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Golden Leaf Holdings Announces Private Placement of Convertible Debentures

January 22, 2016

TORONTO, ONTARIO

Golden Leaf Holdings Ltd. ("GLH" or the "Company") (CSE:GLH) is pleased to announce that it has entered into a letter of engagement with Dundee Securities Ltd. (the "Lead Agent") on behalf of a syndicate of agents including Liberty North Capital Corp. (together, the "Agents") pursuant to which the Agents have agreed to offer for sale convertible senior unsecured debentures of the Company (the "Debentures"), on a private placement basis, subject to all required regulatory approvals, at a price per Debenture of C\$1,000 (the "Offering Price"), for minimum gross proceeds of C\$4,500,000 and maximum gross proceeds of C\$10,000,000 (the "Offering").

The Debentures will mature on the date that is 18 months from closing of the Offering (the "Maturity Date") and will bear interest accruing at a rate of 10.0% per annum from the closing of the Offering (the "Closing Date"), payable semi-annually on the last day of June and December of each year. The first interest payment will be made on June 30, 2016 and will consist of interest accrued from and including the Closing Date to June 30, 2016. Subject to certain conditions, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable (i) in cash; or (ii) the equivalent value in common shares of the Company ("Common Shares") at a price per Common Share equal to the 20 trading day weighted average closing price of the Common Shares on the Canadian Securities Exchange (the "CSE") (or such other Canadian stock exchange on which the Common Shares may trade) ending five trading days preceding the interest due date.

Subject to CSE approval the Debentures will be convertible at the holder's option into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price equal to C\$0.67 per Common Share. Holders converting their Debentures will receive accrued and unpaid interest thereon, up to, but excluding, the date of conversion. The lead subscriber in the Offering has been granted certain rights with respect to anti-dilution and future equity issuances.

The Debentures will rank *pari passu* in right of payment of principal and interest with all previously existing debentures of the Company.

The Company intends to use the net proceeds of the Offering for funding of the Strategic Partnership and for working capital purposes.

The Debentures will be offered by way of private placement to accredited investors in all provinces of Canada and in the United States to "Accredited Investors" within the meaning of Regulation D in transactions that are exempt from registration pursuant to Rule 506 of Regulation D under the United States *Securities Act of 1933*, and such other jurisdictions as may be agreed upon by the Company and the Agents.

Closing of the Offering is scheduled to be on or about February 11, 2016 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Canadian Securities Exchange and the applicable securities regulatory authorities.

In consideration for their services, the Agents will receive a cash commission in an amount equal to 8.0% of the gross proceeds of the Offering (excluding sales to insiders of the Corporation resident in the United States) and such number of compensation options ("Compensation Options") equal to 8.0% of the aggregate number of Debentures issued and sold pursuant to the Offering (excluding sales to insiders of the Corporation resident in the United States)

divided by C\$0.67. Each Compensation Option shall be exercisable for one unit of the Corporation (a "Unit") at an exercise price of C\$0.67 for a period of 24 months following the Closing Date. Each Unit shall consist of one Common Share and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Compensation Warrant"). Each Compensation Warrant shall entitle the holder thereof to acquire one Common Share at an exercise price of C\$0.85 for a period of 24 months following the Closing Date.

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

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

About Golden Leaf Holdings:

Golden Leaf Holdings is one of the largest cannabis oil and solution providers in North America. It is a leading cannabis products company built around recognized brands providing medical users with a superior value and experience. GLH leverages a strong management team and advanced research techniques, including R&D with its Israeli subsidiary Green Point Science Ltd. to complement its expertise in growing, extracting, refining and selling cannabis oil. As an industry leader committed to transparency and controls, GLH is dedicated to partnering with industries, communities and regulators.

Disclaimer: This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Corporation's future business operations and reflects current expectations or beliefs regarding such matters including, but not limited to, information or statements with respect to the completion of the Offering, the receipt of requisite regulatory approvals, including the approval of the CSE and the use of proceeds. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing operations, risks relating to the receipt of additional extraction machines, and other risks of the cannabis industry. Although the Corporation 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 Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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