

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**  
July 24, 2019
- 3. News Release**  
The news release announcing the material change was disseminated on July 24, 2019, through Canada Newswire. 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. adopted a shareholder rights plan. The shareholder rights plan will be presented for ratification by shareholders of the company at the annual meeting of shareholders to be held on August 29, 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 24, 2019

# Nextleaf Solutions Proactively Moves to Maximize Shareholder Value by Adopting Shareholder Rights Plan

/NOT FOR DISSEMINATION IN THE UNITED STATES OR TO UNITED STATES NEWSWIRE SERVICES./

VANCOUVER, July 24, 2019 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**" or the "**Company**") (**CSE: OILS**) (**OTC: OILFF**) (**Frankfurt: LOMA**) announces that it has adopted a shareholder rights plan (the "**Plan**"). The Plan will be presented for ratification by shareholders of the Company at the Annual Meeting to be held on August 29, 2019.

The Plan is intended to provide the Company's board of directors (the "**Board**") and long-term shareholders with adequate time to assess an unsolicited take-over bid for the Company, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made and to ensure that the shareholders of the Company are provided equal treatment under a take-over bid.

"With OILS recently becoming the first public company to be issued a U.S. patent for industrial-scale extraction and purification of cannabinoids, we felt it was essential to take proactive steps to protect and maximize shareholder value at the current stage of our Company," said Paul Pedersen, CEO of Nextleaf. "Major alcohol and tobacco companies have made significant investments into the cannabis industry over the past year, and we expect to see pharmaceutical and large CPG companies enter the industry once CBD and THC based products become federally legal. We believe now more than ever that developing and protecting disruptive intellectual property around the extraction and manufacturing of standardized THC and CBD products will create significant shareholder value over the long-term."

The Company owns a portfolio of 27 issued and pending patents pertaining to the company's unique, industrial-scale process of extraction and purification of cannabinoids. OILS is playing a leading role in revolutionizing extraction and purification throughput, yield, and purity to enhance cannabis oil economics across the globe.

Under the Plan, the Company has issued one right for no consideration in respect of each outstanding common share of the Company to all holders of record on July 23, 2019. All common shares issued by the Company during the term of the Plan will have one right represented on the certificates for the common shares of the Company. The term of the Plan is three years, subject to reapproval by shareholders of the Company at their 2022 Annual Meeting.

The rights issued under the Plan become exercisable only if a person acquires 20% or more of the common shares of the Company without complying with the "Permitted Bid" provisions in the Plan, other prescribed exemptions, or without the approval of the Board. Should such an acquisition occur, rights holders (other than the acquiring person or related persons) can purchase common shares of the Company at half the prevailing market price (as defined in the Plan) at the time the rights become exercisable. Each right, upon exercise, would permit the purchase of shares of the Company at a substantial discount to the market price.

Under the Plan, a permitted bid must be made to all shareholders for all shares of the Company, and must be open for acceptance for a minimum of 105 days. If more than 50% of the outstanding

shares held by independent shareholders have been tendered and not withdrawn after 105 days, the bidder may take up the shares, but must make a public announcement of that take-up and extend the bid for a further 10 days to allow other shareholders to tender to the bid.

The Plan provides for "Permitted Lock-Up Agreements" which allow a locked-up person to withdraw shares from a locked-up bid in order to support another bid or transaction that provides for a greater consideration than the lock-up bid, regardless of the number of shares involved.

The Company is not currently aware of any pending or threatened take-over bid.

### **About Nextleaf Solutions Ltd:**

Nextleaf Solutions Ltd. ("**OILS**") is the first publicly traded company to be issued a U.S. patent for industrial-scale extraction and purification of cannabinoids. The company owns a portfolio of 3 issued and 24 pending patents pertaining to the production of high-purity cannabinoid distillate, the precursor used in the manufacturing of standardized THC and CBD based products. Once cannabis concentrates become legal across Canada on October 17, 2019, OILS plans to commercialize its intellectual property portfolio through B2B processing services and the supply of cannabis oils and concentrates to qualified Canadian and international partners.

Nextleaf Solutions trades as OILS on the Canadian Securities Exchange (CSE: OILS), OILFF on the OTC Exchange in the United States (OTC: OILFF) and *LOMA* on the Frankfurt Stock Exchange (FRA: *LOMA*). Follow us on Twitter, LinkedIn, Facebook, and Instagram.

[www.NextleafSolutions.com](http://www.NextleafSolutions.com)

### **Contacts:**

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### **CAUTIONARY STATEMENT:**

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.

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