



June 6, 2016

Dear Shareholder:

Thank you for your investment in Ecoark Holdings, Inc. We are writing to update you on developments that have taken place since the merger with Magnolia Solar Corporation, our application for listing on to The NASDAQ Capital Market[®], and to answer some of the questions you might have with respect to the transfer agent for your stock. As you know from previous filings with the SEC and press releases:

1. Ecoark, Inc. merged with Magnolia Solar Corporation (MGLT) on March 28, 2016, which changed its name to Ecoark Holdings, Inc.
2. Ecoark Holdings, Inc. changed its OTCQB symbol from MGLT to EARK on April 22, 2016.
3. The company raised over \$17 million from a private placement to over 200 accredited investors ending on April 28, 2016. Following this, on April 29, 2016 the company filed an S-1 registration statement with the Securities and Exchange Commission (SEC) to register these shares to allow these shareholders to freely sell these shares.
4. EARK submitted an application to be listed on The Nasdaq Capital Market[®] on May 17, 2016. This application is currently under review by The Nasdaq Capital Market. We will issue a press release if and when the application is approved.

Recently, you received a Shareholder Statement of Account from Island Stock Transfer (IST) detailing your ownership of Ecoark Holdings, Inc. shares. Island Stock Transfer is the transfer agent hired by Ecoark, and is responsible for keeping accurate records of stock ownership.

Origin of Your Shares

The shares of stock you own and shown on the Island Stock Transfer statement originated from one or more of the following sources:

1. If you held stock certificates representing ownership of shares of Magnolia Solar Corporation (MGLT) prior to the merger, the shares of MGLT represented by the certificates were converted to EARK shares calculated to give effect to a 250 to 1 reverse split. That means that, as approved by MGLT shareholders, you received 1 share of MGLT for every 250 shares owned before the reverse split. You then received one share of EARK for every share of MGLT to reflect the merger agreement among MGLT, a subsidiary of MGLT and Ecoark, Inc. The shares you own as a result of this are shown as “Certificate” shares. These shares have the same restrictions as the original MGLT certificate they replaced.



2. If you were an owner of MGLT common stock before the merger agreement, you were issued some additional shares (the “Additional Shares”), of EARK to reflect the ownership allocation agreed to by the parties to the merger agreement. These additional shares were issued as paperless “book entry” shares and recorded in the books and records of IST rather than in the certificate form. These are listed on the statement as “Book” shares. These shares are currently restricted and cannot be publicly traded.
3. If you purchased shares of Ecoark, Inc. as an investor in a privately-held company, these shares were originally issued to you in the form of a stock certificate issued by Ecoark, Inc. (the “Ecoark Shares”). These stock certificates represented your investment in the private company. The shares of Ecoark, Inc. represented by the certificate you held were exchanged for EARK shares on a 1 for 2 basis. That means that as per the merger agreement, for 2 shares of Ecoark, Inc. you received 1 share of EARK. As a result of the merger, therefore, 2 shares of the privately held Ecoark, Inc. were converted to one share of publicly traded company Ecoark Holdings, Inc. The shares you own as a result of this exchange are shown as “Book” shares on the statement. These shares are currently restricted and cannot be publicly traded.
4. If you purchased shares during the private placement offering that started on February 9, 2016 and ended on April 28, 2016, the company filed a registration statement to register these shares with the SEC. This kind of placement is often referred to as Private Investment in a Public Entity (PIPE). These shares (the “PIPE Shares”) are currently restricted shares but will become eligible for trading once the SEC reviews the registration statement, the company answers the SEC’s comments and the SEC declares the registration statement effective.

Restrictions on Trading

In the previous section we noted that some shares are restricted. This means that they are not eligible for public trading yet, and therefore cannot be deposited into your brokerage account. They do remain part of your investment portfolio, but just are not eligible for public trading yet.

The statement you received shows the issue date for the shares and whether or not they are free trading or restricted. At present, other than the MGLT certificate shares that converted to EARK certificate shares, all shares are restricted. The PIPE Shares subject to registration with the SEC become unrestricted the earlier of six months or the date the registration statement becomes effective.

