



Golden Leaf Holdings LTD. GLDFF Investment Notes

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<http://goldenleafholdings.com/>

Golden Leaf Holdings Ltd (GLH) is a Canada-based cannabis oil and solution provider in North America. The Company produces and distributes various types of products, such as cannabis flower and cannabis oils. The Company owns a dispensary through its subsidiary, Left Coast Connections. GLH operates cultivation business through its subsidiary, Greenpoint Oregon, Inc. (GPO). GPO uses over two separate extraction methods for extracting cannabis oil, such as carbon dioxide (CO₂) extraction and hydrocarbon extraction. Using CO₂ as an extraction solvent, GLH focuses on the extraction process, leaving behind various properties, such as chlorophyll, lipids, waxes, and fats from the plant. GPO operates over two hydro-carbon extractors. During extraction, the solvent washes over the plant material and is then purged off from the resulting solution using various techniques and variables, such as heat, vacuum, and agitation. Its brands include Golden XTRX, Proper and Left Coast Connection.



All financial information is in USD!

March 7, 2019 (\$0.10) Position fully terminated at \$0.10

After repeated lack of return calls, and emails from Golden Leaf, along with the departure of their CFO and their claim that CEO and Chalice Farms founder, William Simpson is on hiatus, I decided to exit our position. It took us about 2 weeks to exit our position, whereas we owned ~0.40% of the company.

It is my understanding, Golden Leaf had 25 net reductions to staffing during January 2019, consisting of 6 new hires and 31 terminations. In March 2018, they reported to have 166 employees.

February 21, 2019 (\$0.11) Conference with CFO Karyn Barsa

William Simpson's current role is being worked on. They want to use him as a business guider and spokesperson of sorts, as they claim to want to use his Chalice Farms expertise in operations and in presentation of the company. He is currently not on payroll, but it is my understanding that is being worked on. He is on sabbatical from what I was told.

Year end audit is ongoing, and without giving a hard date, would hope to release results April 1st, yet they suspect that might be delayed for just a bit, but well in time of the April 30th filing deadline.

December 18, 2018 (\$0.09) Golden Leaf terminates merger agreement with TRTC

We had several communications with Golden Leaf since the potential merger was announced.

Here is part of an email to which I sent to Golden Leaf: "Hi William,

I am concerned of Golden Leaf merging with Terra Tech. Perhaps my concerns are not warranted, not knowledgeable enough, or just misreading the situation. I have followed Terra Tech since the beginning of 2014. At that time Derek Peterson owned a materially large part of the company. Via insider selling, I believe he owns <~1% now.

Perhaps my views of Derek Peterson are tainted, and not competent. I know you all recently met, and perhaps you would want to peruse my Terra Tech notes as well, which are attached, and perhaps these notes would give you food for thought.

I recently discussed Golden Leaf at our annual investor conference. I begin to discuss it at ~54:00 in this link: <https://www.youtube.com/watch?v=FXGicNUigkI&t=3330s>

I have attached my investment notes for Golden Leaf. You will see that we own ~2.6M shares, and our intention is always a long-term hold. Here are some recent thoughts of mine, which are also in the notes."

William Simpson's response was, *"Your email was received. We are absolutely doing a very deep dive in due diligence. If we validate things that are not in the best interest of the shareholders (myself being one of the largest) we would of course look in different directions. I appreciate your concern and the follow up."*

We also have asked Golden Leaf to consider instituting a reverse split. Here are excerpts of that email, *"I normally wouldn't waste the time of a CEO and Mr. Simpson with an email, yet I think this is an important topic to bring up. I will be brief.*

I think a reverse split of the stock would be beneficial to the company in many ways.

Let's assume for argument sake a reverse split of 1:250 occurred. The current shares outstanding, including warrants and options are approximately 750M. The market cap using \$0.20 share price would be \$150M.

*A reverse split of 1:250 would make take shares outstanding of 750M to 3M (750M / 250), and the share price would increase from \$0.20 to \$50 per share (\$0.20 * 250). The market cap of course would stay at \$150M.*

The advantages are as follows:

1. *Retail investors might look at the company as a more favorable non-penny stock investment at \$50 per share, as opposed to \$0.20 per share.*
2. *Institutions and mutual funds would also possibly enter the investment, since Golden Leaf would no longer be a “penny stock.”*

I think this is something the board should consider ASAP. If you thought 1:250 was too severe, I think 1:50 would be acceptable. Yet, you would want wiggle room to try and ensure the price always stayed above \$5, as there are investment firms that mandate a minimum share price of \$5. A 50% retrenchment is not unusual based on market perception, hence I think the greater the reverse split the better.”

November 20, 2018 (\$0.13) Recent ramblings on the pending merger with TRTC

I want so much for Golden Leaf to permanently disassociate with TRTC. I might not be competent in that assessment though.

Perhaps I am thinking irrationally, and I will have to invert my thinking, but I can't think of a person alive that I would rather have at the helm of Golden Leaf Holdings (AKA the blood of Simpson via Chalice Farms.)

