

**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**  
December 25, 2019
- 3. News Release**  
The news release announcing the material change was disseminated on December 30, 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 the Canadian Intellectual Property Office has granted the Company a patent for its proprietary filtration stack used in the post-extraction processing of THC and CBD oils.
- 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**  
January 7, 2020



# Nextleaf Ends 2019 With Eleventh Granted Patent

**The Company closes out a successful year with stacked IP portfolio, completion of extraction plant, and commencement of revenue.**

VANCOUVER, December 30, 2019 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: L0MA**) announced today the Canadian Intellectual Property Office has granted the Company a patent for its proprietary filtration stack used in the post-extraction processing of THC and CBD oils. Nextleaf has been issued a total of 11 patents by four international patent offices in the key markets of Canada, the United States of America, Australia, and Colombia.

"Given the abundant supply of lower-grade dried cannabis, we believe processors that establish a competitive advantage by utilizing superior technology to transform otherwise unsellable biomass into high-purity THC and CBD oils at a lower cost than competitors, will generate better margins and build a sustainable long term business," said Paul Pedersen, CEO of Nextleaf Solutions. "As we close out 2019, I'm extremely proud of our R&D team for obtaining its 11<sup>th</sup> patent, protecting what we believe to be the most efficient methods for producing distilled THC and CBD oil at scale within a regulated environment," continued Pedersen.

## **2019 Milestones and 2020 Outlook**

While Canada became the first developed country to federally legalize cannabis and cannabis-infused products, Nextleaf became the first public company granted multiple patents for industrial-scale extraction and purification of cannabinoids. Other key milestones in 2019, include:

### Completion of Custom Extraction Plant

In December, the Company received its high-capacity, proprietary extraction plant, the final component of the Company's patented end-to-end processing system. The phase 1 plant, operating within the Nextleaf Labs Ltd. licensed production facility, can process the same amount of cannabis biomass into a refined oil as eight large supercritical CO<sub>2</sub> extractors. With the recent legalization of cannabis 2.0 products combined with a supply glut of nearly 400 tonnes of cannabis biomass, there has been strong demand for efficient, high-throughput extraction and refinement processing. Cost per milligram of THC and CBD, as well as fulfillment time, are the primary decision drivers when licensed companies decide to outsource their extraction.

In November, Nextleaf completed commissioning of its automated vape cart filling line that has capacity to fill 3,000 vape cartridges per hour. The Company believes its patented large-scale extraction and refinement plant will position Nextleaf as a low-cost supplier of THC and CBD distillate. The Company expects to announce revenue from toll processing and the supply of bulk concentrates in the first calendar quarter of 2020.

### Water-Soluble Technology for Cannabis Beverages

In September, Nextleaf acquired intellectual property pertaining to water-soluble cannabinoid formulations. Based around a nano and micro emulsification process, the technology utilizes food grade emulsifiers already approved by Health Canada to create water-soluble cannabinoids that are shelf stable and deliver fast onset time. Nextleaf believes fast-acting THC and CBD emulsification technology in cannabis beverages will prove disruptive to the beverage alcohol industry. The Company expects to monetize this technology in 2020.

### Acquiring and Licensing Intellectual Property

In June, Nextleaf acquired a U.S. patent pending hydrocarbon extraction process and award-winning formulation for THC concentrate, commonly known as "shatter". The unique patent pending butane hash oil ("**BHO**") extraction process and formulation produces a broad spectrum concentrate with a rich terpene

## About Nextleaf Solutions

Nextleaf Solutions Ltd. ("**OILS**") is developing disruptive intellectual property for industrial-scale extraction, and purification of cannabinoids. OILS owns a portfolio of 11 issued patents pertaining to the production of high-purity, cannabinoid-rich distillate, the key ingredient used in the manufacturing of standardized THC and CBD based products. OILS commercializes its IP portfolio through IP licensing and supplying THC and CBD oils through Nextleaf Labs Ltd., a Health Canada licensed Standard Processor.

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

Follow OILS across social media platforms: [Twitter](#), [LinkedIn](#), [Facebook](#), and [Instagram](#).  
[www.nextleafsolutions.com](http://www.nextleafsolutions.com)

For further information, please contact:  
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*On behalf of the Board of Directors of the Company,*  
Paul Pedersen, CEO

## CAUTIONARY STATEMENT

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's ability to capitalize on its IP portfolio, expectations regarding lower concentrate costs resulting from utilization of the Company's technology, changes in the global market for cannabinoid-based products, the potential for shareholder value creation through the formalization and protection of IP, expected IP licensing revenues, levels of purity resulting from the Company's patented technology, and the Company's strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's MD&A for the most recent fiscal period. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law. The CSE has not reviewed, approved or disapproved the contents of this press release.

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<sup>i</sup> This estimate is based on management's current views, strategies, expectations, assumptions and forecasts, and has been calculated using accounting policies that are generally consistent with the Company's current accounting policies. The estimate is derived from the expected gross revenues from IP licensing globally and assumes the commercialization of various aspects of Nextleaf IP portfolio and the achievement of projected product sales forecasts. This estimate is considered a financial outlook under applicable securities laws. The estimate and any other financial outlooks or future-oriented financial information included herein has been approved by management of the Company as of the date hereof. Such financial outlooks or future-oriented financial information are provided for the purposes of presenting information about management's current expectations and goals relating to the future business of OILS. Readers are cautioned that actual results may vary materially as a result of a number of risks, uncertainties, and other factors, many of which are beyond the Company's control. See "Cautionary Statement".