

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**  
February 25, 2020
- 3. News Release**  
The news release announcing the material change was disseminated on February 27, 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 the United States Patent and Trademark Office granted the Issuer a patent for the acetylation of cannabinoids. More specifically, the patent describes a process for acetylating delta 9-tetrahydrocannabinol (“THC”), and subsequent refinement into THC-O-Acetate using salting-out assisted liquid-liquid extraction and distillation techniques. Nextleaf’s patented process produces THC-O-Acetate, a cannabinoid-derived metabolic prodrug with potentially very unique medicinal benefits associated with efficient and targeted drug delivery.
- 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**  
March 3, 2020

# Nextleaf Solutions Prepares for Potential Pharmaceutical Participation with Prodrug Patent

*The Company's latest U.S. patent is for the Acetylation of Cannabinoids, protecting the production of a cannabinoid-derived prodrug with unique medicinal properties and potential applications in the pharmaceutical industry.*

VANCOUVER, Feb. 27, 2020 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: LOMA**), Canada's most innovative cannabis extractor, announced today that the United States Patent and Trademark Office has granted the Company a patent for the acetylation of cannabinoids. More specifically, the patent describes a process for acetylating delta 9-tetrahydrocannabinol ("THC"), and subsequent refinement into THC-O-Acetate using salting-out assisted liquid-liquid extraction and distillation techniques.

"Nextleaf's patented process produces THC-O-Acetate, a cannabinoid-derived metabolic prodrug with potentially very unique medicinal benefits associated with efficient and targeted drug delivery. Anecdotal accounts have reported gradual onset, longer lasting benefits, and altered psychological effects when compared to THC" states Ryan Ko, Chief Technology Officer.

Prodrugs utilize various physical and chemical modifications to improve features of active drugs. Maintaining the integrity of the molecule and its ability to deliver drugs to precisely targeted areas in the body may significantly reduce consumption quantities for desired effects as well as reduce unintended side effects.

"With this new U.S. patent, we are able to efficiently modify and potentially improve upon the medicinal properties of a natural product that has been in use for thousands of years," states Paul Pedersen, CEO, "As large pharmaceutical companies look to enter this space we believe such IP protected processes and resulting products will draw a lot of attention."

The Company expects opportunities to commercialize this patent through IP licensing to pharmaceutical companies, or producing IP protected cannabinoid products where legal jurisdictions allow. OILS commenced revenue in December 2019 from royalties earned on its patent portfolio.

## About Nextleaf Solutions

OILS is Canada's most innovative cannabis extractor, developing technology for extracting and distilling THC and CBD oils. Nextleaf owns a portfolio of 14 issued patents and over 60 pending patents for to the extraction, purification, and formulation of cannabinoids. The Company's industrial-scale extraction and purification plant in Coquitlam, B.C. has a design capacity to process 600 kg per day of dried cannabis biomass into refined oils. Nextleaf Solutions commercializes its patent portfolio through IP licensing, and supplying THC and CBD oils through Nextleaf Labs, 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](#). <http://www.nextleafsolutions.com/>

For further information, please contact:

604-283-2301 (ext. 201)

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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 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.