is strong. One estimate has the market exceeding $10 billion by 2018, which many experts believe can hold true, if not conservative, based on growth in the current market and additional states moving to allow medical marijuana and/or legalizing recreational use. With the industry still in its infancy stage, the competitive environment has become increasingly fragmented, creating the potential for first mover companies and best of breed companies to achieve rapid growth. With no
true leader in the market, there is also a significant market share consolidation opportunity for companies that can differentiate themselves.

**Brand Opportunity**

Currently, there is lack of established brands in the cannabis industry, which is due to the early stage nature of the industry and a lack of focus on channel development with the majority of cannabis companies. With legalization progressing forward in multiple states across the country, the way cannabis consumers approach their purchasing decisions are beginning to shift. Consumers will be faced with choices about what cannabis to consume, and just as with alcohol, tobacco and food categories, branding and marketing will influence their choices.

GLH has carefully studied the current environment surrounding cannabis in the United States and believes it has best positioned itself to capitalize on this present opportunity by devising a comprehensive set of solutions for cannabis brands to build and optimize its marketing and distribution channels. These solutions will help brands facilitate direct consumer relationships and in turn drive brand loyalty.

**Brands Absent in the Marijuana Industry**

*The Value of Branding*

While brands help differentiate products in the market place and aid consumers in categorizing their purchases, their real purpose is to increase sales and, subsequently, profits. This is primarily achieved through brand loyalty that leads to enhanced customer awareness and retention. Customers who are loyal to a brand believe their brand offers better service and quality than its competitors. These preferences are largely independent of pricing, meaning these customers are more likely to purchase products from their favorite brands even if they are priced at a premium.

The attractiveness of a brand to its consumer base and the ability to control market share with premium pricing creates tremendous value. Millward Brown, a market-research company, estimates that brands account for more than 30% of the stock market value of the S&P 500 index. In other words, the brand equity of the 500 largest companies (based on market cap) that trade on the NYSE and NASDAQ exchanges amounts to nearly $5.9 trillion.

The power of brands is evident in industries similar to that of cannabis. For example, the alcohol industry thrives off of brand recognition. When entering into a liquor store, people do not research the best tasting product and weigh that against its cost to make their choice. People go straight for the brands they know are quality, even if there is a superior, albeit lesser-known, choice available. Brands like Jack Daniels, Maker’s Mark, Stolichnaya, and Captain Morgan have dominated their respective product categories because of their extensive brand recognition. The wine industry tells a similar story. Certain vineyards have developed a reputation for producing high-quality vintages that command a premium price in the marketplace. These are often sought-after and well-regarded offerings that buyers are proud to display and consume.

The pharmaceutical industry is another prime example. Consumers repeatedly purchase name-brand drugs such as Bayer aspirin, Tylenol acetaminophen, and Benadryl diphenhydramine even
though the generic drugs are equivalent in effect and much cheaper. These brands have developed themselves into household names that engender thoughts of consistency in quality for which consumers are happy to pay.

When cannabis culture remained largely underground, the branding of the industry revolved around common signs such as the colors of Jamaica and the stereotypes surrounding the infamous “stoner” characters Cheech and Chong. As the marijuana industry has become more mainstream in the past few years with legislation favoring legalization and decriminalization, there has come a need for a change in perception. Cannabis has moved from its hippie and stoner origins towards a viable and institutional industry with the need for professional brands that patients and consumers trust.

Similarly, to the strategies of other large branding conglomerates such as Diageo, Constellation, and PepsiCo, Companies have started developing a broad portfolio of brands to differentiate revenue sources, enhance brand awareness and penetration, and capture significant market share in the industry. These brands, whether launched organically or acquired, are developed and marketed to add value to these companies’ overall family of brands, and further the Company's strategic position in the marijuana industry.

Beyond simply expanding the potential types of products and brands, cannabis companies come with the enormous potential to revolutionize the approach to cannabis marketing.

On some level, the mere idea of “cannabis marketing” is itself revolutionary, as, during complete legal prohibition, “marketing” in the traditional sense was essentially impossible. However, with the system beginning to selectively open doors for legal sales at the state level, that has changed. Particularly in the aftermath of Washington and Colorado beginning to allow commercial sales, branding is allowing an approach to selling marijuana that’s entirely new. This has combined with the availability of these new products to create a new atmosphere.
COMPANY HIGHLIGHTS

 **Leveraging Expertise and Best Practices from the Consumer Goods Food Industry**

As the cannabis industry matures, branding of cannabis products is reflecting many of the strategies applied in the Food industry, as a result, food experience is becoming more relevant in the cannabis-infused products sector. To differentiate itself from competitors, GLH applies best practices from the food industry to cannabis and leverages a management team of experienced food professionals. Smaller cannabis or “mom and pop” companies across different states encounter challenges competing due to a lack of experience and the inability to scale. Using the difference between a farmer growing tomatoes in the produce industry versus a branded company leveraging expertise to manufacture ketchup as an analogy, the Company’s team of food professionals is focused on value-added manufacturing, branding and selling of cannabis oil.

 **Consumer-Driven Portfolio of Differentiated Brands**

GLH has built a strong consumer-driven platform for growth through investing in its brands and route to consumer. Over the past year, the Company has refined its operating model to focus on value-added manufacturing, branding and selling of cannabis oil, aligning GGLH behind the need for greater agility and responsiveness, creating a business that is closer to the consumer. GLH is developing a differentiated portfolio of brands at almost every price tier of every category. The range of price points results in the Company’s ability to capture consumption shifts across the price spectrum. The breadth and depth of its portfolio of brands provide resilience, and enables GLH to sustain performance over time.
Shared Services Across Brands Reduce Costs Locally

As GLH plans to expand its brand into other states, the Company plans to leverage a shared services operating model to provide a broad range of services from information systems management to general accounting, purchase and sales order processing, financial planning and reporting. The Company’s large scale and reach will deliver significant cost savings and a strong control environment, while freeing its local operational teams to market and sell great brands to customers and consumers. GLH will create further savings for its local brands through operational efficiencies and extension into new services. Significantly, GLH plans to develop an analytics service to provide business insights to drive performance, while equipping local sales teams with best-in-class technical solutions. The Company intends to centralize the following shared service strategies:

- Legal, government and regulatory compliance
- Strategic and operational planning
- Sales and marketing
- Investor relations and public relations
- Research and development
- Raw material acquisition
- Manufacturing
- Purchasing and supply chain
- Oil extraction and refinement expertise
- Consumer insight and analytics
- Human resources

Corporate Responsibility – “Spread Bliss”

With an increasing number of consumers gravitating towards companies implement a socially responsible business model, GLH will incorporate a social responsible component, the “Spread Bliss” platform, movement and campaign, into its business model that helps address a relevant need. By emulating brands like Kind Bar and Toms with cause-related marketing and associated programs, GLH will leverage its “Bliss” platform to promote social sustainability. GLH will leverage the “Spread Bliss” platform in order to:

1. Creating a positive role for cannabis in the society to reinforce the Company’s vision of “revolutionizing health and wellness” by connecting the program to a cannabis and health related cause.
2. Build thriving communities through furthering partnerships with local farmers, agricultural and business communities to develop more sustainable supply chains and secure the Company’s raw material supply.
GROWTH STRATEGY

The cannabis market is expected to continue to commoditize, lowering flower prices as supply increases. A big agricultural approach to cannabis with large greenhouse grows and lowest cost production will be key to developing a healthy industry that drives white market pricing below black market and maximizes state tax revenues. However, due to current regulatory limitations regarding canopy size (as discussed above), GLH is focusing on creating a differentiated brand portfolio with superior consumer value, enabled by core strengths that leverage a model where the Company purchases and secures trim through supply contracts. As a leader in the Oregon cannabis industry, the Company believes it is uniquely positioned to develop deep and strong relationships with strategic and lower cost sources of high quality trim.

GLH will maintain a small grow to support some self-sufficiency, but it will be primarily focused on research and development operations. In the future, if regulations loosen up regarding canopy size and growing restrictions, the model in the long term may change such as the Company could pursue a viable large grow strategy. If necessary, the Company is well positioned to pivot and find potential solutions to address as state policies are updated.

The key pillars of GLH’s strategic plan and related business model are articulated below.

- **Production**
  Develop a value chain leveraging primarily trim buying and a small self-sufficient grow that has the lowest cost production of the highest quality oils based on competitive advantage due to economy of scale and intellectual property / best practices development.

  Maintain first - mover advantage through economies of scale in extraction and refining

  GLH is focused on becoming the leader in the predictable, consistent and the highest yield in CO2 extraction. It will maintain its first - mover advantage through best-in-class processes (i.e., filling/packaging). The Company aims to stay at the forefront of extraction and refining IP and technology in order to continuously improve production practices and lower costs.

