NEXTLEAF SOLUTIONS LTD.

(formerly Legion Metals Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended June 30, 2019

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(formerly Legion Metals Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

Effective August 28, 2019

The following discussion and analysis of the financial condition and results of operations of Nextleaf Solutions Ltd. (formerly Legion Metals Corp.) ("Legion" or the "Company") for the nine months ended June 30, 2019 should be read in conjunction with the Company's annual audited financial statements and related notes for the year ended September 30, 2018, and the Company's condensed interim consolidated financial statements for the nine months ended June 30, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts in the MD&A are expressed in Canadian dollars, except per share amounts or as otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. Forward-looking statements are not historical facts but reflect management's expectations regarding future events. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations.

DESCRIPTION OF THE BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on December 8, 2016 under the name "1099582 B.C. Ltd.". The Company changed its name to "Legion Metals Corp." on March 28, 2017 and to "Nextleaf Solutions Ltd." on March 14, 2019.

On March 14, 2019, the Company acquired all of the issued and outstanding common shares of Nextleaf Innovations Ltd., ("Nextleaf") a private British Columbia cannabis extraction technology company incorporated on October 6, 2015, by an Acquisition and Arrangement Agreement by way of Plan of Arrangement (the "Transaction").

The Transaction was accounted for as a reverse acquisition ("RTO") of Legion by Nextleaf for accounting purposes, with Nextleaf being identified as the accounting acquirer, and accordingly, the Company is considered a continuation of Nextleaf. The net assets of Legion at the date of the RTO are deemed to have been acquired by Nextleaf, as follows:

Net assets of Legion acquired:	**$**
Cash	100,250
Receivables	6,811
Net assets acquired	**107,061**
Consideration paid in RTO of Legion:	**$**
Common shares (fair value of 3,647,029 common shares at $0.35 per share)	1,276,460
Replacement warrants	11,000
Transaction costs - cash	189,668
Total consideration paid	**1,477,128**
Lising expense	**1,370,067**

The financial statements include the results of operations of Legion from March 14, 2019. The comparative figures are those of Nextleaf prior to the RTO, with the exception of adjusting retroactively the capital of Nextleaf to reflect the capital of the Legion. On closing of the Transaction, the outstanding options and warrants to purchase common shares of Legion and Nextleaf now represent options and warrants to purchase common shares of the Company.

For the purposes of this MD&A, the "Company" or "Nextleaf" is hereinafter defined as the consolidated entity.

Nextleaf 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 has completed construction of its dedicated extraction and processing facility in Greater Vancouver, British Columbia. The Company's facility is awaiting Health Canada licensing, which requires an inspection and approval of site evidence package submission. Nextleaf is actively developing and protecting intellectual property pertaining to the extraction, refinement, and purification of cannabinoids. The Company owns 3 issued patents and has a further 24 patents pending.

Once the Company's centralized processing facility in Coquitlam, British Columbia receives a Standard Processing License from Health Canada, the Company plans to commercialize its intellectual property portfolio of issued and pending patents through licensing of intellectual property, providing processing solutions to licensed cultivators of cannabis, and supplying cannabis oil to qualified Canadian and international business-to-business partners under their own brand. Nextleaf's facility has been built with an annual production capacity to process 100,000 kg of dried cannabis biomass into 300,000 litres of cannabis oil. The Company's facility also includes dedicated research and laboratory infrastructure, allowing for the continued and rapid development of novel, scalable cannabis processing technologies.

Additionally, the Company has designed and built a mobile extraction lab, fully-equipped to process 20 kg per hour of biomass into cannabis oil. The Company's mobile extraction lab can process cannabis as a fee/toll-based service at a client's licensed facility.

Nextleaf will generate revenue through four verticals: toll processing, white label production, licensing intellectual property, and equipment services. The Company's mission is to develop and deploy large-scale marijuana and hemp extraction technologies and provide turn-key processing solutions to help licensed cultivators maximize the value of every harvest.

