

Golden Leaf To Acquire Tahoe – A Leading Nevada Producer

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PORTLAND, Ore., Aug. 13, 2018 -- Golden Leaf Holdings Ltd. (CSE:GLH) (OTCQB:GLDFF) (“**Golden Leaf**” or the “**Company**”), a cannabis company with cultivation, production and retail operations built around recognized brands, today announced it has signed a definitive agreement (the “**Agreement**”) to acquire the assets of Tahoe Hydroponics Company and 11T Corp. (collectively “**Tahoe**”) (the “**Transaction**”) on August 10, 2018. Tahoe was one of the first cultivators in Nevada and possesses years of cultivation experience and expertise, having built a successful cash flow positive business underpinned by an extensive distribution network.

“Tahoe is an ultra-premium, award-winning cultivator that is extremely adept at producing world-class cannabis with strong brand recognition. Combined with high revenue growth and cash flow generation, they align perfectly with our strategic vision of being a premier vertically integrated seed-to-sale cannabis provider,” commented William Simpson, CEO of Golden Leaf. “Bringing together two strong companies with proven expertise and industry relationships makes the combined company a formidable player in the burgeoning North American cannabis market.”

Transaction Highlights

- **Bolstered Production & Distribution in Nevada** – With a fully-built ~21,600 ft² facility in Carson City already producing ~4,000 pounds per annum, Tahoe brings material cultivation capacity to Golden Leaf’s Nevada operations. With Golden Leaf currently buying wholesale flower to manufacture its oils and edibles in Nevada, Tahoe provides immediate ability to capture the incremental cultivation margin and extend the combined Company’s seed-to-store value chain. In addition, Tahoe has built an extensive distribution platform representing 56% penetration across all state adult-use dispensaries, which can be leveraged for Golden Leaf products.
- **Expansion into California** – Tahoe provides an immediate foothold in the state of California with a ~28,800 ft² cultivation facility under development in Sacramento. With production anticipated to start in Q1 2019, the combined company is well positioned to expand on its seed-to-sale vision. With California expected to be the largest US cannabis market, Tahoe provides a strong entry point for Golden Leaf.
- **Expanded Genetics and Brand Portfolio** – The Tahoe brand is synonymous with ultra-premium cannabis underpinned by a proven track record of developing top-tier strains and genetics. For the past two years in a row they were awarded the Jack Herer Cup, winning best in class across Sativa, Indica and hybrid classes. The strategic combination of Tahoe’s award-winning cannabis strains with Golden Leaf’s award-winning oils and edibles provides a unique opportunity to cross-sell products while cross-building brand equity.
- **Continued Acquisition of Synergistic Players** – The acquisition of Tahoe highlights Golden Leaf’s continued ability to identify “bolt-on” acquisitions of value-add cannabis companies. Tahoe provides a strong strategic fit by strengthening Golden Leaf’s upstream operations in Nevada and significantly enhancing their distribution, in addition to bringing exposure to a major new market, California.
- **Complementary Management Team** – Golden Leaf will benefit from Tahoe’s highly-experienced management team which has built a successful business with a strong reputation for quality in Nevada. The Tahoe management team will play a meaningful role within the combined company going forward.

“The team at Golden Leaf brings a complementary capability to the table, with established expertise in extraction, product development and retail operations,” said Ray Schiavone, CEO of Tahoe. “Understanding Golden Leaf’s value proposition in Canada, the U.S. and their foray into other emerging markets makes this an incredible opportunity. We are thrilled to add our cultivation capability to the Golden Leaf portfolio, and more importantly, help position the Company’s future cultivation operations for success, adding value and expertise beyond our current footprint in Nevada and California, which are currently two of the largest cannabis markets in the U.S.”

Transaction Summary

Under the terms of the agreement, Golden Leaf will acquire all Nevada and California assets of Tahoe for a total consideration of approximately C\$52.4 million. Tahoe shareholders will receive approximately C\$11.1 million in cash (US\$8.5 million) plus approximately 202 million shares of Golden Leaf which, based on Golden Leaf’s 20-day VWAP of C\$0.2050 for the period ending August 10, 2018, equates to a value of C\$41.3 million. The share consideration will be released over 18 months, with a portion subject to an earnout.

Upon closing of the Transaction, Tahoe shareholders will own approximately 25.8% of the combined company. The Transaction is expected to be immediately accretive to Golden Leaf.

Ray Schiavone and Mark Bruno, co-founders of Tahoe, will be retained under employment agreements for at least 18 months to support Golden Leaf’s ongoing cultivation operations.

The deal remains subject to certain customary closing conditions for the benefit of Golden Leaf, including applicable regulatory approvals.

In addition to the closing conditions discussed above, closing of the deal remains subject to the normal and customary review and approval of the Nevada Department of Revenue.

Financial Advisor

Canaccord Genuity Corp. acted as financial advisor to Golden Leaf in connection with the Transaction.

About Golden Leaf Holdings

Golden Leaf Holdings Ltd., is a Canadian company operating in multiple jurisdictions, including Oregon, Nevada and Canada, with cultivation, production and retail operations built around recognized brands. Golden Leaf distributes its products through its branded Chalice Farms retail dispensaries, as well as through third party dispensaries. Golden Leaf's cannabis retail operations and products are designed with the customer in mind, focused on superlative in-store experience and quality products. Visit <http://goldenleafholdings.com/> to learn more.

About Tahoe

Tahoe is an award-winning cannabis cultivation company with a ~21,600 ft² facility located in Carson City, Nevada and a ~28,800 ft² facility under development in Sacramento, California. For two years running, the company won first place in the 2016 and 2017 Jack Herer Cup competition for best flower with their Indica, Sativa, and hybrid strains. Visit <https://tahoehydro.com/> to learn more.

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