  Develop a trim buying strategy and a small self-sufficient grow to obtain feedstock

  The Company is currently focused securing trim and flower requirements from a variety of sources, including consolidators and farmers in addition to managing its own smaller scale grow. The model will include the following:

  - Manage Company grow and maximize self-sufficiency opportunities where possible.
  - Secure contracts for trim and flower with select farmers who meet thresholds for quality.
  - Partner with farmers who have business acumen and capacity to scale growing facilities to meet demand. Create a grower certification program and leverage GLH IP and growing expertise to produce raw material requirements.
  - Develop strong relationships with trim consolidators.
  - Build brand story/narrative around supporting “small/local farmers” in Oregon.
Become the industry leader in quality

GLH will develop the best grow and cultivation practices through self-sufficiency efforts and with contracted trim and farmer networks.

- It will partner with farmers who have business acumen and capacity to scale growing facilities to meet demand. Create a grower certification program and leverage GLH IP and growing expertise to produce raw material requirements.
- Develop strong relationships with trim consolidators.
- Build brand story/narrative around supporting “small/local farmers” in Oregon.
- Create comprehensive SOPs/GMPs in extraction and refining. Introduce standards for product measurement and grading.

öl Innovation

Lead on product innovation and on application of best practices and new technology to the cannabis sector.

Develop a dynamic brand portfolio based on consumer research on segmented needs

Leveraging an understanding of consumer segments, the Company will develop clear product and market combinations. This includes building a product development process that supports specific market needs. GLH will grow and work with a contracted farmer network to develop required strains for product roadmaps.

Develop a holistic breeding approach

GLH will leverage its grow and work with contracted farmers to develop innovative strains. This will include using state of the art breeding tools and data analytics to speed up the breeding process both with contractors and the Company’s own grow.

Leverage best practices in agronomy and extraction/refining

Continuing to strengthen R&D collaborations continues to be a viable objective. In addition, GLH will work with contract farmers and suppliers to apply best practices in agronomy to fulfil Company product and market requirements. Where applicable, the Company will develop process IP and new technologies in CO2 extraction.

öö Brand

Be the leading consumer-driven branded company with a differentiated product portfolio that delivers superior consumer value.

Become the leader in understanding consumer needs (medical/recreational)

- Develop field-based consumer research plans
- Lead the market in consumer education about extract products
- Target multiple audiences, including the recreational consumer, legislators/regulators, the medical community and investors.

**Build the leading market share in Oregon and beyond**

- Further refine the brand portfolio strategy, including optimized promotion/pricing strategies by channel
- Develop strategies to protect brands ahead of entering new markets
- Have the highest consumer ratings in the market (as measured by NPS)

**Lead the cannabis sector in sales, marketing and distribution innovation**

- Develop multi-channel go-to-market strategy that leverages wholesale, retail and direct-to-consumer channels to drive brand awareness, trial and loyalty
- Create a seamless consumer experience (omni-channel and the multi-path purchase experience) regardless of channel or device
- Build deep, strategic and diverse long-term relationships with relevant distribution partners in the industry (EX: preferred oil supplier in the edibles market)
- A high-touch customer support model
- Introduce data-driven performance analytics

> *Business Acumen*

Build a professional, ethical and innovative management team and operating model by applying food business practices to the cannabis sector. Using the difference between a farmer growing tomatoes in the produce industry versus a branded company leveraging expertise to manufacture ketchup as an analogy, GLH’s team of food professionals is focused on value-added manufacturing, branding and selling of cannabis oil.

**Become recognized leaders in compliance**

- Expand the compliance team and provide employee education and training
- Build commitment by leadership to compliance (OLCC permitting, audits)
- Strive to provide compliance solutions to government

**Leverage a scalable, agile business model to export to other markets**

- Introduce management best practices but retain flexibility and capacity to respond to market changes
- Put a business-process based operating model in place (People, Processes, Technology) that can respond to consumer needs
- Develop a robust planning process – strategy/operational planning and review
Become recognized as a top employer

- Build a strong management team across all disciplines
- Continue to learn and evolve with the sector in order to shape the future
- Strive to win Top 50 Employer / Best Place to Work awards

**Brand Consolidation – Creating a Powerful Brand and High Growth Sales Platform**

The lack of traditional sources of financing, coupled with the absence of efficient supply chain networks and streamlined marketing channels, as well as the declining price of cannabis flower, collectively create significant opportunities for GLH to establish leadership positions through strategic brand acquisition in specific geographical markets. As an increasing number of markets come online, GLH will be able to harmonize its portfolio of brands across all relevant states to build powerful consumer focused platform that leverages an agile operating model. Due to the powerful trends driving the opportunity, GLH intends to focus cannabis brands with the following Company traits:

**Compliance:** Companies need rigid adherence to applicable laws and regulations

**Management:** Highly qualified, talented, and professional management.

**Scale:** Companies need economies of scale in order to be competitive in the long run, since the commoditization of cannabis has already started to place downward pressure on pricing in markets such as Colorado.

**Timing:** Aggressive movement is needed to capitalize on the early stage of the industry and acquire significant market share

By aligning the targeted markets for both GLH’s organic growth strategy and active M&A strategy, GLH can begin to create powerful brand and high growth sales platforms. Through strategically acquiring brands with strong performing, well trusted and respected cannabis products, in specific geographical markets, GLH can derive the following benefits:

- Build the Company’s portfolio of brands to broaden our geographical footprint and our category depth and range.
- Leverage economies of scale and management team with food best practices experience to oversee sales, marketing, finance, PR, IR, R&D, supply chain, and manufacturing (oil refinement and extraction) activities of portfolio companies.
- Increase competitive advantage for all brands with enhanced access to capital and competitive advantage departments (shared services)
- Develop strong and trustworthy brand platforms that deliver on consumer expectations.
- GLH will be able to leverage this growing network of operators, infused product and extract brands and streamlined sales and marketing channel to help attract more strategic brand acquisitions with access to capital and scalable resources.
KEY MANAGEMENT & DIRECTORS

Don Robinson, *Chief Executive Officer and Director*

Don Robinson has over 30 years of management and leadership experience in the consumer packaged goods and hospitality industries. He spent more than 20 years with Mars Incorporated, one of the world’s largest producers of confectionery and food products, as a CEO since 1990 in various global postings, before his role as President and CEO of Cara Operations, the leading food service and restaurant operator in Canada. Mr. Robinson was Executive Director of The Food & Consumer Products of Canada, and the Chairman of the Board of the Confectionery Manufacturers Association of Canada. Mr. Robinson has been a member of various academic councils, including Ted Rogers School of Management Advisory Council, University of Guelph School of Hospitality & Tourism Management Policy Advisory Board and the Queen’s University School of Business Advisory Board.

Andy Hartogh, *President and Director*

Andy Hartogh is an expert and visionary in the area of Cannabis growing and processing. He has nine years of progressive experience in the Oregon market and is highly respected in the cannabis industry. Mr. Hartogh has developed proprietary growing techniques that set GLH apart in terms of quality and production. In November of 2013, Mr. Hartogh acquired a partner and created a CO2 extraction company turning excess marijuana material (“trim”) into a usable, highly profitable product. Mr. Hartogh’s efforts and vision are the foundation that GLH will continue to build upon for the future.

Brian Gentry, *Chief Financial Officer*

Brian Gentry has over 25 years of progressive and comprehensive financial management experience, and an expertise in business planning and analysis. He has generally focused on the consumer goods and retail industries, where he has had significant exposure across all areas of the value chain. Brian has been CFO of several companies, and has worked for industry leaders like the Walt Disney Company and Ocean Spray Cranberries. He is a CPA, with a degree in commerce from The University of Virginia’s McIntire School of Commerce and an MBA from The University of North Carolina’s Kenan-Flagler Business School.

Bliss Dake, *Chief Marketing Officer*

Bliss Dake is an entrepreneurial and creative strategist with over 15 years of marketing, general management and operations experience. He has worked in the consumer packaged goods and tech industries in addition to practicing law as an attorney. Prior to joining GLH, he played a key role as CMO of Mighty Leaf Tea in building the company into a success story and leading premium tea brand. He conceived and grew the e-commerce channel from the ground up into a multi-million dollar business and one of most popular online tea stores. He has also held positions at LuxN, an optical networking company, and various law firms. Mr. Dake received a Bachelor of Arts degree from Harvard University and a J.D. from the University of San Francisco.
**Tim Fitzpatrick, VP of Operations**

After studying Agri-business at Oregon State University, Mr. Fitzpatrick began his career with the largest “field to fork” vegetable processor in North America (Agrilink / Birdseye) where his team was responsible for harvesting, processing and packaging over 250MM lbs. of frozen vegetables annually. After nine years, having held a variety of operations management positions at Birdseye, Mr. Fitzpatrick left to join the plant based startup, So Delicious Dairy Free, where he served as Vice President of Operations for nearly eight years. So Delicious was recently acquired by White Wave (Silk). Most recently, Mr. Fitzpatrick served as Vice President of Operations for six years at the iconic NYC based and nationally distributed, Ciao Bella Gelato.

