

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**  
January 10, 2020 and January 16, 2020
- 3. News Release**  
The news release announcing the material change was disseminated on January 23, 2020, 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 that Health Canada granted Nextleaf Labs Ltd. ("Nextleaf Labs") a Research Licence under the Cannabis Act. Under the Research Licence, Nextleaf Labs is permitted to conduct R&D on analytical investigations of cannabis and its derivatives, the extraction, refinement, and purification of compounds from cannabis and hemp, and formulation of infused cannabis products. Research Licence holders may also conduct human administration trials for sensory evaluation. The Research Licence was granted January 10, 2020. The Company also announced that it has been issued a standard patent by IP Australia – the Australian Government agency that administers intellectual property ("IP") rights – for its filtration cell used in the post-extraction processing of cannabinoids from cannabis and hemp. The patent was issued January 16, 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**  
January 30, 2020

# Nextleaf Labs Granted Health Canada Cannabis Research Licence

VANCOUVER, Jan. 23, 2020 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf Solutions**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: LOMA**) announced today that Health Canada has granted Nextleaf Labs Ltd. ("**Nextleaf Labs**") a Research Licence under the Cannabis Act.

The newly-granted licence allows Nextleaf Labs to conduct a number of research and development ("R&D") activities, including stability trials on the Company's nanoemulsified water soluble THC and CBD formulations. "With a sub 10 minute onset time and no hangover symptoms, we are excited to continue to validate our intellectual property by scaling our cannabis-infused beverage technology from laboratory to commercial scale," said Paul Pedersen, CEO of Nextleaf Solutions.

The Research Licence is the second Health Canada licence granted to Nextleaf Labs, following a Standard Processing Licence, granted in September 2019. Under the Research Licence, Nextleaf Labs is permitted to conduct R&D on analytical investigations of cannabis and its derivatives, the extraction, refinement, and purification of compounds from cannabis and hemp, and formulation of infused cannabis products. Research Licence holders may also conduct human administration trials for sensory evaluation.

Nextleaf Labs licenses Nextleaf Solutions' intellectual property and infrastructure pursuant to a licensing agreement. Nextleaf Solutions announced on October 15, 2019 it was consolidating Nextleaf Labs.

## Nextleaf Solutions Issued its 12<sup>th</sup> Patent for Cannabinoid Extraction

Further, the Company is pleased to announce that it has been issued a standard patent by IP Australia – the Australian Government agency that administers intellectual property ("IP") rights – for its filtration cell used in the post-extraction processing of cannabinoids from cannabis and hemp.

The patent extends the Company's existing intellectual property portfolio, to cover its proprietary filtration cell that allows for the removal of undesirable compounds from crude cannabis oil extracts in less time, achieving more efficient throughput rates, and a highly desirable, impurity-free, refined concentrate.

"One of the biggest issues with infused products relates to taste. With crude extracts and less refined oils, the consumer experience is affected by inferior taste and smell due to the presence of fats, and waxes," said Paul Pedersen, CEO of Nextleaf Solutions. "We are able to solve those issues at scale with our chilled ethanol extraction and distillation processes, which is protected by 12 issued patents. We expect to double our patent portfolio in 2020, and continue to secure intellectual property around the extraction, distillation and formulation of cannabinoids."

## About Nextleaf Solutions

OILS is developing disruptive intellectual property for industrial-scale extraction, and purification of cannabinoids. The Company owns a portfolio of 12 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. Nextleaf Solutions commercializes its intellectual property portfolio through IP licensing, and supplying THC and CBD oils through Nextleaf Labs, a Health Canada licenced 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:  
604-283-2301 (ext. 201)  
[investors@nextleafsolutions.com](mailto:investors@nextleafsolutions.com)

*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 and enter into agreements with third parties, expected market growth, 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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