The Company owns and continually invests in an intellectual property portfolio of systems, methods, and apparatuses for the extraction and refinement of high-value extracts from cannabis and hemp biomass, as well as formulations for a number of cannabinoid-infused products. The Company's patented technology and market-validated formulations help cultivators increase revenue and profitability through extraction and purification of biomass into colourless, tasteless, odourless cannabinoid distillate oil. Containing a cannabinoid concentration of up to 95%, the resulting distillate is easy to dose, formulate, and develop into innovative, value-added products for medical and adult-use markets.

OVERALL PERFORMANCE

The Company's focus for the nine months ended June 30, 2019 was completing the build out of its centralized processing facility in Coquitlam, BC, and the completion of the RTO and its public listing on the Canadian Securities Exchange. The Company was active in developing and protecting intellectual property pertaining to the extraction and purification of cannabinoids and production of cannabis derived products. The Company continued to develop its pipeline of prospective customers for toll processing and white label production, along with its pursuit of the appropriate Health Canada licensing so to enable the Company to commence commercial operations. As at June 30, 2019, the Company had no debt and was in a positive working capital position of $5,418,123. The Company's common shares trade on the Canadian Securities Exchange under the trading symbol "OILS", on the OTCQB Markets under the trading symbol "OILFF", and on the Frankfurt Stock Exchange under the trading symbol "L0MA".

In conjunction with the closing of the RTO, the Company completed a brokered private placement of 14,285,714 units at a price of $0.35 per unit for gross proceeds of $5,000,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.70 per share until March 14, 2021.

During the nine months ended June 30, 2019, the Company completed a second private placement by issuing 10,400,000 units for gross proceeds of $4,160,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.70 per share until May 15, 2021. In connection with this private placement, the Company paid $120,450 in finders' fees and issued 298,625 finders' warrants. The finders' warrants are exercisable at $0.40 per share until May 15, 2021. The units are subject to a four month hold period which expires on September 15, 2019.

During the nine months ended June 30, 2019, the Company issued 304,521 common shares on the exercise of options and warrants, for proceeds of $106,583.

During the nine months ended June 30, 2019, the Company issued 444,444 common shares with an aggregate fair value of $200,000 for the acquisition of a patent (intangible asset).

RESULTS OF OPERATIONS

The variations from quarter to quarter over the previous eight financial quarters as shown below are largely attributable to variations in revenue and increased expenses correlating with increases in operating activity and the Company's public listing. The Company's expenses are primarily characterized by cash-based expenses driven by the more significant amounts within investor relations and advertising, professional fees and consulting, wages and salaries, and administrative expenses (amongst others). The Company's non-cash expenses include share-based payments, listing expense, and depreciation.

Expenses increased overall during the nine months ended June 30, 2019, relative to the nine months ended June 30, 2018 which caused an increase in loss from operating expenses by approximately $4,163,000. Additionally, the Company did not generate revenue during the nine months ended June 30, 2019, as it did not complete any equipment sales during the period then ended, and it awaits Health Canada licensing.

During the nine months ended June 30, 2019, the Company increased investor relations efforts as a newly listed company, and it incurred significant professional fees in relation to obtaining its public listing and outsourcing various professional functions. More notable fluctuations in operating expenses and other expenses during the nine months ended June 30, 2019, are as follows:

- Investor relations, marketing and advertising of $376,974 increased by approximately $251,000 due to increased activity in effort to create investor and shareholder awareness as a newly listed entity;

- Professional fees and consulting of $1,433,112 increased by approximately $768,000 as a result of greater audit, accounting, legal and consulting fees related to the development of the Company's business, its patent filings, and activities relating to obtaining a public listing. Consulting fees comprises fees paid to certain of the Company's officers and directors as further described in "Related Party Transactions";

- Wages and salaries of $400,000 increased by approximately $122,000 due to hiring additional key staff as the Company added additional full-time and part-time positions in various departments to facilitate growth efforts;

- Listing expense of $1,370,067 is a non-cash expense which arose on completion of the RTO and represents the excess of the consideration paid over the net assets of Legion, and the resulting cost of obtaining a public listing; and

- Share-based payment expense of $2,339,103 comprises the fair value of stock options vesting during the period. Share-based payments increased by approximately $2,312,000 as a result of the granting of stock options upon completing the RTO and public listing.