**Andreas Moppin, VP of Sales**

Through strong leadership with innovative and strategic sales and marketing ideas, Andreas Moppin has been an intricate part of the growth of every business involved in for the past 25 years. Previously the Director of Sales for Organically Grown Company- the largest wholesale supplier of organic produce in the U.S., including the Pacific Northwest, Mr. Moppin developed a company-wide account management structure that helped double the company’s business while he was there. He has played a key role in the launching of brands, structuring and training of teams, and in geographic/territorial expansion. Mr. Moppin received a Bachelor of Arts degree from Morehouse College and a MBA from Santa Clara University.

**Beau Whitney, VP Government & Compliance**

Beau Whitney has a BA from Macalester College and an MBA from Thunderbird School of Global Management and 15 years of professional operations experience in high tech Industries. Mr. Whitney has held positions at Intel Corporation and TriQuint Semiconductor. In addition, he is a university level instructor of Economics and his Oregon Economic Cannabis analysis has been cited in several publications. Strong on processes and control, Mr. Whitney has managed an inventory portfolio valued at over $100 million and brings his process discipline to this emerging industry.

**Sam Pillersdorf, Non-Executive Director**

Dr. Solomon (“Sam”) Pillersdorf has been involved in various facets of business for over 15 years, having accumulated a broad base of experience as a successful investor and entrepreneur. He has been involved in the funding and formation of start-up companies, and the funding of various companies at different stages of their growth. He has been and is presently a Director of TSX Venture Exchange listed junior resource companies, and serves on the advisory committee of several companies in different sectors. Dr. Pillersdorf is the President and CEO of Shadchen Resources Intermediaries Inc., which has successfully facilitated the takeover of several Canadian mining resources by foreign investors. Dr. Pillersdorf has retired from a successful medical practice where he was the Head of the Outpatient Rheumatology Clinic and Head of Rheumatology Training at the McMaster University Medical Centre. He is President of several companies involved in commercial real estate, farming, securities investments, and start-up venture opportunities.
Michael Cohl, Non-Executive Director

Michael Cohl’s career spans over 45 years in the entertainment business, producing worldwide music tours including The Rolling Stones, Pink Floyd, U2, Barbra Streisand, and many more, as well as films such as Pete Seeger: Power of Song (Emmy Award), LENNON NYC (Peabody and Emmy Awards), Big Easy Express (Grammy Award), a film about Harry Belafonte, Sing Your Song (NAACP Image Award), and The Rolling Stones Classics Live at the Max and Shine a Light. Mr. Cohl has also produced live shows such as the children’s show Yo Gabba! Live! (2010 Billboard Touring Award for Creative Content) and has spent decades on and off Broadway with shows including Spiderman: Turn Off the Dark (for which Mr. Cohl was voted Producer of the Year 2011), Rock of Ages, and Spamalot (Tony Award). Mr. Cohl was previously the chairman of Live Nation, was inducted into the Canadian Rock N Roll/Music Hall of Fame, and has received a star on Canada’s Walk of Fame. Among his many other awards, Michael has also been honored with the Billboard Legend of Live Award, the TJ Martell Foundation Man of the Year Award, and a JUNO Award for Special Achievement. Michael is the founder and chairman of Iconic Entertainment Studios and is currently developing, producing, and promoting over a dozen properties.

John Magliana, Corporate General Counsel

John Magliana, Corporate General Counsel, is a widely-recognized general counsel and transaction lawyer with over 32 years in planning, negotiating, structuring, conducting effective due diligence examinations and implementing international and domestic business transactions to his clients’ optimum tax and business advantage. He has been lead counsel in literally hundreds of business transactions including both equity and asset sales and purchases, as well as all forms of reorganizations, financings, and restructuring, involving both public and private companies. Mr. Magliana has also served in a variety of business capacities over the years with early-stage and established companies, including President, V.P. of Corporate Development, Secretary and a Director, giving him a practical insight that is rare for attorneys. Mr. Magliana has been with GLH since its inception and helped guide management through the strategic business and legal decisions which ultimately led to the Company going public in October of 2015.

Peter Saladino, Non-Executive Director

Peter is a passionate entrepreneur who has built and managed a variety of successful companies. He founded BMF Washington, one of the largest cannabis producer processors in the state of Washington. He has designed and developed turn-key marijuana facilities in Seattle and Raymond, Washington. In addition, Peter is the principal owner of the South Fork Business Park which is a 20-acre site zoned exclusively for cannabis production. He helped found the Washington CannaBusiness Association, which has played a significant role in supporting the growth and evolution of the legal cannabis industry in Washington. Peter is also currently President of Charter Construction, a multi-state construction company with over 300 employees and sales of $150,000,000 annually. He is a graduate from the University of Washington and sits on the board of Big Brothers and Big Sisters of King County.
RECENT NEWS AND PRESS RELEASES

Golden Leaf Holdings Ltd. Reports 2015 Audited Financials and Q1 2016 Unaudited Interim Financial Results, and Company Developments, June 1, 2016
Golden Leaf Holdings reported financials for the 2015 year and unaudited financials for the first quarter of the 2016 year.

Golden Leaf Announces Update on Agreement with BMF Washington, LLC April 20, 2016
Golden Leaf Holdings provided an update on the status of its Washington state initiatives. BMF anticipates taking advantage of the growing cannabis market and is expected to begin launching GLH branded products into the Washington market in late Q2 2016.

OR Health Authority Lists Golden Leaf on List of Registered Processors, April 18, 2016
Golden Leaf Holdings announced that the Oregon Health Authority has listed Greenpoint Oregon Inc. the Oregon subsidiary of GLH, on their list of authorized extractors.

Golden Leaf Completes Private Placement of Convertible Debentures, March 14, 2016
Golden Leaf Holdings announced the closing of its previously announced private placement of convertible senior unsecured debentures for aggregate gross proceeds of C$5,863,000

Golden Leaf Launches Dixie Elixirs and Edible Products in Oregon, February 23, 2016
Golden Leaf Holdings announced the launch of the first two Dixie Elixir and Edibles THC infused chocolate bars ever sold in Oregon.

Golden Leaf Appoints Michael Cohl to the Board of Directors, February 1, 2016
Golden Leaf Holdings announced that Michael Cohl was appointed to the Board of Directors. Mr. Cohl was previously the chairman of Live Nation, was inducted into the Canadian Rock N Roll/Music Hall of Fame

Golden Leaf Holdings Executes Strategic Partnership Agreement in WA, January 21, 2016
Golden Leaf announced the execution of the Washington Agreement and implementation of a strategic partnership with BMF Washington LLC, one of Washington's premier cannabis companies.

Golden Leaf Holdings Prepares to List on U.S. Exchange, November 13, 2015
Golden Leaf Holdings announced that it has started the preparation for a U.S. listing on the OTCQB and has hired Hunter Taubman Fischer LLC, New York based securities law firm, to assist in its application to the OTCQB Venture Marketplace ("OTCQB").

Golden Leaf and Dixie Brands Announce Licensing Agreement in OR, November 4, 2015
Golden Leaf Holdings announced that it has entered into a definitive and exclusive licensing agreement with Dixie Brands, Inc. to manufacture and distribute Dixie Elixirs and Edibles products in Oregon.
THE COMPANY

➢ Overview

GLH was incorporated on the April 8, 2014 under the laws of Ontario, Canada with registration number 002413973. The company's head office is in Toronto. The Canadian company is a holding company with subsidiaries in the U.S. Greenpoint Holdings Delaware, Inc. is a Delaware based holding company which wholly owns Greenpoint Oregon, Inc., GL Management, Inc., Left Coast Connection, Inc., Greenpoint Real Estate, LLC and Greenpoint Equipment Leasing, LLC.

GLH is a cannabis solutions provider that sells to medical marijuana dispensaries a variety of oil, edibles and marijuana flower products. The main operating company is Greenpoint Oregon, Inc. which is based in the State of Oregon (“GPO”). GPO’s products trade under the brand names Golden™ and Proper™. Oregon is the first state in which GLH commenced operations, with GLH commencing sales in August of 2014. GLH operates a value-added business model, which includes oil extraction, the manufacture of cannabis oil based products and distribution of its oil based products and cannabis flower through wholesale and retail channels.

The company sells oils, marijuana flower and related products to medical marijuana patients under the Oregon Medical Marijuana Program (“OMMP”). In addition, GLH can sell limited amounts of oil, flower, edibles and topicals under OHA’s Early Start Program to Adult Use customers. Upon complying with all regulatory requirements and undertakings, the Company anticipates that it will participate in the full and official rollout of the Adult Use program in October 2016.

