

Golden Leaf Reports 2016 Audited Results And Announces Shareholder Update Call

TORONTO, ONTARIO--(Marketwired – May 2, 2017) – Golden Leaf Holdings Ltd. ("GLH" or the "Company") (CSE:GLH) (OTCQB:GLDFF), a leading cannabis oil solutions company built around recognized brands, today announced its audited financial results for the fourth quarter ("Q4 2016") and full year ended December 31, 2016. Please refer to the Company's financial statements, related notes and accompanying Management Discussion and Analysis for a full review of its operations which are available under the Company's profile on the SEDAR website at www.sedar.com. Please [click here](#) to access the Company's filings on the SEDAR website.

GLH will hold a shareholder conference call and webcast on Tuesday, May 2, 2017 at 4:15 pm ET to discuss the financial results and provide an update on the Company's progress going forward and the status of its strategic acquisitions.

To register for the call and webcast please use the link below:

<https://attendee.gotowebinar.com/register/7035611461199422467>

After registering, you will receive a confirmation email containing information about joining the webcast. All questions for the Company must be submitted ahead of the call to hphillips@viridianca.com.

Overview of 2016 Results: Revenues Decline, Cost Cutting Program Reduces Adjusted EBITDA Loss

As previously communicated, 2016 was a challenging year for the cannabis industry in Oregon as a result of significant regulatory upheaval. In March 2016, the Oregon Health Authority ("OHA") published temporary administrative rules that effectively shut down the cannabis oil extraction industry for a period of 8 weeks. The Company partnered with other industry leaders to provide important input to the OHA that led to OHA policy changes and eventually the ability to sell extracts. In June 2016, a full roll out of oils and edibles under the state's early recreational marijuana sales program was delayed. Additional challenges arose in Q4 2016 with the implementation of new packaging and labeling requirements and the introduction of stringent pesticide testing standards that made sourcing clean trim and flower extremely difficult. The market shifted back to the illicit market and revenues in the regulated market decreased dramatically.

Due to these regulatory changes in Oregon and the related lack of flower and oil based products to sell, dispensary revenues dropped significantly impacting both business owners and

overall state tax revenue. While GLH’s management team was able to guide the Company through obstacles presented by the shifting regulatory landscape, many competitors did not survive.

Total revenues for the year ended December 31, 2016 declined by 22.8% as compared to the year ended December 31, 2015, primarily as a result of the challenges that the entire Oregon cannabis marketplace faced which significantly impacted the Company’s sales. However, GLH implemented cost-cutting initiatives that reduced 2016 operating expenses by 25% versus 2015 which resulted in reduced losses on an Adjusted EBITDA* basis. Furthermore, operating expenses were reduced by 41% when comparing the second half of 2016 to the second half of 2015.

GOLDEN LEAF HOLDINGS LTD.				
For the three and twelve months ended December 31, 2016 and December 31, 2015 (Expressed in US dollars)				
	For the three-month period ended December 31		For the twelve-month period ended December 31	
	2016	2015	2016	2015
Revenue	\$ 434,967	\$ 2,877,073	\$ 7,661,488	\$ 9,925,137
Cost of sales expense	\$ 1,625,443	\$ 2,469,832	\$ 7,595,605	\$ 7,889,491
Less Inventory impairment	\$ (1,091,000)		\$ (1,091,000)	
Adjusted cost of sales expense	\$ 534,443	\$ 2,469,832	\$ 6,504,605	\$ 7,889,491
Gross profit	\$ (99,476)	\$ 407,241	\$ 1,156,883	\$ 2,035,646
Total operational expenses	\$ 3,513,649	\$ 4,354,890	\$ 11,546,835	\$ 14,062,212
Less one time listing expense	\$ -	\$ (830,179)	\$ -	\$ (830,179)
Less one time impairment of assets	\$ (1,555,612)	\$ -	\$ (1,555,612)	\$ -
Less Non-cash expenses of dep and amort	\$ 17,053	\$ (150,024)	\$ (208,922)	\$ (273,600)
				-
Adjusted total operational expenses	\$ 1,975,090	\$ 3,374,687	\$ 9,782,301	\$ 12,958,433
Adjusted EBITDA operational Loss	\$ (2,074,566)	\$ (2,967,446)	\$ (8,625,418)	\$ (10,922,787)

** Adjusted EBITDA is a non-GAAP financial measures and does not have any standardized meaning prescribed by the Company's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-GAAP Disclosures" below for additional information.*

For the year ended December 31, 2016, the Adjusted EBITDA loss decreased to \$(8.6) million as compared an Adjusted EBITDA loss of \$(10.9) million during the same period in 2015. For

the Q4 2016, the Adjusted EBITDA loss decreased to \$(2.1) million as compared to an Adjusted EBITDA loss of \$(3.0) million in the fourth quarter of 2015.

