

Nextleaf Solutions Provides Business Update

VANCOUVER, Nov. 5, 2019 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: LOMA**), a cannabis extraction technology company that owns a portfolio of eight (8) issued patents pertaining to industrial-scale extraction and purification of cannabinoids, is pleased to provide the following corporate update.

In 2019, the Company has been focused on developing intellectual property and building licensed capacity for large-scale extraction and distillation of THC and CBD. Over the last 12 months the Company has achieved the following key milestones:

1. Advanced our intellectual property ("**IP**") stack, being granted eight (8) issued patents, with an additional 44 currently pending patents, pertaining to industrial-scale extraction, refinement and molecular distillation of cannabinoids. The Company believes it has developed defensible intellectual property around the most efficient methods for producing THC and CBD distillate at scale.
2. Completed the buildout and licensing of our Greater Vancouver processing facility, with Nextleaf Labs Ltd. ("**Nextleaf Labs**") being granted a Health Canada Standard Processor Licence on September 6, 2019. In October, we entered into an agreement to consolidate Nextleaf Labs into the Company.
3. Established an exclusive supply agreement and cannabis beverage partnership with BevCanna (CSE: BEV), a Company with capacity to bottle 72 million infused drinks per year. Nextleaf has granted exclusive license to BevCanna for the use of intellectual property related to water-soluble cannabinoids with rapid onset time for the manufacturing and sale of BevCanna products.
4. Listed the Company on the CSE, commencing trading under the ticker 'OILS' on March 21, 2019, followed by listing in the US on the OTCQB as 'OILFF' in July 2019.
5. Strengthened our governance with the addition of two new directors:
 - [Mr. Tim Gillis](#) most recently led STI Technologies Limited ("**STI**"), a leading healthcare technology company. As CEO, Mr. Gillis led STI through a period of hypergrowth, culminating in a sale to IQVIA (NYSE: IQV).
 - [Dr. Sherry Boodram](#), prior to co-founding CannDelta Inc., a leading regulatory and scientific cannabis consulting firm, Dr. Boodram was formerly a Senior Regulatory Compliance Officer with Health Canada's medical cannabis program.

As we move through the remainder of 2019 and into the beginning of 2020, Nextleaf remains focused on the following initiatives:

Processing and Manufacturing Facility

Components for Nextleaf's custom-built extraction, refinement, and distillation system arrived in August and September. The Company's industrial-scale system was purchased using the proceeds of its March 2019 financing. Installation and assembly of the Company's large molecular distillation plant is on pace for completion by the end of November. The Company has setup a vape oil cartridge manufacturing line, with capacity to fill 3,000 vape cartridges per hour. We have seen other Canadian extractors take upwards of 8 months from date of Health Canada licensing to first reported revenues. Based on the timing of milestones achieved to date and our current critical path, we expect Nextleaf to be in full production reporting revenue significantly quicker than 8 months from date of licensing.

Commercial Contracts and Revenue

With a clearer understanding of the timing around commissioning our extraction and distillation plant, we are pleased to advise that the Company is beginning to formalize agreements, including those for toll

processing as well as bulk cannabis concentrate supply agreements. The industry has seen a strong demand for extraction and distillation services due to the legalization of cannabis 2.0 derivative products along with an ample supply across the industry of lower-quality dried cannabis and hemp biomass that has a shorter shelf life than oils. Nextleaf is in discussion with licensed cultivators and distributors that utilize third-party extractors under non-exclusive arrangements. The cost per milligram of molecules such as THC and CBD, and speed of processing services, are the primary decision drivers when customers select a third-party extractor. We expect to announce additional commercial contracts through the end of the year to provide utilization for 2020, when we will be in position to give substantiated revenue guidance.

