

Due Diligence Report

By

Equity Insight



INVESTOR REPORT

Due Diligence

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Introduction

Liberty Leaf Holding Ltd. (CSE: LIB OTCQ: LIBFF FSE:HN3P) established in 2016 is a Canadian company whose main focus is to build and acquire a diversified portfolio of cannabis businesses which includes cultivation, distribution, CBD/THC products, oils, biotech research and supply chain products within this growing industry. Through this diversified portfolio, Liberty Leaf also owns 100% of North Road Ventures, a Late Stage ACMPR applicant

Share Structure

Company Equity Details as of: July 25, 2017

Market Cap: 9.8M

Current Shares Outstanding: 88,538,605

Shares held by Insiders: ~ 8.6M

Fully Diluted: 112,342,224

Warrants Outstanding: 18.3M

Warrant Strike: .08 cents Avg

Share Short as of July 17, 2017: 388

52 Week Low - High: Low .085 – High .32

100 Day SMA: .12 Cents

200 Day SMA: .14 Cents

(On July 22nd 4,320,000 Warrants at .075 cents we're set to expire)



The Marijuana Industry & Liberty Leaf Holdings Ltd.

The landscape in Canada will be changing dramatically over the next few years with regards to medical and recreational marijuana acceptance and legalization. One of the companies at the helm of the Canadian marijuana emergence is Liberty Leaf Holdings Ltd.

Liberty Leaf Holdings Ltd has currently established themselves in three, vastly emerging marijuana markets: Wholesale and Retail of marijuana, Distribution of marijuana and Nutraceutical marijuana products aimed specifically for pets.

The wholesale and retail aspect of Liberty Leaf Holdings Ltd will commence with its wholly owned Subsidiary North Road Ventures which is an ACMPR Applicant for a distribution licence of marijuana under Health Canada. This Distribution licence will allow Liberty Leaf Holdings Ltd. to distribute 7,500 Kilograms (16,500 pounds) of marijuana to retailers in Canada. It is in our opinion that Liberty Leaf Holdings Ltd will likely obtain their licence as they have acquired the services of the highly experienced and successful firm called Cannabis Compliance Inc. to ensure they meet all regulatory standards and maximizing their ability in obtaining a licence. Cannabis Compliance Inc. has helped notable licenced producers such as Tweed, 7 Acres, Delshen, Aurora and Praire Plant Systems obtain their licenses.

In addition to Cannabis Compliance Inc, David Hyde & Associates, an established security consulting firm in the cannabis industry, has designed and developed the security sections for North Road Ventures' application.



A distribution licence will allow North Road Ventures to simply sell and buy marijuana, which ultimately decreases the need for Liberty Leaf Holdings Ltd to invest in capital intensive assets such as a cultivation facility and equipment. North Road Ventures is located in Metro Vancouver, BC, Canada – arguably the capital for marijuana in Canada. This is where growth and cultivation will occur due to its optimal environmental conditions. Deloitte published a report last year stating that “22 percent of adult Canadians use marijuana at least some of the time.” Based on that number, Deloitte estimates the base retail market value of recreational marijuana could be up to \$8.7 billion. With ancillary services such as security thrown in, Deloitte projects a total market size of \$22.6 billion. But in arriving at these estimates, Deloitte included another 17 per cent of respondents who said they “might” try marijuana if legalized, “suggesting the total potential marketplace is close to 40% of the adult population.” Maclean’s commented that “These findings show less enthusiasm for marijuana than some other studies.”

Canada, in comparison with Colorado, where legal recreational use of marijuana is now into its 4th year, following legalization in 2014, is a good comparable to where the Canadian market is anticipated to grow. For January and February 2017, Colorado tax data revealed that aggregate cannabis sales totalled US \$227 Million, up 30% year-over-year from US \$175 Million for the same period in 2016. This includes 43% growth in the retail recreational sales sector, and 6% growth in the medical sales sector. The recreational to medical sales split is now 70% to 30% vs. 63% to 37% a year ago, respectively. Should the current pace of year over year growth continue, aggregate cannabis sales in Colorado could approach US \$1.7 Billion this year, comprised of approximately US \$451 Million in medical sales and US\$1.2 Billion in recreational revenues. Canada’s population is approximately 6.6 times that of Colorado’s (36.5M vs. 5.5M respectively). If Canada’s growth can closely reflect Colorado’s, cannabis sales could reach US\$11 Billion in Canada by 2022.

