

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

October 11, 2019

3. News Release

The news release announcing the material change was disseminated on October 15, 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. ("Nextleaf" or the "Company") announced it entered into an agreement with its commercialization partner, Nextleaf Labs Ltd. ("Labs"), a Standard Processor licensed under the Cannabis Regulations. The 6,540 sq. ft. facility, located in the Greater Vancouver Area, was granted a Standard Processor licence on September 6, 2019. Under the share purchase agreement for the acquisition of Labs by Nextleaf, the Company will issue 1,000,000 common shares (the "Shares") at a deemed price of \$0.385 per Share for aggregate consideration of \$385,000. The Shares issued under the agreement will be subject to a pooling arrangement which restricts the ability of the holder to transfer or trade the Shares. The Shares will be released from the pooling arrangement over a period of 18 months, with 25% of the Shares released immediately upon completion of the acquisition and the balance released in three equal tranches every six months thereafter. The Company also announced it awarded key management of the Company 300,000 options, pursuant to the Company's Stock Option Plan, exercisable at a price of \$0.50 per common share, vesting in December 2020.

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

October 21, 2019



Nextleaf Solutions Enters into Agreement to Consolidate Nextleaf Labs

Nextleaf Labs is designed to process more than 270,000 kg of dried cannabis and hemp biomass per year using Nextleaf Solutions' patented intellectual property

VANCOUVER, BC – (CNW – October 15, 2019) - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (CSE: **OILS**) (OTCQB: **OILFF**) (FSE: **LOMA**) a Vancouver-based extraction technology company that owns a portfolio of eight (8) issued and over 35 pending patents pertaining to industrial-scale extraction, purification and formulation of cannabinoids, announced today that it has entered into an agreement with its commercialization partner, Nextleaf Labs Ltd. ("**Labs**"), a Standard Processor licensed under the Cannabis Regulations.

Through Nextleaf's existing intellectual property (IP) and infrastructure, OILS will be able to extract, refine, purify, and formulate cannabinoids such as THC and CBD, the precursor ingredients for a variety of infused cannabis products becoming legal in Canada later this week.

"With this consolidation, we will expand on our foundation from developing intellectual property, into the delivery of toll processing and white labeling services to leverage OILS' IP through Labs' Standard Processing Licence," said Paul Pedersen, co-founder and CEO of OILS.

The 6,540 sq. ft. facility, located in the Greater Vancouver Area, was granted a Standard Processor licence on September 6, 2019. The licensing process was led by Tom Ulanowski, President of Nextleaf Labs Ltd. "Nextleaf has developed efficient, scalable technology for the cannabis and hemp extraction industry, and has protected their IP in a number of jurisdictions where cannabis is - or will likely be - legal," said Mr. Ulanowski. "At this time, our focus is on commissioning the phase one custom extraction and purification system and finalizing commercial contracts, in time for the next wave of legal cannabis products."

In his previous role as Quality Assurance Person (QAP) and Qualified Person in Charge (QPIC) at British Columbia's first Licensed Producer, Mr. Ulanowski quality-assured hundreds of batches of cannabis, while helping to obtain multiple production and sales licences, win national industry awards, and increase output ten-fold via facility expansions, improvements to current practices, and the development of new processes and products. In 2018, Mr. Ulanowski led the effort to manufacture and bring to market the first legal concentrated cannabis product to be sold in Canada.

Mr. Ulanowski has also been integral in developing Kwantlen Polytechnic University's (KPU's) *Cannabis Professional Series* courses, and has taught hundreds of students around the world about cannabis production and the interpretation of national and international cannabis laws and regulations.

Under the share purchase agreement for the acquisition of Labs by Nextleaf, the Company will issue 1,000,000 common shares (the "**Shares**") to Mr. Ulanowski at a deemed price of \$0.385 per Share for aggregate consideration of \$385,000. The Shares issued under the agreement will be subject to a pooling arrangement which restricts the ability of the holder to transfer or trade the Shares. The Shares will be released from the pooling arrangement over a period of 18 months, with 25% of the Shares released immediately upon completion of the acquisition and the balance released in three equal tranches every six months thereafter.

Options Grant

The Company has awarded key management of the Company 300,000 options, pursuant to the Company's Stock Option Plan, exercisable at a price of \$0.50 per common share, vesting in December 2020.

About Nextleaf Solutions

Nextleaf Solutions Ltd. ("OILS") is developing disruptive intellectual property for industrial-scale extraction, purification and formulation of cannabinoids. OILS owns a portfolio of eight (8) issued and over 35 pending patents pertaining to the production of high-purity, cannabinoid rich distillate, the key ingredient used in the manufacturing of standardized THC and CBD infused products. Once cannabis concentrates and edibles become legal across Canada, OILS plans to commercialize its intellectual property portfolio through IP licensing, B2B processing services, and the supply of THC and CBD oils and concentrates to qualified Canadian and international partners.

Nextleaf Solutions trades as OILS on the Canadian Securities Exchange (CSE: **OILS**), OILFF on the OTCQB Market in the United States (OTCQB: **OILFF**) and LOMA on the Frankfurt Stock Exchange (FSE: **LOMA**).

Contact:

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For more information visit www.nextleafsolutions.com or follow OILS across social media platforms: [Twitter](#), [LinkedIn](#), [Facebook](#), [Instagram](#) and [YouTube](#).

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.