



Golden Leaf Holdings Announces the Sale of its Canadian Operations While Maintaining the Right to Sell Chalice Farms Products in Canada

TORONTO, Jan. 06, 2020 -- Golden Leaf Holdings Ltd. (CSE: GLH) (OTCQB: GLDFF) ("Golden Leaf" or the "Company"), a pioneering cannabis solutions company and dispensary operator built around the recognized brands of Chalice Farms, is pleased to announce that it has sold its two Canadian subsidiaries, Medical Marihuana Group Corporation ("MMG") and Medical Marijuana Group Consulting Ltd. ("MMC," and together with MMG, the "Canadian Operations"), to Sensi Brands Inc. ("Sensi Brands" or "Purchaser"), a global cannabis consumer packaged goods company.

The Canadian Operations were sold for aggregate consideration of C\$3,400,000, including the assumption of outstanding mortgage debt of C\$400,000. In addition to all the issued and outstanding shares of MMG and MMC, the Purchaser acquired certain amounts receivable by the Company from MMG and MMC. The consideration was composed of C\$1,800,000 in cash received at closing, C\$200,000 in an unsecured loan, and C\$1,000,000 in a secured vendor take-back loan. The Purchaser assumed a C\$400,000 note issued by MMG and held by an arm's length lender secured by a first mortgage over the real property of the Canadian Operations. The transaction closed on December 31, 2019.

In parallel, the Board of Directors of MMG has approved a strategic shift whereby management will now pivot and place more focus on what is thought to be more accretive markets in the United States, where existing operations have demonstrated more favorable cash flows. MMG recorded zero sales in the third quarter of 2019 and consumed nearly C\$475,000 of cash during this time. Turning attention to the U.S. aligns with the Company's "crawl, walk, run" mantra, and will allow the Company to continue to validate its business plan and revenue streams prior to making additional, and more significant, capital investments that generate positive returns.

With the sale of MMG and MMC to Sensi Brands, GLH was able to shore-up its cash position while maintaining the right to sell its Chalice Farms products in Canada upon receipt of Health Canada approvals. As part of the transaction, GLH anticipates entering into a royalty agreement with Sensi Brands to market and distribute its Chalice Farms products to Canada. GLH also expects to enter into a reciprocal royalty agreement with the Purchaser to sell their products in the United States.

"We are excited to acquire MMG and MMC and to enhance their operations," said Sensi Brands' CEO Tony Giorgi. "They provide Sensi Brands with a solid platform for executing on our strategy of introducing and developing strong cannabis brands in Canada and international markets."

"This transaction was a pro-active move that better aligns the Company with the strategy defined by our new leadership team and puts us firmly on a growth trajectory for 2020," said Golden Leaf Holdings' CEO Jeff Yapp. "We will continue to focus on growing our brands, launching new products, expanding our geographic footprint in North America while driving towards profitability. By retaining the option to launch Chalice Farms products in Canada, we will be able to apply the proven model that we have executed successfully in California to the key Canadian markets."

The sale of the Canadian Operations allows the Company to strengthen its balance sheet and focus its resources on its principal markets in the U.S., including Oregon, Nevada and California, as well as the addition of new markets in the coming year. With more than 50 new SKUs launched – and enthusiastically received - during the fourth quarter, the Company management believes that the cash from this sale and available funds on hand will be sufficient to fund the Company's key ongoing operations and to help it achieve its objectives for fiscal 2020. The transaction will be accounted for in the Company's Consolidated Financial Statements as of and for the year ended December 31, 2019.

To be added to the distribution list please email ir@goldenxtrx.com with "GLH" in the subject line.

About Golden Leaf Holdings

Golden Leaf Holdings Ltd. is a Canadian company with operations in multiple jurisdictions including Oregon, Nevada and California, with cultivation, production and retail operations built around the recognized brands of Chalice Farms. 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 goldenleafholdings.com to learn more.

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About Sensi Brands Inc.

Sensi Brands Inc. is a global cannabis consumer packaged goods company. Sensi Brands has established an ecosystem of best-in-class cannabis cultivators to supply select cannabis ingredients, which are processed and packaged to support a portfolio of brands for discerning cannabis consumers. Sensi Brands is raising the bar on cannabis branding by bringing together an experienced management team (former leaders at vertically integrated cannabis companies) to build the next leader in the cannabis CPG industry.

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