



Golden Leaf Holdings to Acquire Premier Extractor Tozmoz

Acquisition Allows for Expanded Extraction Capabilities to Support Growth

TORONTO, Feb. 03, 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, has signed a definitive agreement ("Agreement") for its wholly-owned subsidiary, TZ Acquisition, Inc., an Oregon corporation ("Buyer"), to acquire Tozmoz, LLC, an Oregon limited liability company ("Seller").

Founded in 2015 as one of the first Oregon Liquor Control Commission ("OLCC") licensed processors in Oregon, Tozmoz established itself as one of the premier cannabis extractors in the state. Tozmoz offers multiple extraction processes including CO₂, hydrocarbon and ethanol, and both short path and wiped film distillation. Additionally, Tozmoz provides product manufacturing and formulation, as well as packaging services, providing clients OLCC-approved products ready for wholesale distribution and retail sale.

"We have been working with Tozmoz for years now and this acquisition fits squarely into our product-focused business strategy," said Jeff Yapp, Golden Leaf Holdings' CEO. "The core of this business is about the highest quality products on the market, like our Elysium Fields line of live resin cartridges and tinctures and our recently launched Chalice Farms RXO lines. This acquisition will allow us to take what we've been doing well, and continue to build and further expand our diverse portfolio of products. In our 'crawl, walk, run' model of business development, we believe Tozmoz is at the "run" stage."

Pursuant to the terms of the Asset Purchase Agreement, Golden Leaf purchased substantially all of the assets of Tozmoz, including the facility located in Clackamas, which serves as the headquarters for multiple extraction options as stated above, for consideration of US\$2.8 million consisting of cash and advances totaling US\$675,000, an earnout of up to US\$400,000 and GLH stock (29,166,667 shares at US\$.06 per share). GLH has previously made certain payments to Tozmoz so that only approximately US\$227,000 of cash will be due at closing. The earnout of US\$400,000 may be paid to Tozmoz quarterly beginning in July 2020, based upon 30% of up to US\$1.2 million of third-party revenue generated from the assets acquired by GLH.

Since its founding, Tozmoz generated revenue by toll-processing for clients including GLH. The attractive gross margins on the GLH business will now be earned by GLH. In addition, Tozmoz will continue to serve, and is growing revenue from, third-party white-label processing. Tozmoz has contributed to GLH product development for the Company's tinctures and Elysium products. Their expertise will integrate with GLH's existing product research and development abilities.

Co-Founders of Tozmoz Joel Klobas and Jerry Wallis, will continue providing services to GLH after the acquisition closes. Mr. Klobas will be employed by the Company as Vice President, Production and Mr. Wallis will assist the Vice President, Production and Senior Vice President Operations, as a consultant.

"Golden Leaf Holdings and Chalice Farms have become part of the fabric of the Oregon cannabis market, and we are excited to continue to innovate with them and provide the market with amazing new products," said Mr. Klobas.

The formal closing of the acquisition is conditioned on the approval of the change of ownership of Seller by the OLCC, which is expected imminently.

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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