



## Golden Leaf Holdings Announces Acquisition of Combined Cultivation, Production and Retail License in California

PORTLAND, Ore., Aug. 17, 2018 -- [Golden Leaf Holdings Ltd.](#) ("GLH" or the "Company") (CSE:GLH) (OTCQB:GLDFF), a cannabis company with cultivation, production and retail operations built around recognized brands, announced that on August 16, 2018, it signed a definitive agreement (the "Agreement") to acquire a combined cultivation, production and retail license in Northern California, dubbed a "Sweet 16" license. It is one of only 16 licenses of its kind issued by the City of San Jose that allows the holder to operate in a vertically integrated fashion.

"We are excited to introduce our brands and competencies to the 5<sup>th</sup> largest economy in the world. This is a natural progression given that we operate in the neighboring states of Oregon and Nevada. As part of an announcement we made August 13, 2018, we launched into the California market with our signing of the definitive agreement to purchase the assets of Tahoe Hydroponics Company, LLC and 11T Corp., which involves the acquisition of a ~28,800 ft<sup>2</sup> facility under development in Sacramento, California. Adding production and retail licenses complements our entry into California in a meaningful way. The approval of this single, multi-faceted license is expected to swiftly position us for this market. In anticipation of this development, my team has been working diligently on a wholesale and retail deployment plan, supported by investments in production and supply chain that we expect will generate revenues in a relatively short period of time from the date of closing," said William Simpson, CEO of Golden Leaf.

Following closing, Golden Leaf will lease the seller's facility to produce and distribute its branded products to 3<sup>rd</sup> party dispensaries and other wholesale sales channels in the State of California, as well as retrofit the section of the facility that currently operates as a retail outlet, into another branded, Chalice Farms store. The production facility will support additional Chalice Farms retail locations that may be opened in California in the future, aligning with the Company's go-to-market strategy.

Mr. Simpson added, "California's 'seed-to-sale' tracking requirements impact the supply chain of every licensed cannabis operation in the state. The tracking system "Metrc" being mandated by California is one that Golden Leaf already uses in Oregon and is fully conversant with. While other licensees come up to speed with how to implement this system, we will leverage our existing tried-and-tested standard operating procedures seamlessly."

### Transaction Summary

Under the terms of the Contingent Asset Purchase Agreement, upon closing Golden Leaf will acquire the multi-use "Sweet 16" license, as well as certain assets of the seller including cash, inventory, equipment and contractual rights for US\$7,146,582, consisting of US\$1.25M in cash at closing and US\$500,000 of GLH stock based on the VWAP for the 30-days immediately preceding the closing date. The balance of the purchase price of US\$5,396,582 is cash earn-out consideration to be paid over time based upon the net wholesale and net retail revenues generated from the Company's San Jose facility. The lease is at market rates and the initial term of the lease agreement is for a period of five years. Closing of the transaction is subject to customary contingencies, including licensing approvals.

To be added to the email distribution list please email [GLH@kcsa.com](mailto:GLH@kcsa.com) with 'GLH' in the subject line.

### About Golden Leaf Holdings

Golden Leaf Holdings Ltd. is a Canadian company operating in multiple jurisdictions, including Canada, Oregon, Nevada, and California, 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.

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### Company:

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