Being a start-up company, the financials are somewhat irrelevant right now. My greatest concern is the Going concern issue. This is a concern amongst most cannabis companies, except for a few. I am also concerned with their pending merger with Terra Tech (TRTC \$1.72). I have outlined my concerns often of this company and Derek Peterson. Unlike William Simpson, Peterson owns very little of TRTC stock, and hence I often feel he no longer has skin in the game. Of course, he is focused, traveling and working the cause, but he has a history that I have difficulty releasing. I wouldn't be surprised if this merger never goes through. These two companies have known each other for only a few months, as mentioned on the Golden Leaf conference call the other day.

Other than that, my thesis remains the same. This of course is a risky, speculative and low conviction idea of ours. Our portfolio allocation is reflected in this lack of great conviction.

November 16, 2018 (\$0.14) Issues some converts

The Company issued a total of 7,948 Units at a price of C\$1,000 per Unit, for gross proceeds of C\$7,948,000.

Each Unit consists of one unsecured subordinated convertible debenture (each a “Debenture” and collectively, the “Debentures”) and 1,665 common share purchase warrants (the “Warrants”) of the Company. Each Debenture accrues interest at a rate of **12.0%** per annum until December 31, 2019 (the first interest payment date), after which such interest rate will decrease to **10.0%** per annum and be payable semi-annually until maturity. Each Debenture is convertible into common shares of the Company (“Common Shares”) at a price of **C\$0.30** per Common Share (the “Conversion Price”), subject to adjustment in certain events. The Debentures mature on November 16, 2021. Each Warrant entitles the holder thereof to acquire one Common Share at a price of C\$0.40 per Common Share until November 16, 2020, subject to adjustment in certain events.

Beginning on the date that is four months and one day following closing of the Offering, the Company may force conversion of the then outstanding principal amount of the Debentures at the Conversion Price (plus the payment of accrued and unpaid interest thereon in cash) on not less than 30 days’

notice should the daily volume weighted average trading price of the Common Shares exceed C\$0.45 for any 10 consecutive trading days.

November 7, 2018 (\$0.16) Thesis revisited

Being a start-up company, the financials are somewhat irrelevant right now. My greatest concern is the Going concern issue. This is a concern amongst most cannabis companies, except for a few. I am also concerned with their pending merger with Terra Tech (TRTC \$1.72). I have outlined my concerns often of this company and Derek Peterson. Unlike William Simpson, Peterson owns very little of TRTC stock, and hence I often feel he no longer has skin in the game. Of course, he is focused, traveling and working the cause, but he has a history that I have difficulty releasing. I wouldn't be surprised if this merger never goes through. These two companies have known each other for only a few months, as mentioned on the Golden Leaf conference call the other day.

Other than that, my thesis remains the same. This of course is a risky, speculative and low conviction idea of ours. Our portfolio allocation is reflected in this lack of great conviction.

November 6, 2018 (\$0.16) 3Q18 Financials released

Being a start-up company, the financials are somewhat irrelevant right now. The balance sheet is certainly looking healthier than December 31, 2017.

Shareholder equity increased to \$54.4M, up from \$17.7M at December 31, 2017. Tangible equity is (\$3.55M), whereas at June 30, 2018 it was (\$4.8M).

Very healthy current ratio. Of course, that could reverse quite quickly.

Total debt is down and is \$12.05M. There is a 'Consideration Payable,' which is the same as December 31, 2017 of \$9.5M.

Shares Outstanding:

Shares outstanding 9/30/18 as reported	582,592,564
Debentures converted post 9/30/18	1,019,047
Warrants are not in the money	Nil
Options in the money based on < \$0.26 CAD	18,000,000
Total shares outstanding for valuation purposes	601,611,611

Number of employees:

Quarter ended	2018	2017
March 31	166	
June 30	173	
September 30	210	
December 31		164

Going concern issue still being reported.

“During the nine-month period ended September 30, 2018, the Company expensed \$192,100 of packaging materials to cost of sales which were destroyed due to obsolescence after the balance sheet date. The Company also recorded a general reserve for excess and obsolete inventory in the amount of \$192,100.” I Have been expecting inventory spoilage write-offs for many cannabis companies. This is the first I recall seeing a company present an inventory write-down and reserve.

“A gain of \$10,477,289 has been recorded through change in fair value of liabilities on the Interim Condensed Consolidated Statement of Operations and Comprehensive Gain (Loss) (Unaudited) for the nine-month period ended September 30, 2018.” Be careful when looking at bottom line. This is clearly not an operational item.

