

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 12, 2021

3. News Release

The news release announcing the material change was disseminated on January 13, 2021, through Newsfile. The news release was also filed with the British Columbia, Alberta and Ontario Securities Commissions on SEDAR.

4. Summary of Material Change

Nextleaf Labs Ltd., the wholly-owned subsidiary of Nextleaf Solutions Ltd. (“Nextleaf” or the “Company”), received an amendment to its existing Cannabis Research Licence from Health Canada to conduct controlled human administration trials for sensory evaluation of cannabis at its processing facility in Metro Vancouver.

5.1 Full Description of Material Change

Nextleaf Labs Ltd. (“Nextleaf Labs”), the wholly-owned subsidiary of Nextleaf Solutions Ltd. (“Nextleaf” or the “Company”), received an amendment to its existing Cannabis Research Licence from Health Canada to conduct controlled human administration trials for sensory evaluation of cannabis at its processing facility in Metro Vancouver.

This licence permits Nextleaf Labs to conduct R&D involving the administration of cannabis to human subjects for the assessment of taste, sight, or smell, subject to conditions laid out by Health Canada.

The Company plans to use this licence to conduct controlled human trials for the sensory evaluation of Rapid Emulsion Technology by OILS™, the company’s proprietary water-soluble emulsion technology for cannabis infused products. The licence allows the Company to conduct focus-group studies to provide its commercial partners with data based on consumer feedback around taste and overall user experience.

Under the research licence, Nextleaf Labs can begin comprehensively testing cannabis vape oils for key fluid parameters such as viscosity, and how various oil formulations interact with different vape hardware to determine the best fit for each partners’ formulations. The Company expects to drastically shorten design cycles and accelerate product development by validating new technologies and formulations more efficiently.

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

Charles Ackerman, CFO
902.222.6507

9. Date of Report

January 13, 2021