

Nextleaf Solutions Provides Corporate Update

Vancouver, British Columbia--(Newsfile Corp. - August 20, 2020) - Nextleaf Solutions Ltd. (CSE: OILS) (OTCQB: OILFF) ("Nextleaf", "OILS", or the "Company"), Canada's most innovative cannabis extractor, is pleased to provide the following update:

Operations Update

Nextleaf is pleased with its operational progress as the oil refinery system has thus far performed consistently with the commissioning and scale up plan. To date, nearly 2 tonnes of biomass have been processed in the commissioning phase. Optimization has been consistent with planned timing. The current realized per shift capacity of turning cannabis biomass into refined oils is approximately 200kg. The Company's Metro Vancouver extraction plant is well on its way to meet its design capacity. Given the current stage of optimization, Nextleaf is confident that by adding additional shifts it can process approximately 600kg per day.

"While scale is important as our industry grows domestically and internationally, much more important is the efficiency and margins that are derived from that scale, system and IP. We are quite pleased with the economics we're seeing from our commission and optimization phase. We believe we are well positioned to be a focused, economical B2B supplier of bulk cannabinoids - now and in the future," stated Charles Ackerman, Chief Financial Officer at Nextleaf.

Launch of Commercial Partners Program

The Company recently launched the OILS Commercial Partners Program as a focused solution for Canadian cannabis farmers requiring economical extraction and distillation services. Health Canada reported over 620 tonnes of unpackaged dried cannabis in inventories across the country as of April 30, 2020. With the largest cannabis harvest in history expected this fall, Nextleaf has designed this accretive program to make it easier for cultivators to monetize a greater percentage of their harvest. Under the program, licensed cultivators supply cannabis biomass to Nextleaf for processing into refined and distilled THC and CBD oils. Nextleaf will monetize the bulk oils through downstream manufacturing partners as well as supply the broader wholesale market. Proceeds of the program will be shared between Nextleaf and the cultivator.

Agreements with Wholesale Marketplace

With strategic geographical planning, Nextleaf has entered into three Cannabis Brokerage Agreements (the "**Agreement**") covering the country from coast to coast. This tactical approach helps ensure broad national coverage beyond Nextleaf's existing commercial clients.

"With the cannabis industry moving away from the vertical integration model and to a more focused and naturally delineated supply chain, we believe the wholesale B2B marketplace plays an important role. This is an efficient way for Nextleaf to wholesale cannabis oils to companies licensed to manufacture cannabis 2.0 products and create new potential partner relationships," stated Charles Ackerman, Chief Financial Officer at Nextleaf.

Patent Issued in South Africa

The Company has been granted a patent in South Africa pertaining to OILS industrial-scale process of extraction, refinement, and distillation of cannabinoids. South Africa has an established and well-regarded pharmaceutical industry and the government will decide on the legalization of cannabis next month. This patent perpetuates the precedent set by the United States Patent and Trademark Office validating Nextleaf's industrial-scale extraction and post-extraction processing technology.

The Company's patented technology allows for dried cannabis and hemp biomass to be efficiently

processed at scale into a high-purity THC and CBD distilled oil. Management believes that as cannabis continues to commoditize, proprietary technology, which allows companies to establish a low-cost competitive advantage, will become a focal point of differentiation and a key driver of long-term value.

As the global cannabis market continues to scale, Nextleaf's internationally validated patent portfolio will create opportunities over the 20-year life of its patents. The Company will pursue international growth through alternatives based on the most accretive and resource efficient methods: intellectual property licensing, joint ventures, or proprietary cannabis oil refineries.

Corporate Outlook and Further Updates

With the optimization of Nextleaf's refinery largely complete, the facility is fully commercialized and focused on fulfilling existing orders as well as finalizing larger opportunities enabled by its economies of scale - with the sole objective of obtaining profitability for ongoing operations of the Company's oil refinery.

With Nextleaf's fiscal year end on September 30, 2020, the Company will provide a robust corporate update and further operational progress towards the end of that month. The company will continue to provide guidance on its ongoing IP, commercial, and corporate milestones.

About Nextleaf®

OILS is Canada's most innovative cannabis extractor, developing technology for extracting and distilling cannabinoids. OILS provides extraction services and wholesale of THC and CBD oils through its wholly owned subsidiary Nextleaf Labs Ltd., a Health Canada licensed standard processor. Nextleaf's proprietary closed-loop extraction plant in Metro Vancouver has a design capacity to process 600 kg per day of dried cannabis biomass into distilled oils. OILS is the first public company to be issued U.S. patents for industrial-scale extraction and distillation of cannabinoids. The Company owns a portfolio of over 40 issued patents and 60 pending patents for the extraction, purification, and formulation of cannabinoids.

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.

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On behalf of the Board of Directors of OILS,

Paul Pedersen, CEO

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