SELECTED FINANCIAL INFORMATION

(US\$, except share amounts)

	For the nine months ended	
	September 30, 2018	September 30, 2017
Total revenues	11,994,816	7,477,378
Gross profit	1,736,978	1,371,711
Total expenses	13,893,791	9,552,167
Comprehensive gain (loss)	5,836,616	(7,167,641)
Basic and diluted income (loss) per share	0.01	(0.04)
Weighted average number of common shares outstanding	563,832,540	203,386,663
	as of period ended	
	September 30, 2018	December 31, 2017
Total assets	84,221,124	75,784,781
Long-term financial liabilities	27,016,373	54,268,572

The table below highlights the Company's key liquidity and capital resources information:

	September 30, 2018	December 31, 2017
Current assets	\$ 20,099,140	\$ 11,629,357
Current liabilities	2,463,163	3,380,158
Working capital	17,635,977	8,249,199
Long-term debt and notes payable	12,023,717	30,830,522
Share capital	138,249,400	108,552,681
Deficit	(91,041,392)	(97,047,515)

Generic Cash Flow (Drain):

	9 Months ended September 30, 2018	3 Months ended March 31, 2018
Net Gain	\$5,882,404	\$8,131,827
Add: Depreciation	859,969	269,634

Amortization	220,803	75,645
Reserve for obsolete inventory	192,100	
Less: Gain on Fair Value of Warrant Liability	(9,254,878)	(6,212,222)
Gain on Fair Value debt adjustment	(10,705,635)	(7,128,616)
Capex	(1,052,332)	(339,761)
Generic Cash Drain	(\$13,857,569)	(\$5,203,493)

I didn't add back 'Gain on FV of biological assets, Bad debt expense, Loss on disposal of assets', nor 'Other non-cash transactions.' Once again, the operations are more like a start-up, so tidying up our presentation of true cash drain is the least of our concerns. Once again, we need to see how this operates as a mature company.

November 5, 2018 (\$0.17) 3Q18 quarterly loss released

To me the quarterly loss release so far is irrelevant. There are no financials attached, so IMO, the whole release is useless. Then there is a CC, whereas analysts have not been able to absorb any numbers, so IMO, it is a big Dog and Pony show. I am disappointed that Peterson is to be CEO, as they announced a non-binding LOI to by Terra Tech (TRTC \$1.82, Peterson is CEO of TRTC).

Here are my entire conference call notes: Accurate notes, but mostly presented with sarcasm.

Mr. Simpson answered several alleged questions.

He likes Derek Peterson. He has known him several months.

Call took less than 14 minutes.

September 7, 2018 (\$0.21) Thesis and our ownership summary

We currently own 2,625,804 shares at an average all in cost of \$0.2146 per share. This equates to 0.44% of the total shares outstanding.

Our investment is one of an incredibly speculative nature. We have a well-respected management team, led by Chalice Farms founder and CEO, William Simpson. I have been to two of their eight retail stores in OR and was very impressed.

The company doesn't offer guidance of any sort. Hence, this investment is based on the "hope" that Golden Leaf becomes a preeminent cannabis supplier in the USA and Canada.

The company recently announced their intent to acquire the Nevada and California assets of Tahoe Hydroponics and 11T Corp. Golden Leaf claims this will provide an immediate Nevada production capacity underpinned by an extensive instate distribution platform. The company is also expanding its platform in California by developing a 28,800 square foot facility. Golden Leaf claims the facility is anticipated to start operations before March 31, 2019. The company anticipates this will be a strong

growth platform in California. California is the largest U.S. cannabis market. The transaction is expected to be immediately accretive.

I was thoroughly impressed with the presentation, staff attitude, pricing, knowledge, etc. I tried were their Tangerine and Acai Fruit chews. Nevertheless, let me emphasize that the experience in both stores were top notch. I have been to about a dozen or so dispensaries in my life, and without question, Chalice was by far the best in all respects for me. I will be visiting MedMen next month, and I am assuming that too will be a similar experience.

The question is will they even make it until 2019 FYE, as they are burning cash at a very rapid pace. OR is going through severe commoditization, and this could be around for a while. The question is “Will Golden Leaf Holdings be able to weather the storm?” My answer is, “I have no idea.”

We have contacted the company asking them to consider a reverse split. I think a reverse split of the stock would be beneficial to the company in many ways.

Let’s assume for argument sake a reverse split of 1:250 occurred. The current shares outstanding, including warrants and options are approximately 599M. The market cap using \$0.21 share price would be ~\$126M.

A reverse split of 1:250 would make take shares outstanding of 599M to 2.396M (599M / 250), and the share price would increase from \$0.21 to \$52.50 per share ($\$0.20 \times 250$). The market cap of course would stay at \$126M.

The advantages are as follows:

1. Retail investors might look at the company as a more favorable non-penny stock investment at >\$50 per share, as opposed to \$0.21 per share.
2. Institutions and mutual funds would also possibly enter the investment, since Golden Leaf would no longer be a “penny stock.”

I think this is something the board should consider ASAP. If you thought 1:250 was too severe, I think 1:50 would be acceptable. Yet, you would want wiggle room to try and ensure the price always stayed above \$5, as there are investment firms that mandate a minimum share price of \$5. A 50% retrenchment is not unusual based on market perception; hence I think the greater the reverse split the better.