Left Coast Connections, LLC (“LCC”) was organized in Oregon on June 11, 2014. LCC is a cannabis dispensary, which sells medical marijuana and related products to licensed patients in compliance with Oregon statutory law and in accordance with regulations adopted by the OHA. Upon complying with all regulatory requirements and undertakings, LCC anticipates that it will participate in the full and official rollout of the Adult Use program in October 2016.
Greenpoint Real Estate, LLC ("GRE") was organized in Oregon on September 9, 2015. GRE owns an approximately 97-acre nursery in Aurora, Oregon and leases this property to GPO and other third parties involved with agricultural interests, including a commercial flower nursery grower. In addition, GRE intends to lease properties from third-party landlords and then will sublease these properties to other parties.

Greenpoint Equipment Leasing, LLC ("GEL") was organized in Oregon on January 19, 2016. GEL owns certain equipment, including expensive cannabis processing equipment and machinery that it leases to GPO and certain third parties for use in their business operations.

GL Management, Inc. ("GLM") was organized in Nevada on August 27, 2014. GL Management holds all of the intellectual property of GLH, including but not limited to brand names, recipes and technology, which is licensed to GPO and other businesses for use.

GLM executed certain agreements that led to the formation of a strategic partnership with BMF (the "Washington Agreements") that includes the acquisition of certain assets and the provision of certain goods and services in furtherance of creating a strategic partnership. The Washington Agreements did not include the acquisition of any assets that require a license from the Washington Liquor and Cannabis Board to use or possess cannabis. BMF will continue to be an independent cannabis licensee in Washington which produces, processes and distributes a range of cannabis oils and flower products in the state. Under the strategic partnership, GLH and BMF will undertake an integration of best practices, brands, and growth initiatives to further drive market share and profits in both the Washington and Oregon markets.

Washington State has an established recreational marijuana market where oil and extracts products are already regulated and available for consumer purchase through licensed retailers. In connection with the Washington Agreements, the parties have begun implementing a strategic relationship whereby GLM will license proprietary intellectual property to BMF, provide BMF with services and non-cannabis materials, lease equipment and other property, and also lease employees to BMF. Certain U.S. states, including the state of Washington imposes a residency requirement for licensed operators and their individual owners. As such, in the state of Washington the GLM will focus on providing intellectual property, equipment and services to the industry rather than directly owning production or retail operations. In connection with the strategic partnership, GLM will not be directly involved in the production or retail operations of BMF but rather will provide ancillary services to BMF.
PRODUCTS AND TECHNOLOGY OVERVIEW

GLH is a clear leader in consumer driven cannabis brands that deliver superior consumer value in Oregon. The Company is committed to developing a dynamic brand portfolio based on consumer needs to serve medical and adult use markets in the state and beyond.

Golden

Golden masterfully crafts premium CO2 extracted cannabis oil products that deliver the ultimate in form, flavor and function. While paying homage to its medical legacy, the Company re-imagines the modern cannabis experience with a commitment to exceptionally crafted oils and innovative delivery systems. From smokeless, portable vape pens to artisanal edibles, Golden provides medical patients with the highest quality and most enjoyable user experience.

GLH's CO2 oil products are sold under the brand name Golden™ through a number of delivery systems: personal vaporizers, oil vaporizer cartridges and premium dabbables.
Rather than combusting the cannabis product (whether it be flowers, hash, or oil), a vaporizer heats it just enough so that the cannabinoids activate, vaporize, and can then be inhaled. This method is preferable for those with breathing conditions, or those who simply do not want to actually smoke anything but still require the direct and immediate relief that inhalation provides compared to edible consumption. A popular variation on the vaporizer that has taken the cannabis (and nicotine) market by storm is the pen vaporizer, also known as an “e-vape.

The vape-pen is a small, portable vaporizer that uses either pre-filled concentrate cartridges or has a chamber to load your own concentrates or flower.

Dabbing refers to dropping concentrates onto a hot surface (nail, skillet, etc.) and inhaling the resulting vapor via a “rig,” which is usually made of glass and sends the vapor through water.

➤ **Proper**

Hydrocarbon oil ("BHO") is sold under the name Proper. It’s sold in one gram vape cartridges as BHO oil. BHO is also sold as shatter in 1 gram and larger slab formats.
BHO generally comes in two forms, shatter and wax (or crumble). Shatter is a texture of hash oil and refers to the transparent, shelf-stable oil which breaks into pieces rather than bending. The most popular choices of hydrocarbon concentrates on the market are either shatter or wax, which are on opposite ends of the spectrum when it comes to texture. Shatter tends to have a consistency ranging from sticky sap to a very stable, hard resin at room temperature and can have an appearance anywhere from a dark brown to nearly translucent. Wax on the other hand, tends to be completely dry and crumbly and is sometimes referred to as “honeycomb” because of its resemblance.

**Premium Edibles**

As part of the Company's licensing and manufacturing agreement with Dixie Brands, Inc., the parent company of Dixie Elixirs and Edibles ("Dixie"), both the 180MG milk-chocolate Crispy Kraken and 180MG dark chocolate Toasted Rooster bars were available and sold in medical dispensaries throughout Oregon in early 2016. However, given new regulatory requirements relating to edibles production and the recreational market, GLH's edible strategy is temporarily delayed due to regulatory change. The Company is in the process of developing a plan for launching edibles into the recreational market that will be compliant with recently announced OHA and Oregon Department of Agriculture rules.

Looking to capitalize on the growing trend and demand for gourmet, quality crafted edibles and drinks, the chocolate bars are the first of many products that will be made available in the future between the Company and Dixie in the state of Oregon.
BUSINESS MODEL

Due to current regulatory limitations regarding canopy size, the Company is focused on creating a differentiated brand portfolio with superior consumer value, enabled by core strengths that leverage a model where the Company purchases and secures trim through supply contracts. The business model focuses on value-added manufacturing that includes:

<table>
<thead>
<tr>
<th>Extract</th>
<th>Refine</th>
<th>Market</th>
<th>Sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Extract Icon]</td>
<td>![Refine Icon]</td>
<td>![Market Icon]</td>
<td>![Sell Icon]</td>
</tr>
</tbody>
</table>

All U.S. States that have legalized Medical Marijuana impose a range of requirements on the entities wishing to become Licensed Operators including obtaining a License from state governmental authorities. The Company’s business model in its connected supply chain network differs depending on the Residency Requirements of the applicable jurisdiction. Most U.S. States that have legalized marijuana for medical or recreational use require Licensed Operators to hold a License issued by the applicable state authorities. In some states, for a Licensed Operator to be eligible to be granted a License, the owners of the Licensed Operator must be residents of such U.S. State. As such, listed companies or other widely held enterprises are ineligible to obtain a License in those states where a Licensed Operator must be a U.S. State resident. The State of Washington imposes a Residency Requirement for Licensed Operators and their individual owners. Other states (such as Nevada, Illinois and Arizona) do not impose a Residency Requirement.

In U.S. States with Residency Requirements, the Company will work with companies or other entities that have a valid License issued by the applicable U.S. State authorities to provide an array of services as a part of its "franchise-like" model, or will work with eligible persons applying for such license. The Company has developed a business model where it is undertaking a combination of the following functions with the expectation of realizing the following respective revenue streams from such activities.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Expected Revenue Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire and develop recipes, know-how and other intellectual property for the preparation of Marijuana-Infused Products and Marijuana Concentrates, for use by Royalty Producers entering into royalty agreements with the Company.</td>
<td>Royalty fees</td>
</tr>
<tr>
<td>Develop recognizable brands for Marijuana-Infused Products and Marijuana Concentrates for use by Royalty Producers entering into royalty agreements with the Company.</td>
<td>Royalty fees</td>
</tr>
</tbody>
</table>
Provide consulting services with respect to extraction processes, techniques, training and know-how relating to Marijuana Concentrates. | Consulting Fees
Royalty fees

Acquire real estate for lease to Licensed Operators. | Leasing fees, Rent

Provide financing and equipment leasing to Licensed Operators and prospective Licensed Operators. | Interest income
Loan fees (renewal, origination, etc.)
Leasing Fees

Provide financial and strategic support to Licensed Operators in securing supply of Marijuana. | Miscellaneous consulting fees

In the U.S. States without Residency Requirements, the Company may choose to apply for a License or acquire entities with a License and produce products itself, or work with other Licensed Operators using the same model as it has developed for U.S. States with a Residency Requirement. The Licensed Operators include growers of Marijuana, Marijuana-Infused Product manufacturers and retail dispensaries. The Company will not operate in jurisdictions which have not legalized marijuana, and does not intend on operating in jurisdictions which have legalized marijuana but have not developed and imposed a licensing regime for Licensed Operators.