Industry Normalization and Renewed Growth in Q1 2017: Additional Licenses and New Product Launches Drive Growth

In early 2017, Golden Leaf announced initiatives that have significantly enhanced the market positioning of the Company, resulting in renewed revenue growth. Unaudited first quarter 2017 brand sales in Oregon and Washington state of approximately \$6.0M CAD indicated a greater than 33% increase as compared to the first quarter 2016, and a greater than 70% increase as compared to Q4 2016.

- In January 2017, the Company announced that it received its recreational wholesaler license approved by the Oregon Liquor Control Commission (“OLCC”) and the City of Portland. The wholesaler license allowed GLH to start selling branded oil products in the recreational market.
- In January 2017, GLH announced that it had received approval for its recreational retailer license for the Left Coast Connection dispensary, which allows the dispensary to participate and sell in Oregon’s recreational marketplace.
- In March 2017, GLH announced the launch of the Golden Gold Label Reserve product line, new Private Stash brand strain flavors, and branded Golden full flower pre-roll joints. Launched in dispensaries across Oregon, Gold Label Reserve and the new Private Stash strain varieties are targeted at medical and recreational customers looking for pure solvent-free and high potency cannabis oil products.

“The new licensing and product line additions we launched in the beginning of 2017 have begun to bear fruit,” stated Don Robinson, CEO of the Company. “First quarter 2017 revenues have increased substantially as compared to the same period in 2016 and the fourth quarter of 2016. We are seeing this growth within both the Oregon and Washington state markets. Moreover, we have made great strides executing on the strategic acquisitions we announced in early January that we believe will drive financial and shareholder value for the Company and our stakeholders.”

Continued Strong Brand Sales in Q2 2017 and Launch of Strategic Acquisitions

In the second quarter of 2017, GLH continues to see growing brand sales in Oregon and Washington, is building out a new facility to extract cannabis oil and produce edibles in Eugene, Oregon and is focused on the launch of its strategic acquisitions.

- Leveraging the new licenses and branded product launches, GLH has reestablished a strong and growing distribution channel with approximately 50% dispensary

penetration in Oregon. GLH's Washington state brands have also continued to gain increased dispensary distribution.

- GLH is in the process of building out a new facility in Eugene, Oregon that will serve as the manufacturing plant for producing oils, edibles and flower based products. The Company expects to transfer the OLCC recreational processor license it received for its Portland-based facility to Eugene once the facility is completed. The Eugene facility is expected to commence production in the first week of May, 2017. GLH will continue to use the Portland location as a main hub for wholesale distribution of products.
- The Company has entered into an agreement to sell the Aurora, Oregon property and is expected to close on that sale by July 1, 2017.
- GLH's strategy is to become a leading consolidator of high-value cannabis brands. The Company has now signed four binding letters of agreement to acquire the cannabis businesses below and expects to close on these acquisitions in the second quarter of 2017.
- In combination, these acquisitions are expected to bring real advantages to GLH, including a highly differentiated brand portfolio, broader product lines and larger footprint in Canada and the U.S.
- Following completion of the strategic acquisitions, the Company expects to commence integration of its new entities and consolidate operations to drive efficiencies and synergies.



Leading producer & retail dispensary chain in Oregon



Canadian producer / medical marijuana consultancy

Canada



Leading disposable cannabis oil vape e-joint

Western USA & Canada



Nevada Licenses



Nevada growing, processing and distribution license





To become the leading consolidator of high-value cannabis brands



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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Non-GAAP Disclosure

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, less all non-cash equity compensation expenses, including impairments, one-time transaction fees and all other non-cash items. Adjusted EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by the Company's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with the Company's GAAP. Please refer to the Company's management's discussion and analysis for the year ended December 31, 2016 for further information on the Company's use of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net earnings.

Cautionary Note Regarding Forward-Looking Information

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 Company's future business operation, expectations of gross sales, 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 and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place

undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. Forward-looking information is based on estimates and opinions of management at the date the statements are made and the Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. This Release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration.