

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**
June 1, 2020
- 3. News Release**
The news release announcing the material change was disseminated on June 1, 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 it has been issued more patents in North America, Asia, and Europe. These additional patents were awarded in jurisdictions including, but not limited to: the United States; Spain; Portugal; Poland; Malta; Ireland; Denmark; and, Cambodia. These latest issued patents pertain to the Company’s unique method of extracting and separating cannabinoids and terpenes.

The Company also announced that it has issued 88,701 shares at a price of \$0.315 per share under its Employee Equity Participation Plan implemented on April 1st in response to the COVID-19 pandemic to align the efforts and compensation of non-executive employees with the Company’s long-term business strategy.
- 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**
June 1, 2020

Nextleaf Solutions Receives Patents for Cannabis Oil Extraction in North America, Europe, and Asia

VANCOUVER, June 1, 2020 /CNW/ - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**), Canada's most innovative cannabis extractor, announced today that it has been issued more patents in North America, Asia, and Europe. These additional patents were awarded in jurisdictions including, but not limited to: the United States; Spain; Portugal; Poland; Malta; Ireland; Denmark; and, Cambodia. These latest issued patents pertain to the Company's unique method of extracting and separating cannabinoids and terpenes.

These patents extend the Company's existing patent portfolio to protect methodologies relating to the removal of fats and waxes during the extraction and purification process, achieving more efficient throughput rates and a higher quality distillate. Less refined cannabis extracts contain chlorophyll, fats, and other impurities that result in undesirable flavours and aromas.

With the latest patent issuances, OILS has advanced its intellectual property ("**IP**") stack to over 35 issued patents, and 65 pending patents, for the industrial-scale extraction, and distillation of cannabinoids. With a 100% pending application to issued patent success rate, the Company has developed defensible IP around the most efficient methods for producing distilled THC and CBD at scale within a regulated environment.

OILS considers European IP protection to be particularly important due to the increasing demand for medical cannabis and CBD products in these rapidly legalizing markets. Prohibition Partners projects the legal European cannabinoid market will be worth more than US\$39 billion by 2024, compared to US\$37 billion for the more mature North American market by the same time.

The Company's patent portfolio includes protection around the methodologies and technology necessary to efficiently process dried cannabis and hemp biomass into high-purity THC and CBD oils that are used in the manufacturing of cannabinoid formulations and products.

"We expect these patents will have a major impact on the production and sale of standardized cannabinoid-based products in Europe over the twenty year life of the patents," said Paul Pedersen, CEO. "These are jurisdictions that collectively manufacture and export over 70% of all drugs and medicines consumed globally, making European IP protection very important to our long-term global strategy", continued Pedersen.

Employee Equity Participation Plan

The Company announced today that it has issued shares under its Employee Equity Participation Plan (the "**Plan**") implemented on April 1st in response to the COVID-19 pandemic to align the efforts and compensation of non-executive employees with the Company's long-term business strategy.

The Plan is fully voluntary and permits non-executive employees to receive common shares in the capital of the Company in lieu of a portion of an employee's cash compensation. The Plan allows the Company to reduce the cash component of employee compensation and further align incentives across the team.

Under the Plan for the month of May, Nextleaf has issued an aggregate of 88,701 common shares at a price of \$0.315 per share.

Timing of Q2 2020 Financial Results

Due to logistical issues and delays caused by the COVID-19 virus, the Company is relying on the exemption provided in BC Instrument 51-517 *Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the Period from June 2 to August 31, 2020* (and similar exemptions provided by other Canadian securities regulators) (the "**BC Instrument**") to postpone the filing of the following continuous disclosure documents (collectively, the "**Documents**"):

- the Company's interim financial statements for the three and six month periods ended March 31, 2020 and related certifications; and
- the Company's management discussion and analysis for the three and six month periods ended March 31, 2020.

The BC Instrument provides the Company with an additional 45 days from the deadline otherwise applicable under British Columbia securities laws to make the filing. Until the Company has filed the Documents, members of the Company's management and other insiders are subject to a trading blackout reflecting the principles contained in section 9 of National Policy 11-207 *Failure to File Cease Trade Orders and Revocations in Multiple Jurisdictions* such that they are in a blackout period until the end of the second trading day after the Documents have been disclosed by way of a news release.

At this time, the Company expects to file the Documents by July 16, 2020. There have been no material business developments since the filing of the Company's audited annual financial statements and associated management's discussion and analysis for the three months ended December 31, 2019 that have not been otherwise disclosed by the Company by way of news release.

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 Metro Vancouver has a design capacity to process 600 kg per day of dried cannabis biomass into distilled oils. The Company owns a portfolio of over 35 issued patents and 65 pending patents for the extraction and distillation 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

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 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, 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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<http://www.prnewswire.com/news-releases/nextleaf-solutions-receives-patents-for-cannabis-oil-extraction-in-north-america-europe-and-asia-301068340.html>

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