Due to U.S. federal regulations, the Company will evaluate each U.S. State in which the Company chooses to operate as a separate market and with a distinct business plan. Given market fragmentation due to the various U.S. State regulatory regimes, the Company expects that its products will be manufactured in micro-factories for distribution only in the U.S. State where the micro-factory is situated.

**Dispensary revenues:** This revenue stream is a consistent component of Golden Leaf’s current and anticipated future revenues. GLH owns a fully licensed dispensary under Oregon law through its wholly owned subsidiary, Left Coast Connections, Inc. (“LCC”). LCC is fully licensed to sell a wide range of cannabis products directly to registered patients. LCC sells the cannabis flower and cannabis oil produced by GPO along with third party cultivators and producers. LLC opened and became fully operational on April 7, 2015.

The dispensary has only been permitted to sell oils and edibles to patients (or their caregivers) who are registered under the Oregon Medical Marijuana Program (“OMMP”) and who hold proof of their registered status. On October 1, 2015, dispensaries were allowed to sell a quarter ounce per day of flower to non-medical or recreational customers under the Oregon Health Authority’s Early Start Program. Starting June 2, 2016, medical dispensaries participating in this program are allowed to sell through the OMMP, single serving, low dose edibles, single receptacles of extract and topicals to retail customers. Subject to compliance with GLH’s regulatory requirements and undertakings, the Company anticipates it will leverage the dispensary to participate in the Adult Use marketing in the future under the full rollout of the Adult Use program in Q4 2016.

**Wholesale Revenue through sales to other dispensaries:** GPO employs nine sales representatives who sell GPO’s cannabis products to third party dispensaries. They sell useable marijuana in the form of flower or cannabis oil and edible products. GPO’s current sales and marketing efforts are and have been focused on immediate opportunities in the medicinal market. Management intends to expand its sales and marketing efforts as recreational use becomes legalized in Oregon.
SALES AND MARKETING

Sales and marketing goals focus on immediate opportunities in the medical market in Oregon in early 2016, followed by opportunities in the recreational market in late 2016. Through its strategic partner BMF, the company will target launching GLH brands into Washington State in 2016 to capitalize on significant potential for new distribution and sales in an established recreational market. In addition, GLH will market and distribute its partner’s new brands in Oregon to capture further market share in the oil category.

The primary goal is to capture market share by increasing awareness, trial and repeat purchase by leveraging new products, advertising and consumer promotion.

The company’s objective is to become the leading consumer-driven branded company with a differentiated product portfolio that delivers superior consumer value. Product positioning will focus on offering a breadth of products that meet relevant consumer segments in Oregon and Washington. GLH is focused on developing a compelling story and narrative that resonates with consumers – a platform of products tied to lifestyle experiences that fosters the birth of a cult brand. The company will leverage marketing channels to inspire, engage, socialize and sell GLH products.

Sales growth, and market share goals will be accomplished by:

- Achieving full retail distribution of existing product lines in every dispensary
- Launching Golden and Proper brands in Washington State to maximize market penetration
- Further development of the company’s differentiated brand portfolio with the launch of Liberty Reach, Jackpot Seaweed and JuJu Joint marijuana brands from Washington State into the Oregon market
- New product launches and brand refresh to meet consumer demand and market opportunities
- Advertising in print, radio, and social media through broad reach and also targeted ‘outreach’ programs
- Field marketing and word-of-mouth marketing programs to build brand awareness and sales
- Innovative trade marketing programs with dispensaries and best-in-class approaches to merchandising
- Business to business relationships that leverage GLH’s economies of scale to supply other manufacturers the highest quality extracts at the lowest prices
- Leveraging Left Coast Connections’ (GLH’s dispensary) sales in an analytical, category management, context to communicate merchandising best practices throughout the industry
Golden Leaf evaluates each specific targeted market on an individual basis, when developing their methods to build out the Company’s marketing impact. Their approach has been refined through years of successful operations in their respective industries and includes the following elements:

- Developing a comprehensive online marketing plan through media partners that includes Golden Leaf’s email database, banner ads, sponsorships, co-branded email, and other creative means to reach online audiences.

- Building out the new company’s online presence by updating its website and integrating it with social media.

- Ensuring that marketing programs are accurately reflected on Golden Leaf’s website and that all required lead acquisition components are fully in place.

- Leveraging local events and celebrations as opportunities to increase awareness of the Golden Leaf’s differentiated portfolio of brands.

- Establishing a presence in targeted local media sources, such as magazines, visitor centers, radio and TV.

- Representing Golden Leaf by attending trade shows and related industry events.

- Creating partnership-marketing relationships with other companies in the industry to create profitable synergies.

- Creating community partnerships to cross-promote our businesses and strengthen the local economy, while benefiting everyone’s bottom line.
OPERATIONS

Golden Leaf currently employs 81 full time staff and 5 temporary employees. The Company is in the process of centralizing operations, including extracting and refining in addition to the housing of all GLH employees at a main campus in Aurora, Oregon. An office move for all employees is planned in Aurora for July 2016. The dispensary Left Coast Connections, Inc. is located in Portland.

Production - Oil Extraction

Management is observing, and sales data in Washington, Colorado and recent data from Oregon support, a growing preference amongst consumers for cannabis oil over cannabis flower. Cannabis oil can be vaporized and consumers can inhale the vapors. Alternatively, oil can be used in edibles that can then be ingested. In many instances, this may provide a healthier and safer option to consumers over smoking cannabis flower.

Cannabis oil is generally extracted from dried cannabis plant material, which is mostly comprised of small leaves from the cannabis plant that are trimmed from the cannabis flower. This cannabis material is commonly referred to as “Trim”.

The trimming process involves removing small leaves away from the flower or bud. The desirable cannabinoids that are found in marijuana plants are mostly concentrated in the mature cannabis flowers, but they are also found in the leaves and stems. Both the flowers and the trimmings are weighed and tracked in an inventory tracking system. The Trim is then transferred to the GLH processing facility.

By using proprietary extraction methods, GLH is able to produce cannabis oils, hash and edibles, etc. while controlling the flavors and potency of these products. The Company uses the cannabis material from its own cultivation operations for oil extraction, but must also purchase additional cannabis material as the current cultivation operations are still scaling and are not yet large enough to supply all of the cannabis material GLH requires.

Until such time as GLH becomes self-reliant, using only its own cultivated material (Trim), GLH must purchase Trim from third parties. GLH maintains a tightly managed a quality and pricing policy for Trim acquisition. The price GLH pays for Trim varies based on quality (curing, cannabinoid content, age, etc.).

Currently, GLH uses two separate extraction methods for extracting cannabis oil; carbon dioxide extraction and hydrocarbon extraction.

Carbon Dioxide Extraction

Using CO2 as an extraction solvent, allows for GLH to focus the extraction process so that desirable cannabinoids can be targeted, leaving behind non-beneficial desirable properties such as chlorophyll, lipids, waxes and fats from the plant.
When high pressure is applied to CO₂, it becomes a liquid that is capable of working as a solvent, stripping away cannabinoids and essential oils from plant material.

CO₂ extraction involves warming carbon dioxide and then pumping it across plant material through the extractor at a precise pressure. The carbon dioxide in this condition is condensed to a liquid which strips the cannabinoids and oils from the plant material. With release of the pressure, the carbon dioxide escapes in its natural gaseous form, leaving the pure essential oil behind.

The advantage of using CO₂ to extract the cannabis oil is that there are no solvent residues left behind, and the resulting product is pure. Further processing via heat, agitation, or vacuum pressure will aid in removing any residual alcohol from the oil, which is essential for determining the finished form of the oil. Currently, GPO is operating five 2 liter CO₂ extraction machines at full capacity.

Hydrocarbon Extraction (“BHO/PHO”)

Hydrocarbon or Hydrocarbon/Propane extraction uses non-polar hydrocarbon as a solvent. Hydrocarbon is especially well-suited for stripping dried cannabis material of its cannabinoids, terpenes, and other essential oils while leaving behind the majority of unwanted chlorophyll and plant waxes.

GLH operates two hydro-carbon extractors. Both machines share utilize similar preparation and processing methodologies. During extraction, the solvent washes over the plant material and is then purged off from the resulting solution using a variety of techniques and variables such as heat, vacuum and agitation.

After obtaining hydrocarbon through this extraction method, the oil will be vacuum purged in a vacuum chamber to separate the cannabis oil from any remaining hydrocarbon gas. The vacuum oven is heated to release the Hydrocarbon and Propane, leaving behind only the extract. This "purging" process, depending on duration of exposure to vacuum and heat, and will give the hydrocarbon characteristic textures, such as wax, crumble, shatter and butter.