SUMMARY OF QUARTERLY RESULTS

The following table shows results from the last eight quarters:

Period Ending	Revenue $	Loss and comprehensive loss $
June 30, 2019	-	(1,489,458)
March 31, 2019	-	(4,473,406)
December 31, 2018	-	(732,121)
September 30, 2018	182,000	(769,437)
June 30, 2018	90,172	(428,424)
March 31, 2018	221,002	(614,305)
December 31, 2017	30,234	(391,952)
September 30, 2017	119,760	(356,162)

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing its liquidity and capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

Cash and working capital

As at June 30, 2019 the Company had cash of $5,490,327 and working capital of approximately $5,418,000.

Cash flow activity

The increase in cash and working capital as at June 30, 2019 compared to September 30, 2018, is substantially driven by the Company completing two private placements for gross proceeds of $9,160,000 as discussed in "Share Capital Information" below in conjunction with closing of the RTO.

During the nine months ended June 30, 2019, cash increased by approximately $2,719,000, which was driven by the excess of cash flow from financing activities over and above cash flows used in operating and investing activities, as described below:

- Cash used in operating activities was approximately $2,926,000;
- Cash used in investing activities of approximately $1,657,000 was driven by purchases of equipment and leasehold improvements, and additional advances made on the promissory note receivable, and primarily offset by cash acquired on reverse acquisition (RTO) and the refund of an equipment deposit; and

- Cash flows from financing activities of approximately $9,236,000 was driven by proceeds from the issuance of common shares net of share issue costs, and collections of subscriptions receivable.

SHARE CAPITAL INFORMATION

Authorized: Unlimited number of common shares with no par value.

Issued and Outstanding

As at the date of this MD&A, the total issued and outstanding share capital consists of 107,775,094 common shares (June 30, 2019 – 107,775,094) (September 30, 2018 – 33,378,944).

Transactions for the issue of share capital during the nine months ended June 30, 2019:

- In conjunction with the closing of the RTO, the Company completed a brokered private placement of 14,285,714 units at a price of $0.35 per unit for gross proceeds of $5,000,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.70 per share until March 14, 2021.

  In connection with the private placement and closing of the RTO, the Company issued 569,446 compensatory finders' warrants with a fair value of $105,300 and assumed 112,203 replacement finders' warrants with a fair value of $11,000, respectively.

  Additionally, the Company paid $342,348, in cash share issue costs in connection with completion of the private placement.

- The Company completed a private placement by issuing 10,400,000 units for gross proceeds of $4,160,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.70 per share until May 15, 2021.

  In connection with this private placement, the Company paid $120,450 in finders' fees and issued 298,625 finders' warrants with an aggregate fair value of $134,381. The finders' warrants are exercisable at $0.40 per share until May 15, 2021. The units are subject to a four month hold period which expires on September 14, 2019.

- The Company issued 43,808 common shares on the exercise of warrants for proceeds of $15,333.

- The Company issued 260,713 common shares on the exercise of stock options for proceeds of $91,250.

- The Company issued 444,444 common shares at a fair value of $0.45 per share, for an aggregate fair value of $200,000, for the acquisition of a patent (intangible asset).

Shareholder Rights Plan

On July 24, 2019, the Company adopted a shareholder rights plan whereby the Company issued one right (the "Right") for $nil consideration in respect of each outstanding common share of the Company to all holders of record on July 23, 2019. The term of the plan is for three years, subject to re-approval by the shareholders of the Company at the 2022 Annual Meeting.