September 7, 2018 (\$0.21) 2Q18 earnings recap

All financial information is in USD!

“For the quarter ended June 30, 2018 (“Q2 2018”), net revenue was US\$3.7 million as compared to US\$2.1 million for the same three-month period in 2017 (“Q2 2017”). The 76% year-over-year increase largely reflects the addition of the Chalice Farms retail revenue stream, the addition of the Company’s medical consulting revenues and the Company’s Nevada wholesale operations, offset slightly by declines in wholesale revenues in Oregon.”

Shares Outstanding:

Shares reported 6/30/18	
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Shares outstanding 6/30/18 as reported	579,097,329
Debentures converted 8/2/18	1,866,665
Warrants are not in the money	Nil
Options in the money based on < \$0.211	18,000,000
Total shares outstanding for valuation purposes	598,963,994

If the price of the USD stock rose to ~\$0.33, the total shares outstanding would increase to approximately 663M.

Market cap using \$0.21 and 599M shares outstanding is ~\$126.0M USD.

Market cap using \$0.21 and 663M shares outstanding is ~\$139.5M USD.

The Company owns and operates a network of seven retail dispensaries in Oregon, six of which are under the flagship dispensary brand “Chalice Farms” and one branded as “Left Coast Connection.”

Number of employees:

Quarter ended	2018	2017
March 31	166	
June 30	173	
September 30		
December 31		164

May 31, 2018 (0.19) 1Q18 earnings recap

All financial information other than market cap is in USD!

Revenues of \$3.2 million for Q1 2018, compared with \$2.3 million for Q1 2017. Sales were \$2.98M in 4Q17, and \$3.20 1Q18, an increase of 7.4% during 1Q18.

Revenues for 4Q17 included \$1.1M of Royalties, as compared to 1Q18 which had no royalty revenues.

Appointed Craig Eastwood as Chief Financial Officer.

Mr. William Simpson, Chief Executive Officer of Golden Leaf Holdings, commented, *"We saw year-over-year revenue growth of 42% for the first quarter of 2018, primarily driven by our addition of retail dispensaries through the acquisition of Chalice Farms, which closed in July 2017. Subsequent to quarter-end, we opened our seventh overall retail dispensary, and sixth Chalice Farms location, located in Happy Valley, Oregon, which has exceeded our expectations and is already our second highest selling Chalice location after just a few weeks since opening. Our retail operations are a key component of our growth strategy and we are pleased to see our increased brand recognition among customers further entrench our position as a leading retailer in Oregon. We will continue to strategically invest in our retail strategy, adding stores in optimal locations."*

Because of the bought deal financing completed in January 2018, the number of common shares outstanding as of March 31, 2018 was 568,724,061. As of May 30, 2018, there were 576,338,334

shares. There are also 46.6M options in the money. I think for future dilution expectations and other such items, I will use a share count for valuation purposes of 650M shares.

Using a market price of \$0.20, the market cap would be \$130M USD. I was previously modeling shares of 600M (see May 1, 2018 post below). Hence, dilution for my purposes was not over excessive. I would think material dilution is in store for Golden Leaf. I don't think I will view that as a terrible negative, as dilution seems almost required for future growth of their infrastructure.

		March 31, 2018	December 31, 2017
ASSETS			
CURRENT			
Cash		\$ 22,139,316	\$ 6,009,447
Accounts receivable	Note 6	438,384	377,746
Income tax recoverable		432,000	432,000
Sales tax recoverable		507,325	442,832
Biological assets	Note 7	263,990	90,627
Inventory	Note 7	3,877,717	3,623,255
Prepaid expenses and deposits		445,980	348,176
Assets held for sale		305,274	305,274
Total current assets		\$ 28,409,986	\$ 11,629,357
Property, plant and equipment	Note 8	6,027,037	5,956,910
Intangible assets	Note 9	26,151,471	26,227,116
Goodwill		31,971,398	31,971,398
Total assets		\$ 92,559,892	\$ 75,784,781

Shareholder equity increased to \$53.3M, up from \$17.7M at December 31, 2017. Tangible equity is (\$4.8M).

Gross profit is reported at \$353K, yet it seems to be filled with IFRS and other adjustments, so at this point, I really ignore this. There is so much wiggle room for aggressive or confusing reporting, and our investment is based on the hopes of annual revenues more than \$50M. As I write this, I am reminded of the investor axiom "hope is not a good investment strategy."

		For the three months ended March 31,	
		2018	2017
<hr/>			
Revenues			
Product sales		\$ 3,200,267	\$ 2,259,094
Total Revenue		\$ 3,200,267	\$ 2,259,094
<hr/>			
Inventory expensed to cost of sales		2,843,843	1,838,687
Production costs		297,474	182,008
Gain on changes in fair value of biological assets	Note 7	(293,897)	-
Cost of sales expense		\$ 2,847,420	\$ 2,020,695
Gross profit		\$ 352,847	\$ 238,399
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Expenses			
General and administration		2,795,794	1,598,273
Share based compensation	Note 15	1,075,452	161,348
Professional fees paid with equity instruments		-	54,420
Sales and marketing		383,301	278,923
Depreciation and amortization	Note 8, 9	345,279	62,175
Total expenses		\$ 4,599,826	\$ 2,155,139

The reported gain of \$0.02 per share, in my opinion should be ignored, and probably from an operational level the loss would be more than (\$5M) instead of reported Net Income of \$8M.