Intellectual Property Development

Over the past two years, Nextleaf's research and development team has focused on developing a proprietary system for industrial-scale extraction, refinement, and distillation of cannabinoids. Nextleaf has been granted 8 issued patents and 44 pending patents for what the Company believes to be the most efficient methods for producing THC and CBD distillate at scale within a highly-regulated environment. As legal cannabis becomes commoditized, efficiency and price matter. The Company believes its patented solution is differentiated and will position Nextleaf as a low-cost supplier of high purity, standardized THC and CBD molecules.

The second chapter of Nextleaf's R&D roadmap is focused on leveraging innovative technology to power production of cannabis 2.0 formulated products at scale. In June, the Company acquired a [patent pending formulation for cannabis concentrate "shatter"](#), and in September acquired [nanotechnology to make cannabinoids water soluble with rapid onset in beverage and edible form](#). Nextleaf believes formulation of fast-acting THC and CBD in cannabis beverage and edible format will prove disruptive to the alcohol and beverage industry. The company plans to continue protecting intellectual property around its innovative technology. To date, Nextleaf has been issued patents in the United States, Canada, and Australia. The Company believes it will be in position to recognize significant revenue by licensing its intellectual property to companies operating legally within Canada and other countries where cannabis is legal.

Capital Markets and Cash Flow

Capital markets for cannabis companies have been challenging in the last 12 months. The [New Cannabis Ventures Canadian Cannabis LP Index](#) (the "**Index**") hit its trailing 12 month high on March 21, 2019 of 1,127 - the same day Nextleaf Solutions commenced trading. Since then, the Index hit a 12 month low on October 11, 2019 of 500.60. Currently, OILS hovers around its go-public price of \$0.35. Nextleaf has no immediate plans to raise additional capital as cash reserves will fund the Company well into 2020. When the time and valuation are right, new capital into the company will be used for biomass acquisition, expansion of their processing capacity, and additions to manufacturing capabilities.

2020 and Beyond

Going into 2020 and beyond, Nextleaf is focused on the following aspects of business:

1. ***Driving operational growth.*** With focus on reaching full utilization of phase one of the Company's extraction and distillation plant in 2020.
2. ***Scaling capacity of patented refinement and distillation system.*** OILS believes this will give the company significant efficiency and pricing autonomy over competitors, and provide a competitive advantage as the market normalizes and pricing likely declines over the next 24 months.
3. ***Developing new technology, improving upon existing IP, and opportunistically assessing externally developed technologies.*** Innovation is not a static finish line; rather, it is a constant state of evolution and woven into the company's culture. Nextleaf will continue to innovate and improve existing IP and develop new IP to help provide ever more efficient services and value to clients.

4. ***Becoming a turnkey extraction and manufacturing partner to clients, from biomass to finished consumer packaged product.*** In addition to vape cartridge filling, OILS plans to expand its manufacturing capabilities for white-label production of infused product.
5. ***Expanding geographic reach.*** The Company continues to opportunistically explore facilities both in central and eastern Canada to expand their ability to service clients; particularly with a broader range of manufactured products, as the cannabis infused consumer packaged goods market becomes more diverse over next 24 months.

Closing from CEO

"Nextleaf Solutions has led the industry on turning intellectual property into issued patents for industrial-scale extraction and purification of cannabinoids. Over the past year, OILS has hit its milestones for intellectual property development and Health Canada licensing of its facility. I am very confident that through our experienced leadership team, our strong industry relationships, our highly efficient extraction and distillation technology, and with enough capital to fund well into 2020, Nextleaf is well positioned to build a profitable cannabis processing operation" stated Nextleaf co-founder and CEO, Paul Pedersen "We're a company that prides itself on operational execution, remaining focused, and taking a long term approach to decision making with the goal of creating significant and lasting shareholder value. On behalf of the entire Nextleaf team, I sincerely thank you - our shareholders - for your continued support, interest, and enthusiasm in our company."

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 40 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. OILS commercializes its intellectual property portfolio through IP licensing, B2B processing services, and supplying THC and CBD oils to qualified Canadian and international partners through Nextleaf Labs Ltd., a Health Canada licensed Standard Processor.

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**).


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