On July 27th 2017 Liberty Leaf Holdings Ltd achieved a very large milestone as they announced that their wholly owned subsidiary North Road Ventures has advanced to the detailed review stage in its ACMPR Application request. This is significant progress and in our opinion, it is very promising as the company continues to meet all expected requirements requested by Health Canada standards. As noted in their news release dated July 27th it stated that “once both the review and the security clearance processes -

North Road is an emerging distributor of cultivated and manufactured cannabis products to licenced legal retailers.

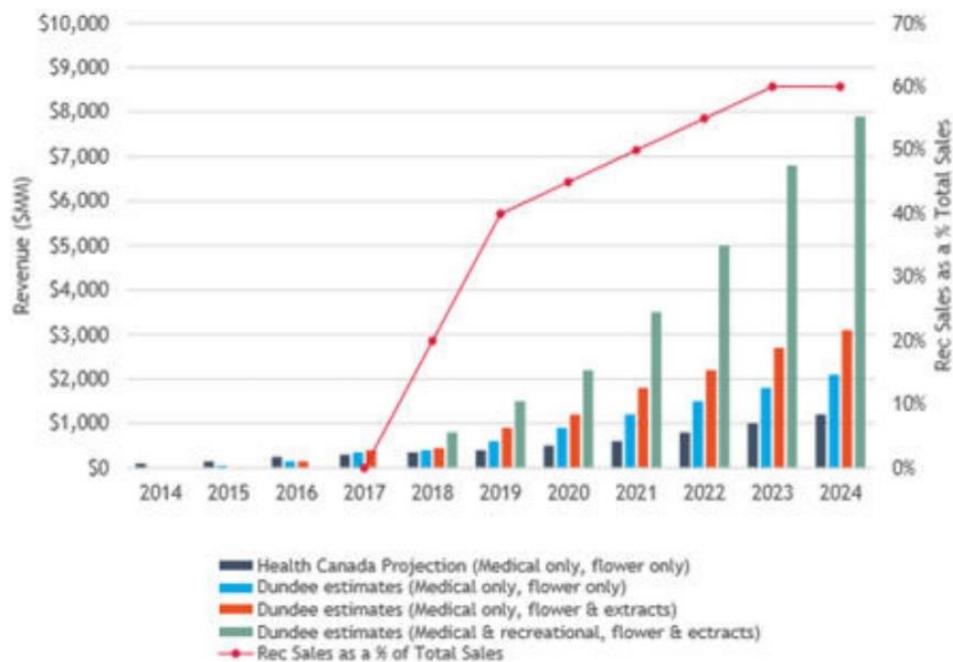
are completed, [North Road Ventures] will be advised and will be sent a Confirmation of Readiness Letter to determine their readiness for licencing under ACMPR.

The second and possibly the most lucrative aspect for Liberty Leaf Holdings Ltd could potentially be the distribution of recreational and medicinal marijuana to the supply chain of the retail outlets once legalization has occurred. A prime example of the supply vs. demand aspect of legalization can be readily seen with the issues that recently surround Nevada and its lack of organization with regards to proper supply chain and distribution:

“Recreational marijuana supplies are running low in Nevada shortly after it became legal on July 1st, 2017 over a distribution dispute. With tax dollars on the line, the governor has issued a “statement of emergency.” on Thursday. The State Nevada Tax Commission approved “emergency regulations” to analyze whether there are enough distributors to supply the state’s 47 legal dispensaries.”

Liberty Leaf Holdings Ltd will be establishing itself as a main supplier of recreational and medicinal marijuana to wholesale and retail establishments alike. With the likes of large, reputable pharmacies and liquor outlets lingering on the verge of retailing marijuana it is vital that their supply chain is established and intact without any disruptions – enter Liberty Leaf Holdings Ltd.