These post-extraction processes also determine what the final texture of the product is, whether it be budder, shatter, or a more traditional sticky cannabis oil. Routinely testing at over 60% tetrahydrocannabinol (“THC”), Hydrocarbon is the most popular choice for “dabbing”, when properly made, hydrocarbon extracted cannabis oil offers a very potent, direct, and flavorful method of ingesting cannabis.

The hydrocarbon process, unlike the CO₂ process generally requires higher quality cannabis material in order to have higher quality finished product(s).
FINANCIAL INFORMATION

Historical Results

Profit and Loss

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>-</td>
<td>284,159</td>
<td>1,025,996</td>
<td>1,319,201</td>
<td>2,957,670</td>
<td>2,771,193</td>
<td>2,877,074</td>
<td>2,476,688</td>
</tr>
<tr>
<td>Cost of sales expense</td>
<td>-</td>
<td>349,785</td>
<td>861,959</td>
<td>960,311</td>
<td>2,411,331</td>
<td>2,048,016</td>
<td>2,469,833</td>
<td>1,814,236</td>
</tr>
<tr>
<td>Gross profit</td>
<td>-</td>
<td>(65,626)</td>
<td>164,037</td>
<td>358,890</td>
<td>546,358</td>
<td>723,176</td>
<td>407,242</td>
<td>662,452</td>
</tr>
<tr>
<td>Total expenses</td>
<td>460,811</td>
<td>1,055,804</td>
<td>1,771,753</td>
<td>3,471,362</td>
<td>3,940,346</td>
<td>4,295,616</td>
<td>4,354,899</td>
<td>3,143,814</td>
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<tr>
<td>Interest expense</td>
<td>4,101</td>
<td>7,917</td>
<td>3,253</td>
<td>7,509</td>
<td>20,840</td>
<td>29,454</td>
<td>73,562</td>
<td>129,525</td>
</tr>
<tr>
<td>Other loss (income)</td>
<td>115,690</td>
<td>(107,385)</td>
<td>(43,682)</td>
<td>4,426</td>
<td>(26,905)</td>
<td>219,334</td>
<td>(33,883)</td>
<td>10,524</td>
</tr>
<tr>
<td>Loss on change in fair value of warrant liability</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,837,465</td>
<td>(178,129)</td>
<td>149,500</td>
<td>(4,474,737)</td>
<td>(2,737,958)</td>
</tr>
<tr>
<td>Gain (Loss) before income taxes</td>
<td>(580,602)</td>
<td>(1,021,962)</td>
<td>(1,567,287)</td>
<td>(9,961,873)</td>
<td>(3,209,813)</td>
<td>(3,970,727)</td>
<td>487,411</td>
<td>116,547</td>
</tr>
<tr>
<td>Income taxes</td>
<td>29,385</td>
<td>2,817</td>
<td>137,455</td>
<td>209,248</td>
<td>296,936</td>
<td>157,055</td>
<td>254,381</td>
<td>137,834</td>
</tr>
<tr>
<td>Net income / (loss)</td>
<td>(580,602)</td>
<td>(1,051,347)</td>
<td>(1,570,104)</td>
<td>(10,099,327)</td>
<td>(3,419,061)</td>
<td>(4,267,663)</td>
<td>330,356</td>
<td>(137,834)</td>
</tr>
<tr>
<td>Basic and diluted earnings / (loss) per share</td>
<td>(0.03)</td>
<td>(0.05)</td>
<td>(0.03)</td>
<td>(0.19)</td>
<td>(0.06)</td>
<td>(0.07)</td>
<td>0.01</td>
<td>(0.00)</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding</td>
<td>20,257,397</td>
<td>22,312,666</td>
<td>49,059,178</td>
<td>52,489,288</td>
<td>52,881,276</td>
<td>57,810,620</td>
<td>61,532,660</td>
<td>68,976,253</td>
</tr>
</tbody>
</table>

2015 Audited Financial Results

Total revenues generated for the year ending December 31, 2015 were approximately US$9.925MM, compared to US$1.310MM in the same period in 2014. This is an increase of 657% from the year ending December 31, 2014 reflecting the Company’s early stage growth trajectory. Gross margin for 2015 amounted to approximately 21%, compared to a gross margin of approximately 8% for the year 2014 as GLH scaled its business. Total operating expenses for 2015 amounted to approximately US$14.062MM compared to approximately US$3.288MM for 2014 as the Company invested in infrastructure and accrued public listing fees.

Q1 2016 Unaudited Interim Financial Results

The financial information below has not yet been reviewed by the Company’s auditors. Total revenues generated for the quarter ended March 31, 2016 were approximately $2.477MM, compared to $1.319MM in the same period in 2015. This is an increase of 88% from the quarter ended March 31, 2015 attributed to GHL’s continued growth trajectory. Gross margin for the first quarter of 2016 amounted to approximately 27%, compared to a gross margin of approximately 27% for the first quarter of 2015. Gross margin for the fourth quarter of 2015 amounted to approximately 14%, compared to a gross margin of approximately 27% for the first quarter of 2016 due to increased oil extraction yields and improved operational efficiencies.
Total operating expenses for the first quarter of 2016 amounted to approximately $3.144MM, compared to approximately $1.471MM for the first quarter of 2015. This represents a significant reduction of 28% versus the operating expenses of $4.354MM in Q4 2015. General and administrative expenses for the first quarter of 2016 amounted to approximately $2.160MM. This represents a significant reduction of 29% versus Q4 2015 as RTO listing costs did not reoccur.

**Financial Strategy**

GLH’s financial strategy entails becoming cash flow positive as soon as possible. The path to profitability includes:

- Driving revenue growth organically and through geographic expansion, focusing on market share. The company will capitalize on the following drivers:
  - Opening up of the Oregon recreational oils and edibles market
  - Leveraging the strategic partnership with BMF to expand revenues in Washington State
  - Elevating brand positioning, identity and packaging to drive increased brand awareness and sales
  - New products and product innovation
- Expense reduction and containment
- Margin enhancements (yield and raw materials optimization)
- CAPEX investments to have ROI to ensure quick payback
- Investing in management talent ahead of growth to optimize scale opportunities (first mover advantages)
- Maintaining a healthy balance sheet and self-fund as fast as possible

The strategy for 2016-2017 is to become the leading consumer-driven brand that delivers a broad offering of products generating superior value in both medical and recreational use cannabis industry segments. With aggressive sales and marketing, GLH will continue growing market share by capturing the full potential of the oil and edibles market.

With a focus on best-in-class branding and lowest cost, highest quality extraction, GLH is well positioned to obtain substantial market share with defensible margins. By expanding geographically through licenses and partnerships, potential M&A and leveraging its infrastructure for growth, the company will drive additional revenue building opportunities.
RESEARCH AND DEVELOPMENT

GLH’s key R&D strategic objectives include:

- To develop new innovative product lines, based on a holistic breeding approach and an integrated technology
- To focus on key market/segment: breeding by design
- To create an IP portfolio around variety, trait (research) and crop modeling (Agronomy)
- To focus research and development efforts on developing cutting-edge cannabis products and delivery systems driven by consumer insights and market demand

R&D is based on three pillars:

1. **Breeding**

Genetics factors are the main tool to control the plant’s cannabinoid profile. This opens exciting possibilities for breeding by design. Breeding by design is breeding to achieve specific chemo types (chemical genotypes):

- Use state of the art breeding tools to accelerate the breeding process and thus shorten time to market
- Crop uniformity vis-a-vis yield potential
- Build a portfolio that supports a product profile and specific market needs (ratio between CBD and THC)
- Develop new varieties with different profiles between THC and CBD
- Breeding for pure female lines

In addition, breeding develops new varieties from clones and seeds using propagation methods and secure IP for breeding methodology and germ plasms.

2. **Agronomy**

The goal is to secure the quality and quantity of our commercial cultivation in a sustainable way in order to maximize our profitability.

- By moving from warehouse growing to greenhouse cultivation
- By designing an efficient growing facility equipped with the latest growing technologies and techniques
- By using biological products/crop program to control disease and pest
- By reducing the input for each gram of product (electric energy, temperature control, disease and pest control etc.)
3. Quality control

The goal is to secure the quality of products year round. Quality consistency is assured by an active ingredient content and the ratio between each one of them (tetrahydrocannabinol (THC) and cannabidiol (CBD) as well as a range of other ingredients.

