

Golden Leaf Signs Binding Letter of Agreement to Acquire Leading Oregon Cannabis Business

Canaccord Genuity Toronto to Lead Capital Raise to Fund Acquisition Strategy

TORONTO, ONTARIO--(Marketwired – March 22, 2017) – Golden Leaf Holdings Ltd. ("GLH" or the "Company") (CSE:GLH) (OTCQB:GLDFF), a leading cannabis oil solutions company built around recognized brands, is pleased to announce that the Company has signed a binding Letter of Agreement (LOA) to acquire Chalice LLC ("Chalice Farms") (<https://chalicefarms.com/>), a leading vertically integrated cannabis company in Oregon (the "Transaction").

In conjunction with the Transaction, the Company has entered into an engagement agreement with Canaccord Genuity Corp. ("Canaccord" or the "Agent") with respect to a best efforts brokered private placement of subscription receipts (the "Subscription Receipts") for anticipated gross proceeds of up to approximately \$35 million (the "Offering"). The net proceeds from the Offering are to be used to satisfy the cash component of the purchase price for the Chalice Farms Transaction, as well as to fund the Company's recently announced acquisitions and for existing operations. The Subscription Receipts will be priced in the context of the market.

Strategic Fit for Golden Leaf



Chalice Farms is a leading vertically integrated cannabis business in Oregon, involved with the cultivation, extraction, refinement, marketing and sales of cannabis flower, edibles and oils. Chalice Farms has developed a branded portfolio of cannabis products that have generated significant market penetration and brand equity within the Oregon market.

In addition, Chalice Farms operates a chain of four branded retail dispensary stores in Oregon and was recently dubbed "Cannabis Store of the Year" at the 2017 Dope Magazine

Industry Awards in Oregon.

The Company expects the Chalice Farms Transaction to provide several key strategic benefits to GLH, including:

- Brand Expansion and Distribution
 - Leverages Chalice Farms footprint to increase GLH branded product sales
 - Chalice Farms branded products strengthen and broaden GLH's brand portfolio
- Leading Retail Dispensary Chain
 - Provides GLH with a market leading dispensary position in Oregon
 - Establishes a consolidation platform for expansion within Oregon, Washington, the remainder of the U.S. and Canada
- Synergy Opportunity
 - Integration of the two companies allows for increased revenues with reduced costs because of synergistic efficiencies

Don Robinson, CEO of GLH, commented, "We are proud to engage with Cananccord Genuity, the leading investment bank in the cannabis marketplace, to help fund our acquisition strategy. Like the other proposed acquisitions we have recently announced, the acquisition of Chalice Farms brings real strategic and financial value to GLH and our shareholders."

The Transaction

Pursuant to the Transaction, Chalice Farms will receive from GLH, (i) US\$15.05 million in cash; and (ii) common shares of GLH having a value of three times Chalice Farms' annualized Q1 2017 gross sales revenue, less US\$6.05 million, of which US\$4.2 million of common shares will be sold to a third party for cash consideration to Chalice Farms at closing. In addition, Chalice Farms will also receive an amount equal to 1.25 times its audited gross sales revenue for the year-ended December 31, 2017 payable in cash or common shares of GLH, subject to an obligation to pay in cash in certain circumstances.

The Transaction is subject to certain conditions, including CSE and regulatory approval.

Golden Leaf's Competitive Strategy

The attached chart illustrates the Company's strategy to build a market leader in branded cannabis products that is backed by real science and a commitment to lowest cost manufacturing.



While GLH is currently executing this strategy on an organic basis, the Company and its board of directors believes that it can accelerate growth and market positioning through a strategic, targeted acquisition strategy. Among the acquisition targets that the Company will focus on are existing production/processing/distribution licenses in other states, proprietary oil extraction technologies, and existing leading brands. The strategic acquisition program is intended to drive financial and shareholder value by seeking acquisitions that build GLH’s brand portfolio, expand its regional presence and/or add technology and intellectual property.

About Golden Leaf Holdings:

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

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Disclaimer: This press release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Transaction, the anticipated gross proceeds of the Offering, the use of proceeds from the Offering, the Company's future business operations and acquisition targets, expectations of the benefits and value to GLH and its shareholders of the Transaction and other acquisitions that have been recently announced, the opinions or beliefs of management, and future business goals. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to general business, economic and competitive uncertainties, regulatory risks including risks related to the expected timing of the Company's participation in the Adult Use market, market risks, risks inherent in manufacturing operations, other general risks of the cannabis industry as well as those risk factors disclosed elsewhere in the Company's public disclosure. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting

information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.