For the Additional Shares and the Ecoark Shares, pursuant to agreements with shareholders and to promote an orderly sale, one-third of the shares become eligible for the removal of the restriction on the day after six months from the date of issue shown on



the statement, another one-third become eligible for removal of restriction on the day after nine months and the remaining shares become eligible for the removal of restrictions on a day after one year. For most restricted shares, the first one-third become eligible for the removal of restriction on October 1, 2016, another one-third become eligible for the removal of restriction on January 1, 2017, and the remaining shares become eligible for the removal of restriction on April 1, 2017.

The removal of the restriction is not an automatic process. Rather, each shareholder has to proactively follow the procedure outlined below to have the restriction removed and shares deposited to her or his brokerage account.

Shares can be transferred to a brokerage account only after they become unrestricted.

Frequent Questions and Answers

Who is Island Stock Transfer?

Island Stock Transfer is the transfer agent hired by EARK. It is the custodian and record keeper for all stock issued by EARK in compliance with SEC rules and U.S. laws.

What is this statement I received?

The statement you received shows your holdings of the EARK stock for the purpose of public markets. It also shows the date the shares were issued and whether or not the shares are restricted. Depending on how and when you invested, the shares you received may have been issued on one or more days, and may have been issued in one or more names (e.g. individual, joint, trust, etc.)

Why are the shares 1/2 of the Ecoark, Inc. shares I purchased?

This is applicable only for those investors who invested in Ecoark, Inc. when it was a private company. At the closing, as per the merger agreement, one Ecoark Holdings, Inc. (public company) share was issued for two Ecoark, Inc. (private company) shares. For these investors, the new basis is double of the purchase price they paid when they purchased shares in the private company.

What do I do with this statement concerning my brokerage account?

As explained in the restriction section above, at the present time none of these shares are eligible for deposit to a brokerage account unless they were issued as a result of conversion of MGLT certificates that were eligible for removal of restriction and not restricted by other agreements between the shareholder and the



company. PIPE shares will become eligible for transfer to the shareholder brokerage accounts after the earlier of six months or the SEC registration becomes effective.

Can I access my account and communicate with Island Stock Transfer? If so, how?

Yes, you can contact Island Stock Transfer directly to clarify any questions you may have. The contact information for the person responsible for EARK shares is:

Olessia Kritskaia
Island Stock Transfer
15500 Roosevelt Boulevard, Suite 301
Clearwater, Florida 33760
Office phone: 727-289-0010 ext. 243
Fax: 727-289-0069
Email: <mailto:olessia@islandstocktransfer.com>
web: <http://www.islandstocktransfer.com>

Please click on the “Shareholder Services” link to access useful information about transfer of shares or removal of restriction. Ms. Kritskaia can also help you to set up an online account that you can use to access your account at any time.

What do I do when the shares become unrestricted?

Please click on the Restricted Stock link on the Shareholder Services page for the process and fees required to remove the restriction. Briefly, the process is to send to IST the following:

1. Original certificate, if applicable. You do not need this for the “book” shares.
2. A legal opinion to remove the restrictive legend. You can obtain the legal opinion when the shares are eligible for the removal of the restriction from the following attorney:

Peter DiChiara
Carmel, Milazzo & DiChiara
261 Madison Avenue, 9th Floor
T: 212 658 0458
D: 646 838 1312
Email: pdichiaracmdllp.com

3. Seller’s Representation Letter – see template available on the IST website under Shareholder Services (other templates are generally acceptable as well) – the holding period starts from the purchase date.



4. Mailing instructions or instructions for electronic delivery (via DWAC or DRS)
5. Shareholders are responsible for paying the fee for the legal opinion and removal of restriction. Please confirm these fees with the attorney and the transfer agent before you initiate the process to remove the restriction. At present applicable fees published by IST are as follows (check or money order, credit cards (except Discover), or wire):
 - \$3.00 to cancel old certificate
 - \$125.00 to remove the restriction and issue one new certificate
 - \$45.00 for FedEx Priority Overnight or pre-paid waybill/return envelope should be provided by you for the Courier Service of your choosing
 - Or \$28 for DWAC/DRS

Who should I contact if I have more questions?

Please feel free to contact “Investor Relations” at Ecoark Holdings, Inc. for any further information. Here is the contact information for Investor Relations:

Brad Hoagland, CFA
VP of Investor Relations
bhoagland@ecoarkusa.com
(479) 259-2981