Recorded sales as a (%) of total sales





Leading the Vision of Farm to Pharma

On March 1st 2017 Liberty Leaf Holdings Ltd entered into an agreement to develop up to 4 proprietary cannabidiol ("CBD") formulations from ESEV R&D LLC (ESEV). ESEV is an American based life sciences company that is dedicated to the advancement in research on cannabis and the development of breakthrough cannabis-derived medical solutions. Headquartered in New York, ESEV R&D is centred and operating R&D projects in Israel, where they are cooperating with the country's top scientific institutions, who have been researching medicinal cannabis for 50 years.

ESEV also has Canadian marijuana ties. In February 2016, Aphria Inc., one of Canada's leading large scale producers of medical-grade cannabis, partnered with pioneering ESEV to use their cutting-edge genetic tools and science-based platform to develop and bring to market the highest quality strains of cannabis available to treat a range of medical conditions.

ESEV is an American based pharmaceutical company who has deep roots in the medical community in Israel and is using its relationships and experience to pioneer the research and development of Cannabinoids in Israel. This relationship gives Liberty Leaf Holdings Ltd the opportunity to manage clinical studies effectively and in short-times. These developments would lead to Liberty Leaf Holdings Ltd generating significant revenue in the Israeli market.

Liberty Leaf Holdings Ltd and ESEV are working together on the third Canadian emerging marijuana opportunity, which could easily become the largest opportunity for Liberty Leaf. That sector is the pet health and wellness market. On June 1st, Liberty Leaf Holdings Ltd announced that with their collaboration with ESEV they have commenced research into the efficacy of CBD Pain management for canine osteoarthritis. This presents a potentially huge opportunity to generate sales within the Pet health and wellness industry not only domestically, but also on a broad global scale. Through this collaboration with ESEV R&D LLC, Liberty Leaf Holdings Ltd is currently researching CBD formulations to target this market. Recent data from the National Pet Owners Survey conducted on an bi-annual basis by the American Pet Products Association reported that USD \$7 Billion is spent by US consumers on pets and pet ailments annually.

Cannabidiol (CBD):

“CBD is one of at least 85 active cannabinoids identified in cannabis. It is a major phytocannabinoid, accounting for up to 40% of the plant’s extract. CBD is considered to have a wider scope of medical applications than tetrahydrocannabinol (THC). Cannabinoid receptors are concentrated in certain areas of the brain associated with memory, pleasure, coordination and time perception.”



Management and Board of Directors

William Rascan - President & Director

Mr. Rascan joined Liberty Leaf Holdings Ltd with 25 years' experience in the investment brokerage industry, most recently as a Partner, Senior Investment Advisor with Northern Securities. Mr. Rascan's business ranged from active international trading clients to raising capital for junior mining companies on the TSX Venture Exchange ("TSXV"). Past firms include, CM Oliver, Research Capital, Blackmont and Jennings Capital. Prior to his years as an Investment Advisor, Mr. Rascan was Vice-President, Institutional Money Market Sales with ScotiaMcleod Inc.

Jamie Robinson - CFO

Mr. Robinson is a Chartered Accountant, specializing in accounting, auditing and financial reporting under both IFRS and ASPE. Prior to joining Liberty Leaf, Mr. Robinson worked at Deloitte as a Manager focusing on publicly listed and private company audits as well as business reviews, performance enhancement engagements and formal restructuring proceedings. After his public practice experience, Jamie worked as a Senior Financial Analyst at Corinex Communications, performing in-depth financial analysis of currencies, commodities, and financial statements for the purpose of investment and hedge fund trading. Mr. Robinson holds a CA designation and a Bachelor of Commerce from McGill University.

Kelly Pladson – Corporate Secretary

Kelly Pladson has provided corporate governance and regulatory compliance services to many TSX Venture and CSE listed companies since 2009. She works closely with the company's CEO and legal counsel in maintaining corporate records, managing the day to day operations of the company and ensuring the company's filings with the securities commissions and exchanges are accurately filed and in accordance with their deadlines. Prior to 2009, Ms. Pladson was an investment advisor's assistant for two years.

