



January 4, 2016

To the Shareholders of Rocky Mountain High Brands, Inc:

On December 24, 2015, we posted our much-awaited 2015 Financial Statements and Accompanying Notes for the Years Ended June 30, 2015 (FY 2015) and June 30, 2014, (FY 2014) along the Report of Independent Registered Public Accounting Firm (commonly referred to as the "Audit"). Paritz & Company, P.A., a Public Accounting Oversight Board registered firm, conducted the audits for the two-year period.

In FY 2015 Rocky Mountain High Brands, Inc. (RMHB or the "Company") launched a new consumer products brand, generated significant consumer and investor interest, and completed 4 months of operations. The income statement reflects significant losses as is often the case with any quickly scaled startup. These losses are magnified by a number of mark to market equity transactions for services and other early equity driven tactical work-arounds. It is important to note that most of the \$16.6M loss is driven by non-cash, non-recurring expenses.

- \$11.7M of total expenses is driven by a non-operating, non-cash, non-recurring expense related to a theoretical value of the convertible note that financed the cash-based start-up activity of the Company. This value, known as a derivative liability, does not represent debt principal which has to be repaid. It is a theoretical value, calculated using the Black Sholes model, assigned to the equity conversion feature of the note.
- \$2.3M of total expenses is driven by FY 2015 operating expenses that were non-cash expenditures created by stock compensation. They are a calculation of the trading value of shares distributed for business services at the time that the services were performed. Stock compensation is a commonly used tool in acquiring business resources when start-up companies are faced with limited cash resources.

Equity dilution on the balance sheet was driven by speculative convertible debt financing. Early stage start-up OTC Pink public companies, such as RMHB, are speculative investments; therefore venture investors that finance these companies often require sizable opportunities for equity ownership in the firm. With the initial convertible debt funding, RMHB executed inventory production across two labeling strategies to cover all target channels. The Company generated enough revenue to pay off some of the initial debt

financing and restructure the rest of the debt. This capital restructuring is benefiting the Company in discussions with its next round of investment partners. The early and aggressive attention to pay down the convertible debt is also reflective of our stewardship to all long-term investors in RMHB.

The primary takeaways from audited financial statements and notes for FY 2015 are not the temporary and arcane derivative liabilities and mark to market losses. As the Statement of Cash Flows show, RMHB deployed the capital raised, launched a superior consumer goods brand, and left cash reserved in the bank at the end of the fiscal year. The Company acted creatively to attract and retain talent, execute operational momentum, and generally 'just get the job done.' The Company is continuing to address challenges a day at a time, as we manufacture, market and distribute the Brand.

On January 1, 2016 Michael Welch joined RMHB as Chief Financial Officer of Rocky Mountain High Brands, Inc. Michael is a CPA who started his career as an Auditor with Deloitte and most recently served as CFO Managing Partner of Aventine Hill Partners, a Texas-based professional services firm.

Over the next few weeks Michael will:

- Prepare a restatement of RMHB's FY 2016 1st Quarter Financials based on the audited beginning balances and post to OTC Markets.
- Complete RMHB's FY 2016 2nd Quarter Financials and post to OTC Markets.
- Draft RMHB's Form 10 for filing with the Securities and Exchange Commission.
- Implement operational and internal controls for the Company that aligns with Sarbanes-Oxley requirements.

All of these milestones are part of the process of moving the Company toward fully reporting SEC compliance.

Sincerely,



Tom Shuman
Chief Executive Office
Rocky Mountain High Brands, Inc.