

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**
May 1, 2020
- 3. News Release**
The news release announcing the material change was disseminated on May 4, 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 it was issued patents in Germany, France, and the United Kingdom pertaining to the Company's proprietary technology for post-extraction processing of cannabinoids. These patents extend the Company's existing patent portfolio to include methodologies relating to the removal of fats and waxes from crude cannabis oil extracts in far less time, achieving more efficient throughput rates, and refined distillate. Unrefined botanical extracts contain chlorophyll, fats, and other impurities that result in undesirable flavours and aromas when consumed. Nextleaf can apply this advantage to a variety of primary extraction methods, such as supercritical CO₂ or ethanol.
- 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**
May 8, 2020

Nextleaf Solutions Granted German Patent for CBD Oil Extraction

VANCOUVER, May 4, 2020 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**), Canada's most innovative cannabis extractor, announced today that it has been issued patents in Germany, France, and the United Kingdom pertaining to the Company's proprietary technology for post-extraction processing of cannabinoids.

Nextleaf's unique method of extracting and separating cannabinoids and terpenes makes it possible to purify and concentrate the desired compounds, which can be used for the manufacturing of a diverse array of products standardized for dose.

These patents extend the Company's existing patent portfolio to include methodologies relating to the removal of fats and waxes from crude cannabis oil extracts in far less time, achieving more efficient throughput rates, and refined distillate. Unrefined botanical extracts contain chlorophyll, fats, and other impurities that result in undesirable flavours and aromas when consumed. Nextleaf can apply this advantage to a variety of primary extraction methods, such as supercritical CO₂ or ethanol.

Over the past year, the Company has advanced its intellectual property ("**IP**") stack, being granted 24 issued patents, with over 60 additional pending patents, pertaining to the extraction, purification, and formulation of cannabinoids. The Company believes it has developed defensible intellectual property around the most efficient methods for producing distilled THC and CBD oils at scale within a regulated environment.

"Nextleaf's team of chemists and engineers have done a great job translating innovation into one of the largest stacks of IP for the industrial-scale extraction and distillation of CBD and THC," stated Taran Grey, IP Director of the Company. "It is an exciting time with commercial oil production commencing at Nextleaf Labs".

With the commercial launch of the Company's industrial-scale extraction plant, and up to 25 metric tons of cannabis biomass under contract through Nextleaf Labs, the Company expects to rapidly scale its business through the remainder of 2020.

The Company believes securing patent protection in Europe, specifically Germany and the U.K., is key to its long-term intellectual property and commercial strategy. Germany exported the highest dollar value of pharmaceuticals of any country in 2019, and had more sales of medical cannabis than all of the other European countries combined, representing one of the most important cannabis markets outside North America. Prohibition Partners projects the legal cannabinoid market in the U.K., which legalized medical cannabis in 2018, to reach US\$3 billion in 2024.

The German, France, and U.K. patents mirror a patent previously granted by the United States Patent and Trademark Office in 2019. The Company initially files its patents in the United States to create a priority date and allow for future filings in other selected jurisdictions. Following the issuance of its patent in the United States, Nextleaf filed for patent protection in jurisdictions that the Company believes will be commercially valuable over the next 20 years.

About Nextleaf®

OILS is Canada's most innovative cannabis extractor, developing technology for extracting and distilling THC and CBD oils. Nextleaf's industrial-scale extraction plant in Greater Vancouver, BC has a design capacity to process 600 kg per day of dried cannabis biomass into refined oils. The Company owns a portfolio of over 20 issued patents and 60 pending patents for the extraction, purification, and formulation of cannabinoids. 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](#).
www.nextleafsolutions.com

For further information, please contact:
604-283-2301 (ext. 219)
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 expected revenues resulting from the Agreement over the term, the Company's ability to capitalize on its IP portfolio and create a competitive barrier, the efficiency and scalability of the Company's technology and operations, expectations regarding lower concentrate costs and higher margins resulting from utilization of the Company's technology, expectations regarding the Company's ability to enter into further extraction agreements, 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.