- By developing homogeneous genetic materials
- By implementing a protocol; from growing through harvesting to storage and product manufacturing
- Key Deliverables: Standard Operation Procedures (SOP)

Quality is assured by the following factors:

- Genetics
- Growing and storage conditions
- Plant Maturity at harvest
- Methods used to process and formulate the material

4. New Product Innovation

GLH will lead on product innovation and on application of best practices and new technology to the cannabis sector. The company will achieve this by focusing on:

- Developing a dynamic brand portfolio based on consumer research on segmented needs
- Leverage an understanding of consumer segments to develop clear product and market combinations.
- Building a product development process that supports specific market needs.
- Maintaining leadership and expertise in extracting and refining.
- Launch best-in-class delivery systems developed in tune with consumer demand
LEGAL MARIJUANA INDUSTRY

Overview: United States

The legal cannabis industry has experienced a major transformation over the past three years. Massive shifts in the business environment have changed the industry landscape in a variety of ways. The American population’s increasing support for the legalization of cannabis has been a primary driver of this rapid change, with the trend being validated by the Gallup Poll released in October 2015 showing that 58% of Americans are in favor of legalization, a 7% increase from 2014. The accelerating momentum of support has given rise to the passage of new cannabis regulations in many states, as well as multiple law reforms that are currently underway in others.

In the past two years, nine new states plus the District of Columbia have approved new medical cannabis sales regulations, which include Massachusetts, Illinois, Connecticut, Vermont, Delaware, New Hampshire, Minnesota, New York, and most recently Pennsylvania. The total number of states permitting medical cannabis use has risen to 24. Moreover, on January 1, 2014, Colorado and Washington became the first states in the nation’s history to implement recreational cannabis use policies. With these states benefitting from substantial tax revenue from these inaugural policies, many experts estimate that seven to fourteen new states could attempt to enact similar recreational use policies by 2017. In the November 2014 midterm election, Oregon, Alaska and the District of Columbia successfully passed legislation to legalize recreational cannabis. This has propelled the cannabis sector in several key ways, from increasing the flow of capital into legal cannabis companies to setting up the 2016 legalization push in California and other states.

Oregon and Alaska joined Colorado and Washington State, which legalized recreational cannabis in 2012. State officials in Oregon permitted registered and licensed medical marijuana dispensaries to begin selling recreational cannabis products in October 2015. Alaska officials are in the process of creating the administrative system for cannabis sales, which are expected to begin in 2016. Voters in the District of Columbia passed what has been called “soft legalization,” which allows citizens to possess and grow small amounts of cannabis, but does not create cannabis stores (the DC initiative must also be approved by Congress, where opposition is already brewing.)

The successful legislation in Oregon, Alaska, and the District of Columbia, along with the close result in Florida, will make 2016 another positive year for the cannabis industry. These midterm results offered law makers in other states the confidence to introduce new legislative initiatives for action in 2016 and placement on 2016 ballots. This trend will be accelerated if the sale of recreational cannabis in Colorado, Washington and Oregon continues to grow.

Each state’s regulatory structure is unique, making it critical for potential business owners in the industry to know and understand each state’s regulatory landscape. Understanding individual state markets requires potential business operators to account for multiple levels of regulatory understanding and compliance, such as who is allowed to legally purchase cannabis, how it may be sourced, processed, and distributed.
Even with the shifting views of society as well as many federal officials, marijuana is still classified as an illegal substance in the United States. The Drug Enforcement Agency and the Food and Drug Administration still classifies marijuana as a Schedule 1 drug under the Controlled Substance Act. The classification makes marijuana illegal under federal law to manufacture, distribute, or dispense and has created a discrepancy between the laws in states, that permit the distribution and sale of medical and recreational marijuana, from federal law that prohibits any such activities.

The discrepancies in federal and state law have created a complicated and risky environment for businesses in the industry, especially in regard to restricted banking access for legal marijuana companies. The banking system in the U.S. is, in most states, federally mandated. Since possession or distribution of marijuana violates federal law, banks that provide services to legal marijuana companies face the threat of prosecution and assorted sanctions, such as loss of their federal depository insurance. As a result, many marijuana-related businesses are denied the ability to deposit cash, process electronic payments, or obtain loans and cash management services, consequently forcing these companies to transact on a cash-only basis. Of course, this failure of the legacy financial establishment to react to demand is creating the opportunity for new providers, from finance companies to physical security providers.

Another variable adding to the complexity of the legal marijuana market is the local laws at the city, county and municipal level. Even when a state enacts legislation legalizing marijuana, cities, counties and municipalities have the right to exercise restrictions on marijuana activities, such as cultivation, retail or consumption. One particular area that this has been observed is in regard to zoning requirements, since zoning is set by local governments. This has restricted many businesses in the emerging marijuana industry on how and where their marijuana operations can be located, as well as the manner and size in which they can operate.
There is action being taken both in congress and the executive branch to clarify the legality of banks, as well as cities and municipalities doing business with the cannabis industry. In response to the passage of recreational cannabis use regulations in Colorado and Washington State, the U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum, the 2013 Cole Memo, to all United States Attorneys providing updated guidance to prosecutors and law enforcement concerning marijuana enforcement under the CSA. The memorandum indicated that states with tightly regulated marijuana laws and oversight would be allowed to enforce their own laws. Moreover, the memo laid out eight top federal cannabis enforcement priorities, which acts as guidance to where cannabis enforcement resources will be targeted. It focuses on addressing the most significant threats in the most effective and consistent way possible. Those priorities include:

- Preventing the distribution of marijuana to minors
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use
- Preventing growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands
- Preventing marijuana possession or use on federal property

A more substantial development occurred on February 2014. The Obama administration gave banks a road map for conducting transactions with cannabis companies operating within state regulations, so these companies could have an equal level of access to financial services as traditional businesses. The move was designed to let financial institutions serve such businesses while ensuring that they know their customers' legitimacy and remain obligated to report possible criminal activity. However, there still remains nothing expressly protecting banks that work with state-legal, state-licensed marijuana businesses from prosecution.

The most encouraging news regarding the legal cannabis industry came on December 13, 2014, when passed the federal spending bill, which contains protections for medical marijuana and industrial hemp operations in states where they are legal. The spending bill includes an amendment that prohibits the Department of Justice from using funds to go after state-legal medical cannabis programs. If the bill is signed into law, it will bring the federal government one step closer to ending raids on medical marijuana dispensaries, as well as stopping arrests of individuals involved with marijuana businesses that are complying with state law.
The bill protects medical marijuana programs in the 24 states that have legalized marijuana for medical purposes, as well as 16 additional states that have legalized CBD oils, a non-psychoactive ingredient in marijuana that has shown to be beneficial in some severe cases of epilepsy. This landmark passage marks the first time Congress has approved nationally significant legislation backed by legalization advocates and brings almost to a close, two decades of tension between the states and Washington over medical use of marijuana.

**Chart 2: United State Legalization Timeline**

**Ancillary Businesses**

As more states continue to loosen their marijuana laws, the demand for marijuana-related products and services is expected to grow rapidly. This rapid growth combined with the professionalization of the marijuana industry has spurred the emergence of cannabis-related niche markets. These ancillary markets include, but are not limited to, dispensary and cultivation consulting, technology, insurance, IT, security consulting, packaging services, legal counseling/consulting, merchant processing, and dispensary management. Ancillary businesses that cater to the legal marijuana industry are well positioned to benefit from the growth in the industry, since private marijuana producers and sellers often have difficulty acquiring these types of products and services from traditional venues. In addition, due to ancillary businesses operating in legal marijuana markets without physically handling the plant, they have less legal risk than companies directly involved in the production and sale of marijuana.

**Consulting and Advising**

The complexity of legal marijuana markets has created a strong demand for consulting and advisory services in different aspects of the marijuana industry. These services are designed to help entrepreneurs develop comprehensive strategies based on market need and growth opportunities by addressing everything from site selection and design to license procurement and facility build-outs. License procurement consulting services is one of the areas experiencing the strongest demand. Applicants are required to demonstrate competence and thoroughness in their application submissions, with many states granting licenses on the basis of merit. This has translated to applicants spending tens of thousands of dollars on consulting fees to strengthen their candidacy and increase their chances of successfully being awarded marijuana dispensary licenses. With the industry’s dynamic regulatory landscape and financial limitations, these services are invaluable to companies looking for a smooth entry into the industry.
In states with fully operational legal marijuana markets, many of the entrepreneurs that receive regulatory approval lack the necessary expertise to efficiently cultivate marijuana. This has made cultivation consulting one of the most sought after services. Cultivation consulting helps companies optimize production capacity and results by providing ongoing yield analysis, workflow evaluations, and growth strategies to be responsive to changes in law, address consumer demand, and seize new opportunities. It also includes equipment purchasing, recruiting, irrigation, and any other aspects of the growing process that could benefit from industry expertise.