Expenses			
General and administration		2,795,794	1,598,273
Share based compensation	Note 15	1,075,452	161,348
Professional fees paid with equity instruments		-	54,420
Sales and marketing		383,301	278,923
Depreciation and amortization	Note 8, 9	345,279	62,175
Total expenses		\$ 4,599,826	\$ 2,155,139
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Loss before undernoted items		\$ (4,246,979)	\$ (1,916,740)
<hr/>			
Interest expense		649,258	545,021
Transaction costs		471,900	-
Impairment of financing lease receivable		-	27,422
Other loss		(159,126)	925
Gain on change in fair value of warrant liability	Note 12	(6,212,222)	(155,685)
Gain on change in fair value of liabilities	Note 10	(7,128,616)	(44,693)
Net Gain (Loss)		\$ 8,131,827	\$ (2,289,730)
<hr/>			
Other comprehensive loss			
Cumulative translation adjustment		19,117	-
Comprehensive Gain (Loss)		\$ 8,112,710	\$ (2,289,730)
<hr/>			
Basic and diluted gain (loss) per share		\$ 0.02	\$ (0.02)

Generic Cash Flow (Drain):

	3 Months ended March 31, 2018

Net Gain	\$8,131,827
Add: Depreciation	269,634
Amortization	75,645
Less: Gain on Fair Value of Warrant Liability	(6,212,222)
Gain on Fair Value debt adjustment	(7,128,616)
Capex	(339,761)
Generic Cash Drain	(\$5,203,493)

I did not include an add-back for inventory obsolescence adjustment of \$366,951. As I assume that is a cost of business, and I would not be surprised to see material write-offs from most cannabis companies in the future. As I have mentioned often in my notes, I am expecting severe commoditization in the USA and eventually Canada to occur, along with or caused by capacity far exceeding demand. This theory has been debated as incorrect by others in Canada, but I think when we are a year into the recreational legal Canadian market, we very well might experience this.

Q1 2018	Oregon Retail	Oregon Wholesale	Nevada Wholesale	Canada Cultivation	Canada Consulting	Other unallocated	Consolidated
Total Revenue	\$ 1,941,987	\$ 539,137	\$ 384,673	\$ -	\$ 318,219	\$ 16,251	\$ 3,200,267
Cost of sales expense	1,138,121	989,071	274,173	(145,186)	1,176	590,065	2,847,420
Gross Margin	\$ 803,866	\$ (449,934)	\$ 110,500	\$ 145,186	\$ 317,043	\$ (573,814)	\$ 352,847
Assets	\$ 4,147,196	\$ 9,584,586	\$ 3,732,750	\$ 1,859,490	\$ 397,296	\$ 72,838,574	\$ 92,559,892
Liabilities	\$ 398,407	\$ 668,843	\$ 176,522	\$ 242,449	\$ 219,492	\$ 37,572,092	\$ 39,277,805

166 employees at quarter end March 31, 2018. There were 164 employees at December 31, 2017.

May 23, 2018 (\$0.20) William Simpson current ownership

Transaction ID	Date of transaction YYYY-MM-DD	Date of filing YYYY-MM-DD	Ownership type (and registered holder, if applicable)	Nature of transaction	Number or value acquired/ or disposed of	Unit price or exercise price	Closing balance	Insider's calculated balance	Conversion or exercise price	Date of expiry or maturity YYYY-MM-DD	Underlying security designation	Equivalent number or value of underlying securities acquired or disposed of	Closing balance or value of equivalent number or value of underlying securities
Issuer name: Golden Leaf Holdings Ltd.													
Insider's Relationship to Issuer: 5 - Senior Officer of Issuer													
Ceased to be Insider: Not applicable													
Security designation: 3070307	Common Shares 2017-07-10	2017-10-12	Direct Ownership :	00 - Opening Balance-Initial SEDI Report			40,401,288						
Security designation: 3128359	General remarks: Options (Common Shares) 2017-07-10	2018-02-05	Direct Ownership :	00 - Opening Balance-Initial SEDI Report							Common Shares		
3128361	General remarks: 2018-01-31	2018-02-05	Direct Ownership :	80 - Grant of options	+1,000,000	0.3800	1,000,000			2028-01-24	Common Shares	+1,000,000	1,000,000

To download this information, click on the appropriate button

May 17, 2018 (\$0.19) Increased our position by 571,350 shares at \$0.19. We now own 1,400,550 with an average cost of \$0.22.

