

News Room



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Golden Leaf Holdings Ltd. Transitions to Value-Added Manufacturing Business Model, Strategic Contract Trim Buying Strategy, May Sales Revenue Update With Viridian Capital Advisors Report

TORONTO, ON--(Marketwire - June 09, 2016) - Golden Leaf Holdings Ltd. ("GLH" or the "Company") (CSE: [GLH](#)), is pleased to announce that it has transitioned from a vertically integrated to a value-added manufacturing business model with a focus on core competencies in extraction, refining, marketing and selling of cannabis oils and edibles.

Transitions to Value-Added Manufacturing Business Model

As a leader in the Oregon cannabis industry, the company is uniquely positioned to develop deep and strong relationships with strategic and lower cost sources of high quality trim. Cannabis oil is generally extracted from dried cannabis plant material comprised of small leaves trimmed from the cannabis flower, commonly referred to as trim. In an effort to control the seasonal nature of input costs and to guarantee consistent supply throughout the year, GLH is entering into supply agreements with local cannabis farmers in Oregon. The supply agreements stipulate guaranteed demand to a farmer in exchange for a low cost supply of high quality flower and trim. The Company sets very specific parameters around the agreements, including growing techniques, organic style conditions, prohibited pesticide usage, inspection rights, output guarantees and strain choices.

Don Robinson, Chief Executive Officer of GLH, commented, "We are so fortunate to have developed these strategic relationships with some of the best growers and farms in the state. Partnering with farmers who have business acumen and the capacity to scale their growing facilities is key to meeting demand and allowing the Company to successfully leverage its value-added manufacturing business model."

"With the food and agricultural experiences many on the management team bring to the table, GLH has a strategic advantage when it comes to sourcing practices. We are implementing processes that are common in other food grade and agricultural industries and, as such, are positioning GLH to become the leader in the industry driving lowest cost, high quality, food-grade best practices," stated Mr. Robinson.

Strategic Contract Trim Buying Strategy

As part of the supply agreements, GLH will provide the plant starts to the suppliers. This conforms to the regulatory guidelines associated with the Oregon Liquor Control Agency ("OLCC") administrative rules on supplying to farmers (OAR 845-025-2060) and ensures that GLH will receive top grade inputs on strains that meet consumer demand. The Company will utilize nursery practices to its advantage. By providing the starts, GLH ensures the product offerings are consistent in terms of taste, quality and output yields.

The cannabis market is expected to commoditize in the future, further lowering the prices of flower as supply and cultivation 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 regulated market pricing below black market and maximizes state tax revenues. However, due to current regulatory limitations regarding canopy size of growing flower, GLH is focusing on creating a differentiated brand portfolio with superior consumer value, enabled by core strengths that leverage a model whereby the company purchases and secures trim through supply contracts.

Update May Sales Revenue

Preliminary results show that GLH generated US\$1,095,000 in estimated and unaudited revenue for the month of May 2016 as compared to US\$1,021,000 in April 2016, representing a month over month increase of 7%. On June 2, 2016, the "Early Start Program" kicked-off in Oregon allowing for the sales of extracts and edibles in Oregon Health Authority regulated medical marijuana dispensaries to recreational users.

Viridian Capital Advisors Report

In addition, Viridian Capital Advisors has completed a thorough research report, which can be found for free on the [GoldenLeafHoldings.com](#) web-site under the heading 'Investor Presentations'.

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.

Disclaimer: This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's future business 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 early roll out of oils and edibles, 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. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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