The Rights 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 of Directors. Should such an acquisition occur of the Company's common shares, rights holders 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. 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.

Stock options

As at the date of this MD&A, the Company has 13,889,287 stock options outstanding (June 30, 2019 – 13,839,287) (September 30, 2018 – nil).

On July 8, 2019, 150,000 stock options were granted to a director of the Company. The stock options vest over one year, are exercisable at $0.50 each, and have a term of five years.

A summary of the status of the Company's stock options as at June 30, 2019 and changes during the period then ended is as follows:

	Nine months ended June 30, 2019	
	Options #	Weighted average exercise price $
Options outstanding, beginning of period/year	-	-
Granted - Performance stock options	7,500,000	0.35
Granted - Regular stock options	6,400,000	0.35
Assumed on RTO	200,000	0.35
Exercised	(260,713)	0.35
Options outstanding, end of period/year	**13,839,287**	**0.35**

Warrants

At the date of this MD&A, the Company had 25,622,177 warrants outstanding (June 30, 2019 – 25,622,177) (September 30, 2018 – 750,000).

A summary of the Company's common share purchase warrants as at June 30, 2019 and changes during the period then ended is as follows:

	Nine months ended June 30, 2019	
	Warrants #	Weighted average exercise price $
Warrants outstanding, beginning of period/year	750,000	0.25
Issued - attached to units	24,685,711	0.70
Issued - finders' warrants	868,071	0.37
Replacement finders' warrants assumed on RTO	112,203	0.35
Exercised	(43,808)	0.35
Expired	(750,000)	0.25
Warrants outstanding, end of period/year	**25,622,177**	**0.69**

OFF-BALANCE SHEET ARRANGEMENTS

Nextleaf does not utilize off-balance-sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transaction as of the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

The remuneration of key management and directors for the nine months ended June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019	June 30, 2018
	$	$
Consulting fees	674,124	87,700
Legal	-	24,585
Share-based payments	1,686,766	-
	2,360,890	112,285

Consulting fees and share-based payments comprise amounts paid/accrued to the officers and directors of the Company either directly, or to companies controlled by them for their services as executive officers and/or directors of the Company which includes the CEO, CFO, CTO and other directors. Legal fees comprises amounts paid to a former director until the date which the individual ceased to be a director.

Amounts payable to related parties

The following amounts are payable to related parties as at June 30, 2019 and September 30, 2018:

	June 30, 2019	September 30, 2018
	$	$
Officers/Directors - accounts payable and accrued liabilities	60,272	138,286
	60,272	138,286

(1) Amounts due to CEO, CFO, and CTO, relating to consulting fees presented above.

Amounts receivable from related parties

The following amounts are receivable from related parties as at June 30, 2019 and September 30, 2018:

		June 30, 2019	September 30, 2018
		$	$
(2)	Due from related parties	-	102,773
(3)	Prepaid expenses to related parties	-	50,477
		-	153,250

(2) Amounts due from a former director.
(3) Expense advances to CTO.

During the nine months ended June 30, 2019, the Company reached a tentative agreement with a former director in relation to an amount included within due from related parties. Accordingly, the Company reclassified $79,500 to deposits and wrote-off $5,770 of accrued interest receivable formerly included in due to related parties to administrative expenses.

NEW ACCOUNTING STANDARDS

New accounting policies

IFRS 9 – *Financial Instruments*

The Company has adopted new accounting standard IFRS 9 - Financial Instruments, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on the transition date of October 1, 2018.

The details of this new significant accounting policy and the nature and effect of the changes to the previous accounting policy is detailed in Note 2 of the financial statements for the nine months ended June 30, 2019.

IFRS 15 – *Revenues from contracts with customers*

The Company has adopted new accounting standard *IFRS 15 – Revenues from contracts with customers*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 15 did not result in any changes to the report amounts of revenues for the Company.