Steven Feldman - Director

Mr. Feldman has more than 20 years' experience in the public markets and specializes in providing Investor Relations and Corporate Communications counsel to public companies. Mr. Feldman was Manager, Investor Relations with SouthGobi Resources Ltd. since its inception in 2007, and prior to that was with its predecessor, Asia Gold. Mr. Feldman was part of the original management team that saw the significant development of SouthGobi evolve from a \$20 million market cap explorer to a \$2 Billion+ market cap coal producer with senior listings on the Toronto and Hong Kong Stock Exchanges. Currently, Mr. Feldman is also a social media strategist.

Mr. Doug Macdonell - Consultant

Mr. Macdonell is a retired RCMP officer and recognized expert in the field of cannabis and cannabis cultivation. He initiated and supervised RCMP marijuana grow facilities in Vancouver and Edmonton for the purpose of training RCMP and City Police personnel to become experts in this field. In addition to training police in the field of cannabis production, Mr. Macdonell has also lectured extensively to other agencies such as the Drug Enforcement Agency in the U.S. and Department of Justice Personnel in Canada.

Robert W.E. Laurie - Advisory Board, Chair

Mr. Laurie is an international lawyer, writer and speaker, qualified as a solicitor in England and Wales and called to the British Columbia Bar as a barrister and solicitor. After practicing law in London and New York in the areas of hedge fund formation and securities fraud litigation, Mr. Laurie founded AD LUCEM LAW CORPORATION in Vancouver, British Columbia in 2013. Mr. Laurie focuses his legal practice on issues related to cannabis, encompassing the areas of business law, family and administrative litigation, plus criminal defence.

Mr. Laurie is a volunteer lawyer with the Access Pro Bono Society of British Columbia and a Director with Destiny Grow Systems, an organic soil company. Mr. Laurie is also a Contributing Writer and Columnist with 'Grow Magazine', based in Oregon. His regular column with 'Grow' is entitled: "North of the 49th Parallel: Cannabis News and Legal Commentary from Canada." He is also a former Board Advisor to the Canadian Association of Medical Cannabis Dispensaries (CAMCD).



Cannabis Compliance Inc.

Cannabis Compliance Inc. are a team of professional consultants who specializes in assisting its clients with facility design, cultivation & sales license, cultivation program and business planning. Cannabis Compliance as one objective, and that's obtaining an ACMPR licence approval from Health Canada for their clients.

Canada is the only G7 country to legalize both medical and recreational marijuana on a national scale. Since Canada is the first country to introduce legalized marijuana for both recreational and medical marijuana, Canada has established very stringent requirements for commercial production of cannabis. In order to achieve compliance means following strict protocols in regards to quality assurance programs, record keeping, sanitation, security system designs and standard operating procedures.

According to the Cannabis Compliance website – “We have the expertise to back up our claims. Mike Elkin designed the security requirements for the Tweed facility at Smiths Falls, while Jayson Goodale planned, budgeted and managed the greenhouse for Tweed Farms in Niagara Falls. Rachna Saini was the Quality Assurance Person with Prairie Plant Systems – he first licensed producer in Canada. Ayesha D’Lima came from Aurora Cannabis in Alberta one of Canada’s largest medical producers.”

In our opinion Liberty Leaf Holding Ltd will most likely obtain their licence as they have hired Cannabis Compliance Inc. to ensure they meet all regulatory standards and maximizing their ability in obtaining a licence. Cannabis Compliance Inc. has helped licenced producers such as Tweed, 7 Acres, Delshen, Aurora and Praire Plant Systems.

<http://www.cannabiscomplianceinc.com/about/our-team/>

Our team has proven experience with licensed producers like Tweed, 7 Acres, Delshen, Aurora and Prairie Plant Systems.

The difference between Cannabis Compliance Inc. and other consulting practices, is that our professionals were recruited specifically for their experience with licensed producers. They are also salary based, full time employees. No moonlighting on other ventures. No conflicts of interest. Working out of home offices, they are strategically located across the country to better serve our clients.

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Equity Insight is a group of individual investors/traders completing detailed DD reviews. Equity Insight Inc. is a paid client of Liberty Leaf Holdings Ltd.