

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Nextleaf Solutions Ltd.  
Suite 304  
68 Water Street  
Vancouver, British Columbia, V6B 1A4

**2. Date of Material Change**

June 24, 2019

**3. News Release**

The news release announcing the material change was disseminated on June 24, 2019, through Canada Newswire and Canada Stockwatch. The news release was also filed with the British Columbia, Alberta and Ontario Securities Commissions on SEDAR.

**4. Summary of Material Change**

Nextleaf Solutions Ltd. ("Nextleaf" or the "Company") announced that it entered into an agreement to acquire a U.S. patent pending hydrocarbon extraction process and award-winning formulation for a cannabis concentrate, also known as "shatter", a popular concentrate product set to become legal across Canada on October 17, 2019.

**5.1 Full Description of Material Change**

See attached news release.

**5.2 Disclosure for Restructuring Transactions**

N/A

**6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**7. Omitted Information**

No information has been intentionally omitted from this material change report.

**8. Executive Officer**

Paul Pedersen, CEO  
604.283.2301

**9. Date of Report**

July 2, 2019

# Nextleaf to Acquire Patent Pending Extraction Process and Award-Winning Formulation for Cannabis Concentrate

VANCOUVER, June 24, 2019 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTC: OILFF**) today announced that it has entered into an agreement to acquire a U.S. patent pending hydrocarbon extraction process and award-winning formulation for a cannabis concentrate, also known as "shatter", a popular concentrate product set to become legal across Canada on October 17, 2019.

This unique patent pending butane hash oil, or "BHO", extraction process and formulation produces a broad spectrum cannabis concentrate with a rich terpene profile, unlike any product currently available on the Canadian legal cannabis market. The chemical selectivity of the proprietary solvent mixture, coupled with the specific processing techniques and operating parameters, efficiently extracts terpenes and cannabinoids from cannabis flower to produce a full-flavour concentrate void of undesirable waxes and pigments.

On June 14, 2019 Health Canada released updated regulations for the production and sale of a variety of THC and CBD based concentrates and derivatives. These consumer products will start to be available for sale to medical patients and adult-use consumers across Canada by December 2019.

"Nextleaf is committed to acquiring and developing market-validated intellectual property ("IP") pertaining to formulations and methodology to produce unique cannabis oils and concentrates. By acquiring this patent pending BHO extraction process and award-winning shatter formulation, Nextleaf adds valuable IP to its portfolio of innovative processes and formulations for THC and CBD based products. This acquisition allows Nextleaf to diversify its intellectual property portfolio, as consumers in legal recreational and medical states consistently illustrate increased consumption of hydrocarbon concentrates." says CEO Paul Pedersen.

Nextleaf will acquire the process and formulation from an arms' length third party, pursuant to an asset purchase agreement. As consideration, Nextleaf will issue 444,444 common shares at a deemed price of \$0.45 per share. The shares issued will be subject to a four (4) month hold period pursuant to applicable securities laws.

The acquisition of the BHO extraction process and shatter formulation follows Nextleaf recently being issued multiple patents for extraction technology the Company had previously acquired. The United States Patent and Trademark Office issued a patent to Nextleaf pertaining to the Company's proprietary process of extraction, refinement, and distillation of cannabinoids from cannabis biomass. Nextleaf's portfolio of three (3) issued and 24 pending patents - including the newly acquired patent pending BHO process - are part of its overall strategy to develop and protect IP pertaining to the production of innovative cannabinoid-based products geared towards both medical cannabis patients and adult-use consumers.

"We believe companies that can successfully develop and protect valuable intellectual property will benefit substantially in the long-term." says CEO Paul Pedersen.

With concentrates legal in Canada later this year, Nextleaf plans to commercialize its IP portfolio by providing B2B processing services to licensed cultivators and supplying cannabis oils and concentrates to qualified Canadian and international partners under the client's own brands.

## Licensing Update

The site evidence package has been filmed at Nextleaf's built-out extraction and processing facility in Greater Vancouver, British Columbia. The recent changes by Health Canada to its licensing process now require a submission of a site evidence package as a final step to licensing. Health Canada has indicated a service standard goal for response time within 60 days from submission of a completed site evidence package.

## About Nextleaf Solutions

Nextleaf Solutions Ltd. (CSE: OILS) (OTC: OILFF) is an extraction technology company that has developed a portfolio of issued and pending patents pertaining to the Company's unique, industrial-scale process of producing purified cannabinoid distillate, a tasteless, odourless cannabis concentrate best suited for infusing premium value-added products. Nextleaf plans to commercialize its intellectual property portfolio by providing B2B processing services to licensed cultivators and supplying cannabis oil and extracts to qualified Canadian and international partners under the client's own brands. Nextleaf has completed construction of its dedicated extraction and processing facility in Greater Vancouver, British Columbia, in time for Canada's legalization of edibles and other cannabis derivative products. The Company's processing facility includes research and laboratory infrastructure, allowing for the continued development of novel, scalable cannabis processing technology and intellectual property.

For more information about Nextleaf, visit [www.nextleafsolutions.com](http://www.nextleafsolutions.com), contact [investors@nextleafsolutions.com](mailto:investors@nextleafsolutions.com) or follow the Company across social media platforms.

## Contacts

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The securities described herein, if any, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to exemptions therefrom. This release does not constitute an offer to sell or a solicitation of an offer to buy of any of Nextleaf Solutions securities in the United States. This news release may contain "forward-looking information" as defined in applicable Canadian securities legislation. All statements other than statements of historical fact included in this release, including, without limitation, future operating margins, future production and processing, processing results, and future plans and objectives of Nextleaf Solutions, constitute forward looking information that involve various risks and uncertainties. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect, including, but not limited to, assumptions in connection with the continuance of Nextleaf Solutions and its subsidiaries as a going concern, general economic and market conditions, price of biomass, the accuracy of production resource estimates, and the performance of Nextleaf Solutions future operations. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information. Important factors that could cause actual results to differ materially from Nextleaf Solutions' expectations include but are not limited to: changes in economic conditions or financial markets; increases in costs; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments; and technological or operational difficulties. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. For additional information with respect to risk factors applicable to Nextleaf Solutions, reference should be made to Nextleaf Solutions continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Nextleaf Solutions CSE Listing Statement. The forward-looking information contained in this release is made as of the date of this release. Nextleaf Solutions does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. The CSE has not reviewed, approved or disapproved the contents of this press release