Refer to Note 2 to the financial statements for further details.

Accounting standards issued but not yet effective

IFRS 16 – *Leases*

A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model, effective for annual periods beginning on or after January 1, 2019.

The Company has not yet completing the scoping and review of its lease of its centralized processing facility. However, the Company initially anticipates the adoption of IFRS 16 to have a material impact on the statements of financial position primarily due to the capitalization and recognition and measurement of the right-of-use asset and lease liability associated with its centralized processing facility and initially intends to apply the transition to IFRS 16 under the modified retrospective approach. The impact on profit or loss will be a reduction of rent expense for the centralized processing facility, and instead will be replaced by an amortization of the right-of-use asset and interest (finance) costs on the lease liability. The lease contract is denominated in Canadian dollars, therefore there will be no volatility in foreign exchange amounts recognized in profit or loss.

IFRIC 23 - *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019.

The Company has initially anticipated that there will be no significant impact on adoption of the Interpretation.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RISKS AND UNCERTAINTIES

The Company operates in rapidly changing environment that involves risks and uncertainties and as a result management expectation may not be realized for a number of reasons. An investment in Nextleaf common shares is speculative and involves a high degree of risk and uncertainty. The current regulatory uncertainty poses additional risks and uncertainties which may materially affect management's expectations.

Regulatory Risks

The operations of the Company will be subject to various laws governing the production and distribution of cannabis oil, taxes, labour standards and occupational health, toxic substances, land use, water use, and other matters.

The *Cannabis Act* is a new regime and as such, revisions to the regime could be implemented which could have an impact on operations.

Furthermore, although the operations of each of Nextleaf are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the ability to produce cannabis oil and related products. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis oil or related products, or more stringent implementation thereof could have a substantial adverse impact.

Ongoing Need for Financing

As the Company is not presently generating revenues, its ability to continue operations will be largely reliant on its continued attractiveness to equity investors. The Company is expected to incur operating losses as it continues to expend funds to develop its business operations. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of Nextleaf following will require substantial additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the going out of business. The primary source of funding available to the Company will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

Requirement for Licenses

There is uncertainty around the Company securing the necessary Standard Processing License from Health Canada, and securing the necessary Authorization to Distribute License. Failure to secure such licenses could have a material adverse impact on the Company and its operations.

Competition

The marijuana production industry is competitive in all of its phases. The Company will face strong competition from other companies in connection with such matters. Many of these companies have greater financial resources, operational experience and technical capabilities than Nextleaf. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Because of early stage of the industry in which Nextleaf operates, the Company may face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations.

FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, subscriptions receivable, due from related parties, promissory note receivable, and accounts payable and accrued liabilities.

The Company's financial instruments with the exception of cash approximate their fair values. Cash, under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying levels and degrees of risk, including credit risk, liquidity risk, and market risk as detailed in Note 11 to the financial statements for the nine months ended June 30, 2019.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Nextleaf prepares its financial statements in conformity with IFRS which requires management to make judgments estimates and assumptions that affect the report amounts of assets, liabilities and contingent liabilities at each reporting date and the reporting amounts of income and expenses during each reporting period. Nextleaf details its significant areas of estimation uncertainty, and significant areas of judgment within its significant accounting policies in Note 3 to its annual audited financial statements for the year ended September 30, 2018.

There were no changes to the Company's significant accounting judgments, estimates and assumptions during the nine months ended June 30, 2019.

Effective October 1, 2018, the Company adopted IFRS 9 and IFRS 15 as noted above within "New Accounting Standards", the adoption of these standards did not result in any changes to the classification, measurement or carrying amounts of assets, liabilities, income and expenses.

The details of the Company's new accounting policy in connection with the adoption of IFRS 9, is disclosed in Note 2 to the financial statements for the nine months ended June 30, 2019.

APPROVAL

The Board of Directors of Nextleaf have approved the disclosures in this MD&A.