May 17, 2018 (\$0.19) Notes of Canaccord Presentation

"Chalice Farms has developed everything we are doing today. Only thing left from old Golden Leaf is the ticker symbol."

Just took down our Ontario presold harvest yesterday. Waiting for license.

7 current retail stores in OR. 8th is under construction. Newest store opened 3 weeks ago. It was late in opening. It is exceeding expectations, it has been open 3 weeks, and is already our 2nd largest store.

Oil extraction facility in NV is just getting ready to go online.

Letter of intent to purchase a 35,000 square foot cultivation near Reno. "Some of the best quality flower I have ever seen, I've seen a lot of flower in my life." We also have a Sacramento facility of 30,000 square feet. We are not going all in on grow. Important to have some, but commoditization is happening. We are going to go in slow. The Sacramento facility is an asset under the signed LOI, and is not currently owned by Golden Leaf.

As they open stores, they will build-out Chalice Farms, which they consider high quality.

Chalice Farms will be franchised. According to IR, there is a \$25M commitment from Blackshire Capital to open ~35 stores on the West Coast. "This has a giant shareholder value." Golden Leaf plans on operating and managing these stores. This comes from Chalice Farms standardized policies and procedures.

Says they can't make enough fruit chews, even in OR. Says it is real positive, especially because of OR saturation. They claim they have doubled capacity week after week. This is just in OR. "OR is the most over saturated market on Earth."

OR is finally turning around. Licenses are being given up, and new ones not coming on. This is positive for demand. 103 licenses were given up in March and April, where only 2 came in.

Very high on Chalice. "Chalice Farms will be on a global level."

"I personally think we are the most undervalued cannabis stock on the market. Canaccord has quoted that a number of times."

"Goal is to gain the trust of the market again."

"For the first time in a long time, we have line of site to give guidance. This is different than the past, but still no guidance yet."

"We have the capital to build into NV, Canada and California markets."

I didn't hear question, but I think he inferred they currently have \$17M in cash. Warrants are converting here, so cash balance changes every day.

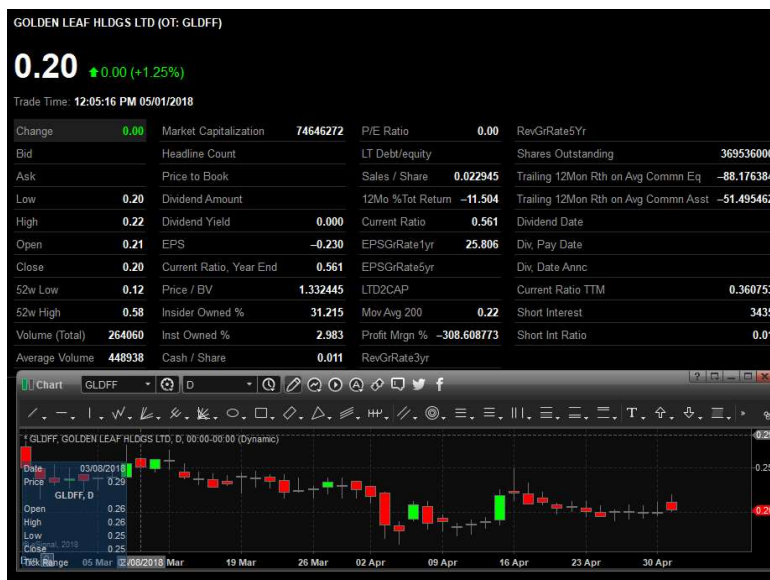
Golden Leaf had a bad rep. They over-promised and under-delivered. They claim to have saved the company. They claim to have more money than they have ever had. They claim from a financial standpoint, investors will see the positive aspect soon.

Previous guidance has been retracted. Here is guidance that was issued by the company on August 29, 2017. This guidance was issued after William Simpson became CEO. I have heard external investor scuttlebutt that Simpson should have retracted guidance earlier, and this was 2 months into his tenure. Yet, to his benefit, he was there not even 2 months, and it is understandable that his youth in the company, and reliance on the former CFO, prevented him from retracting guidance immediately.