Forced to operate as a cash-only business, cannabis businesses are at higher risk of being robbed or burglarized than traditional retailers. This has made security one of the most crucial aspects of the marijuana industry, since all cannabis businesses require security measures to prevent theft and mitigate risk to employees. Businesses need security system solutions not only to protect business assets, but in many cases also to comply with state regulations. As a result, security consulting has emerged as a high-growth vertical of the ancillary marijuana industry. These security-consulting companies assist in security and transportation logistics for legal marijuana business, as well as provide on-site compliance verification to ensure that local business owners are operating lawful and inspection-ready establishments.

Many companies in the space also have started seeking alternative solutions to keep their money safe while providing their customers convenient payment options. More financial services companies are offering innovative services, such as virtual currency, international merchant solutions, and online payment solutions similar to PayPal. However, none of these solutions can truly replace the need for conventional banking access.

**Consumption Devices**

With the increasing acceptance of marijuana in society, alternative devices for consuming marijuana have experienced rapid growth as well. One of the fastest growing consumption devices are vaporizers, which utilizes a battery-powered or electric atomizer that heats loose cannabis leaves, or cannabis wax or oil, until the THC becomes a gaseous vapor that can be safely inhaled. Vaporizers have been used for many years as an alternative to smoking tobacco. Since the device produces no smoke, the process avoids many irritating toxic and carcinogenic by-products along with secondhand smoke. The growth of consumer demand for vaporizers is comparable to other recent health crazes, such as Zumba and juice cleanses. However, vaporizer brands market their products well, carefully, since they are prohibited from making outright public health claims about their products. To successfully market their product, many companies emphasize the intensive research and development efforts that go into their production processes. In addition, health trends go hand-in-hand with style, which is a major factor in the rapid growth of vaporizing over traditional smoking of medical marijuana. Not only has vaporizing becoming more popular as an alternative to smoking marijuana, but in some states such as Minnesota, vaporizing is making its way into medical marijuana laws as the preferred way for consuming the medicinal drug. The law in Minnesota does not allow medical marijuana to be smoked, although it will be available in a pill form, oil form, or a form that can be vaporized.
MARKET SIZE AND GROWTH RATES

United States

The total market for cannabis, legal and black market, is estimated to exceed the economic value of corn and wheat, which is why it is widely considered the largest cash crop in the United States. According to a report by the Associated Press in July, it is estimated that the value of the total domestic cannabis market ranges from $35 billion to $50 billion. Even though it is illegal in most of the nation, the legal cannabis industry is among the fastest-growing markets in the United States, with it being valued at approximately $4.6 billion in 2014 growing to $5.4 billion in 2015, and reaching $6.7 billion by 2016. However, this could potentially be conservative due to undercounting of ancillary products and services. The long-term growth outlook for the industry is even stronger. Based on growth in the current market and more states moving to allow medical cannabis and/or making recreational use legal, it is believed the market will experience growth in excess of 700 percent to over $10 billion by 2018.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>$100 billion</td>
</tr>
<tr>
<td>Recreational Marijuana (if fully legalized)</td>
<td></td>
</tr>
<tr>
<td>High Estimate</td>
<td>$120 billion</td>
</tr>
<tr>
<td>Middle Estimate</td>
<td>$40 billion</td>
</tr>
<tr>
<td>Low Estimate</td>
<td>$14 billion</td>
</tr>
<tr>
<td>Wine</td>
<td>$36 billion</td>
</tr>
<tr>
<td>2015 Legal Cannabis Sales</td>
<td>$5.4 billion</td>
</tr>
<tr>
<td>e-Cigarettes</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>M&amp;M’s</td>
<td>$0.6 billion</td>
</tr>
</tbody>
</table>

In comparison to other comparable markets, such as beer, wine, and vodka, the legal cannabis market is still small. The small size is due to the market’s immaturity as well as cannabis’ classification as an illegal substance on the federal level. However, legal cannabis is estimated to have experienced experience growth of 22% in 2015, a time in which the domestic beer market grew around 2%. The market’s growth has severe constraints caused by the legal status of cannabis in most of the nation. If the government were to legalize the substance on a federal level, the legal cannabis business would have the potential to grow at a pace much faster than what was experienced from 2013 through 2015. Bloomberg estimates that if cannabis was legalized, the U.S. market potential would be between $35 billion to $45 billion.

Many states’ legal marijuana markets have seen significant growth over the past year. The industry will experience rapid growth as new states begin adopting favorable legislation in regard to medical and recreation marijuana use. One strong indicator of future growth potential in a specific market is...
the saturation rate, percentage of the customer population who are actively purchasing legal medical marijuana, relative to the potential patient population who qualify to make those purchases. With low saturation rates in a majority of the nation’s medical marijuana markets, there is a very favorable environment for high growth.

*Chart 4: Saturation Rate by State*

![Saturation Rate Chart](chart4.png)

Business revenues vary widely across the industry, as well as within key sectors and states. These variances are driven by differing regulations and market dynamics. In addition, the large dispersion of business revenue is also due to the fact there are three different types of marijuana-related businesses:

**Small Local Businesses**
Ranging from cultivators supplying inventory for just one small dispensary to edibles producers working out of a small kitchen, these businesses may only generate $50,000 or less in annual revenues. Many are not interested in, or do not have the skill or financial resources to, become larger organizations.

**Mid-sized Regional Businesses**
These businesses include established dispensaries, consultants, and services firms such as lawyers and accountants with a specialized client base. Many of them have past entrepreneurial experience, but may not want or may not have the ability or resources to grow their business beyond a handful of employees. Their revenues range from $100,000 to about $750,000.

**Large National Brands**
These include the largest local dispensaries, especially those with multiple locations, as well as infused product companies with popular brands and ancillary companies that serve the national market. Some are publicly traded companies on over-the-counter markets. Their owners and shareholders are focused on significant growth of the company, including licensing, franchising, and aggressive national distribution at some point in the future.
COMPETITION

The cannabis industry, specifically the infused product & extract space, remains highly fragmented with many “mom and pop” companies who struggle to survive due to lack of access to capital, no experienced management and a lack of strategic focus on a brand portfolio of products. With the early stage nature of the industry and a lack of focus on channel development with the majority of cannabis companies, the vast majority of the market still consists of small, regional, mom and pop operations rather than large established brands. Given the current wide-open nature of the market landscape with no clearly dominant market leaders, the barriers to entry and success for companies, such as Golden Leaf to move in with quality products, marketing, distribution and strategic acquisition strategies are minimal compared to where they will be as the market matures over the next 18 months.

Furthermore, the industry is likely to see significant consolidation due to a number of different factors over the coming year or two. First, large strategic acquirers are likely to roll-up major brands in order to establish themselves in a faster-growing niche market. Second, the FDA is likely to begin regulating the industry over the next year or two, which would put up a key barrier to entry for smaller competitors.

These dynamics have created an opportunity for companies to roll-up brands and establish a presence now, when the market remains penetrable for early-stage companies. As large tobacco companies seek to expand their presence, many of these companies could become acquisition targets or attractive licensors of brand names that become household names in the infused products & extracts space.
LEGAL NOTES AND DISCLOSURE

This report is owned by Golden Leaf Holdings and has been prepared with support from Viridian Capital Advisors, LLC (VCA). The contents of this report with respect to Golden Leaf Holdings have been compiled primarily from information available to the public released by the Golden Leaf Holdings through news releases, Annual Reports, and U.S. Canadian Securities Exchange (CSE) filings. VCA assumes no responsibility to update the information contained in this report. Information as to other companies has been prepared from publicly available information and has not been independently verified by Golden Leaf or VCA. Some of the information in this report relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can be only predictions and the actual results or events may differ from those discussed due to, among other things, the risks described in Golden Leaf’s reports on Form 2A, Interim Reports, Annual Reports, press releases, and other forms filed from time to time.

Golden Leaf Holdings has compensated Viridian Capital Advisor for its service. VCA, its employees and affiliates may maintain positions and buy or sell the securities or warrants of the Company. For more complete information about the risks involved in an investment in the Company, please see Golden Leaf’s most recently filed Listing Statement on Form 2A for the fiscal year ended June 30, 2015. Investors should carefully consider risks and information about Golden Leaf’s business. Investors should not interpret the order in which considerations are presented in this or other filings as an indication of their relative importance. Additional risks and uncertainties not presently known to Golden Leaf or that it currently believes to be immaterial may also adversely affect its business. If any of such risks and uncertainties develops into an actual event, Golden Leaf’s business, financial condition, and results of operations could be materially adversely affected, and the trading price of the Company’s shares could decline.

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Risk of Prosecution for Marijuana-Related Companies. If you are considering investing in a company that is connected to the marijuana industry, be aware that marijuana-related companies may be at risk of federal, and perhaps state, criminal prosecution. The Department of Treasury recently issued guidance noting: “[T]he Controlled Substances Act (“CSA”) makes it illegal under federal law to manufacture, distribute, or dispense marijuana. Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, as of the date of this guidance, 20 states and the District of Columbia have legalized certain marijuana-related activity