\$ in Millions USD	FY 2017				Forecast FYE 2017	FY 2018				Forecast FYE 2018	FY 2019				Forecast FYE 2019
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Revenues															
Greenpoint (Wholesale)	\$ 1.6	\$ 1.6	\$ 1.6	\$ 2.3	\$ 7.1	\$ 3.3	\$ 3.9	\$ 4.3	\$ 4.7	\$ 16.3	\$ 5.8	\$ 6.2	\$ 7.0	\$ 7.2	\$ 26.1
Distillate	\$ 1.3	\$ 1.3	\$ 0.8	\$ 0.8	\$ 4.3	\$ 1.1	\$ 1.5	\$ 1.6	\$ 1.9	\$ 6.1	\$ 2.5	\$ 2.8	\$ 3.4	\$ 3.4	\$ 12.1
Co2	\$ -	\$ -	\$ 0.7	\$ 1.0	\$ 1.7	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.8	\$ 6.6	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.4	\$ 9.1
Flower	\$ 0.2	\$ 0.2	\$ -	\$ 0.3	\$ 0.7	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.3
Pre-rolls	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1
Edibles	\$ -	\$ -	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.7	\$ 2.3	\$ 0.8	\$ 0.8	\$ 0.9	\$ 1.0	\$ 3.6
Chalice (Retail) ¹	\$ 1.9	\$ 2.1	\$ 2.1	\$ 2.2	\$ 8.4	\$ 2.8	\$ 2.8	\$ 3.3	\$ 3.3	\$ 12.3	\$ 3.9	\$ 4.4	\$ 4.9	\$ 5.1	\$ 18.2
Washington ²	\$ -	\$ -	\$ -	\$ 1.5	\$ 1.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.2
Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.9	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.6	\$ 2.0
Nevada	\$ -	\$ -	\$ 0.2	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.9	\$ 1.0	\$ 3.0	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.2	\$ 4.5
Total Revenue	\$ 3.5	\$ 3.7	\$ 3.9	\$ 6.4	\$ 17.5	\$ 7.0	\$ 7.8	\$ 9.1	\$ 9.8	\$ 33.8	\$ 11.4	\$ 12.5	\$ 13.9	\$ 14.4	\$ 52.1
COGS															
Greenpoint (Wholesale)	\$ 1.2	\$ 1.2	\$ 1.0	\$ 1.6	\$ 5.0	\$ 2.2	\$ 2.5	\$ 2.7	\$ 2.9	\$ 10.2	\$ 3.5	\$ 3.7	\$ 4.0	\$ 4.1	\$ 15.3
Chalice (Retail) ¹	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 5.4	\$ 1.8	\$ 1.8	\$ 2.2	\$ 2.2	\$ 8.0	\$ 2.3	\$ 2.6	\$ 2.9	\$ 3.1	\$ 10.9
Washington ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.6	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 1.2
Nevada	\$ -	\$ -	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.5	\$ 0.6	\$ 1.8	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 2.7
Total COGS	\$ 2.5	\$ 2.6	\$ 2.5	\$ 3.2	\$ 10.8	\$ 4.3	\$ 4.8	\$ 5.6	\$ 6.0	\$ 20.7	\$ 6.7	\$ 7.3	\$ 8.0	\$ 8.3	\$ 30.3
Gross Profit															
Greenpoint (Wholesale)	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.8	\$ 2.0	\$ 1.2	\$ 1.5	\$ 1.6	\$ 1.8	\$ 6.1	\$ 2.3	\$ 2.5	\$ 2.9	\$ 3.0	\$ 10.8
Chalice (Retail) ¹	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 2.9	\$ 1.0	\$ 1.0	\$ 1.2	\$ 1.2	\$ 4.3	\$ 1.5	\$ 1.7	\$ 2.0	\$ 2.1	\$ 7.3
Washington ²	\$ -	\$ -	\$ -	\$ 1.5	\$ 1.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.2
Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7
Nevada	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.4	\$ 1.2	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 1.8
Total Gross Profit	\$ 1.0	\$ 1.1	\$ 1.4	\$ 3.2	\$ 6.7	\$ 2.7	\$ 3.0	\$ 3.5	\$ 3.9	\$ 13.1	\$ 4.7	\$ 5.2	\$ 5.8	\$ 6.1	\$ 21.8
Operating Expenses															
Sales and Marketing	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 1.6	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 1.7	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 1.8
CHQ	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 3.0	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 3.0	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 3.0
Retail G&A	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 1.2	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 1.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 2.0
Prod & Mfg	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 1.8	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 2.0	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 2.2
Other G&A	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.5	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.6	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7
Total Operating Expenses	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 8.2	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.2	\$ 8.6	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4	\$ 9.6
EBITDA	\$ (1.0)	\$ (1.0)	\$ (0.6)	\$ 1.1	\$ (1.5)	\$ 0.6	\$ 0.9	\$ 1.3	\$ 1.7	\$ 4.5	\$ 2.3	\$ 2.8	\$ 3.4	\$ 3.7	\$ 12.2

May 1, 2018 (\$0.20)

We purchased over 800K shares on or before March 31, 2018 at a price of \$0.24 per share. Our investment is one of an incredibly speculative nature. We have a well-respected management team, especially with the purchase of Chalice Farms during 2017, with a valuation that is more fundamentally driven than other small companies in the sector. Yet, the valuation is still ~2X projected revenues for F2019. The question is will they even make it until 2019 FYE, as they are burning cash at a very rapid pace. OR is going through severe commoditization, and this could be around for a while. The question is “Will Golden Leaf Holdings be able to weather the storm?” My answer is, “I have no idea.” At this point we remain with a portfolio position of <.33% of a portfolio, and this gives us a touch of exposure in the USA cannabis sector (not our only holding, as our current portfolio is about 7% cannabis related. First quarter 2018 loss release is expected towards the end of May, as was discussed in the conference call on April 30, 2018.



Review of December 31, 2017 financials:

Market cap is \$120M, using 600M shares (578M rounded up), and a share price of \$0.20.

Jackson & Company are the Chartered Financial Accountants. They did issue a going concern issue. This is not terribly unusual for start-ups such as this. Yet, this should not be ignored, as the prior fiscal year had an unqualified opinion, and different accountants.

Shareholders' Equity was \$17.75M, and tangible equity was (\$40.45M).

Inventory of \$3.63M.

	2017	2016
Revenues		
Product sales	\$ 10,411,232	\$ 7,241,554
Royalties	1,100,066	419,934
Total Revenue	\$ 11,511,298	\$ 7,661,488

Transaction costs of \$8.5M.

Various impairments, which I find concerning. It seems like this shouldn't happen with any company, much less an infant company.

Related party transactions are plenty. I really don't like seeing that.

At the Dec 31, 2017, the Company had approximately 164 employees.

Interest expense		1,549,780	1,216,586
Transaction costs	Note 24	8,518,490	4,712,218
Loss on extinguishment		-	11,215,118
Accretion interest expense		-	665,772
Loss on disposal of assets	Note 10	470,071	-
Impairment of financing lease receivable	Note 8	432,557	243,181
Impairment of intangible asset	Note 11	9,350,000	-
Impairment of purchase option		5,200,000	-
Other loss		437,413	256,203
(Gain) Loss on change in fair value of warrant liabilities	Note 14	7,714,578	(4,152,077)
(Gain) Loss on change in fair value of liabilities	Note 12	12,296,260	(4,234,000)
Loss before income taxes		(55,929,112)	(21,403,953)

The Company consolidates the financial statements of the following:

Subsidiary	Place of incorporation	Fuctional currency	Effective ownership	Principal activity
Greenpoint Holdings Delaware Inc.	Delaware	USD	100%	Holding company
Greenpoint Oregon Inc.	Oregon	USD	100%	Cannabis production, distribution, and sales
Left Coast Connections Inc.	Oregon	USD	100%	Retail Cannabis sales
GL Management Inc.	Nevada	USD	100%	Ownership and administration of intellectual property
Greenpoint Science Ltd. (inactive)	Israel	USD	100%	Research and development
Greenpoint Real Estate LLC	Oregon	USD	100%	Ownership, administration, and leasing of real estate
Greenpoint Equipment Leasing LLC	Oregon	USD	100%	Ownership and leasing of capital equipment
Greenpoint Nevada Inc.	Nevada	USD	100%	Cannabis production, distribution, and sales
CFA Retail LLC	Oregon	USD	100%	Retail Cannabis sales
Medical Marihuana Group Corporation	London, ON	CAD	100%	Cannabis production and distribution
Medical Marijuana Group Consulting Ltd.	London, ON	CAD	100%	Medical marijuana patient consulting

They discussed R&D in the conference call, yet for F2017, there was no cost of R&D in the Statement of Operations.

Biological assets and inventory:

The Company measures its biological assets at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Any production costs incurred during the growth cycle of the plants is expensed as incurred. During the years ended December 31, 2017 and 2016, the Company expensed production costs of \$465,658 and \$909,409, respectively.

	Biological assets	Inventory
Raw materials	\$ -	\$ 245,557
Work-in-process	-	240,822
Finished goods	-	456,071
Balance, December 31, 2016	\$ -	\$ 942,450
Raw materials	\$ -	\$ 451,767
Work-in-process	90,627	1,274,542
Finished goods	-	1,896,946
Balance, December 31, 2017	\$ 90,627	\$ 3,623,255

The Company's biological assets at December 31, 2017 and 2016 is comprised of:

Balance, December 31, 2015	\$ 56,915
Gain/Loss on fair value of Biological assets	(276,135)
Transfer to Finished goods	219,220
Balance, December 31, 2016	\$ -
Balance, December 31, 2016	\$ -
Acquisition of Biological assets	77,667
Gain/Loss on fair value of Biological assets	(198,000)
Transfer to Finished goods	210,960
Balance, December 31, 2017	\$ 90,627

Total common shares on December 31, 2017:

Share Capital	477,000,336
Warrant Reserve	29,274,531
Stock Option Plan	22,057,223
Debentures converted post 12/31/17	28,480,952
Stock options granted 1/24/18	21,600,000
Total shares outstanding	578,413,042

“Common shares issued and outstanding as at December 31, 2017 are described in detail in Note 15 of the Consolidated Financial Statements for December 31, 2017. Shares outstanding as of April 30, 2018 are 576,338,334.” I think my reconciliation and rounding up to 600M shares O/S is fine.

Other items from other sources of research:

I have seen revenue projections of \$27M CAD for F2018, \$51M CAD for F2019, and \$74M CAD for F2020.

Chalice Farms, an Oregon based company, was purchased for \$37M USD. Hence, they have Golden Leaf and Chalice Farms brand in OR.

Disclaimer

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