

*This prospectus supplement (the “**Prospectus Supplement**”), together with the short form base shelf prospectus dated November 23, 2021 (the “**Base Shelf Prospectus**”) to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the Base Shelf Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws and may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act) or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act (“**U.S. Persons**”)) except in accordance with the Agency Agreement (as defined herein) and pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. Persons. See “Plan of Distribution.”*

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Nextleaf Solutions Ltd. at #304 – 68 Water Street, Vancouver, British Columbia, V6B 1A4, telephone (604) 283-2301, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED NOVEMBER 23, 2021)**

New Issue

December 15, 2021



NEXTLEAF SOLUTIONS LTD.

Up to \$3,000,000

Up to 15,000,000 Units

This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution of up to 15,000,000 units (“**Units**”) of Nextleaf Solutions Ltd. (the “**Company**” or “**Nextleaf**”) at a price of \$0.20 per Unit (the “**Offering Price**”) for gross proceeds of up to \$3,000,000 (the “**Offering**”). Each Unit shall be comprised of one common share in the capital of the Company (each, a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant shall be exercisable to acquire one Common Share (each, a “**Warrant Share**”) at an exercise price of \$0.275 per Common Share (the “**Warrant Exercise Price**”) for a period of 24 months from the first Closing Date (as defined herein) of the Offering (the “**Warrant Expiry Date**”).

The Units will be sold pursuant to an agency agreement dated December 15, 2021 (the “**Agency Agreement**”) between the Company and Research Capital Corporation (“**Research Capital**” or the “**Agent**”), as lead agent and sole bookrunner. The Offering Price was determined by arm’s length negotiation between the Company and the Agent with reference to the prevailing market price of the Common Shares. See “Plan of Distribution”.

Price: \$0.20 per Unit

	Price to the Public	Agent's Fee ⁽¹⁾⁽⁴⁾	Net Proceeds to the Company ⁽¹⁾⁽²⁾⁽⁴⁾
Per Unit	\$0.20	\$0.016 or \$0.004 ⁽¹⁾	\$0.184 or \$0.196 ⁽¹⁾
Total ⁽³⁾	\$3,000,000	\$276,000 ⁽⁴⁾	\$2,760,000 ⁽⁴⁾

Notes:

- (1) The Company has agreed to pay the Agent a cash commission equal to 8.0% of the total gross proceeds of the Offering (including any proceeds from the exercise of the Over-Allotment Option (as defined herein)) (the “**Agent’s Fee**”), provided that the Agent’s Fee will be reduced to 2.0% of the total gross proceeds of sales of Units to persons identified by the Company to the Agent pursuant to a president’s list of up to a maximum of \$1,500,000 (the “**President’s List**”). The Company has also agreed to issue to the Agent such number of non-transferable broker warrants (the “**Broker Warrants**”) equal to 8.0% of the total number of Units sold under the Offering (including any additional Units sold upon exercise of the Over-Allotment Option), provided that the number of Broker Warrants shall be reduced to 2.0% of the total number of Units sold under the Offering to purchasers on the President’s List. Each Broker Warrant will entitle the holder thereof to acquire one Unit (each, a “**Broker Unit**”) at an exercise price equal to the Offering Price at any time prior to 5:00 p.m. (Toronto time) on the Warrant Expiry Date. Each Broker Unit shall be comprised of one Common Share (each, a “**Broker Unit Share**”) and one Warrant (each, a “**Broker Unit Warrant**”). Each Broker Unit Warrant shall entitle the holder thereof to acquire one Common Share (each, a “**Broker Unit Warrant Share**”) at an exercise price equal to the Warrant Exercise Price at any time prior to the Warrant Expiry Date. In addition, the Company has agreed to pay the Agent a corporate finance fee equal to \$100,000 (the “**Corporate Finance Fee**”), plus applicable harmonized sales tax. The Corporate Finance Fee shall be payable on the first Closing Date through the issuance to the Agent of such number of Common Shares (the “**Corporate Finance Fee Shares**”) as is equal to the amount of the Corporate Finance Fee divided by the Offering Price, plus applicable harmonized sales tax to be paid in cash. The Agent will be reimbursed for its expenses and legal fees incurred pursuant to the Offering, plus disbursements and taxes. This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution of the Corporate Finance Fee Shares, the Broker Warrants, the Broker Units issuable upon exercise thereof, the Broker Unit Shares, the Broker Unit Warrants and the Broker Unit Warrant Shares issuable upon exercise thereof. See “Plan of Distribution”.
- (2) Before deducting the expenses of this Offering (estimated at \$200,000) and applicable harmonized sales tax payable in connection with the Corporate Finance Fee which, together with the Agent’s Fee, will be paid by the Company from the proceeds of the Offering. See “Use of Proceeds”.
- (3) The Company has granted to the Agent an over-allotment option (the “**Over-Allotment Option**”) exercisable in whole or in part at the sole discretion of the Agent at any time before the date that is 30 days following the Closing Date, to purchase up to an additional 15% of the number of Units sold under the Offering, being up to 2,250,000 Units (the “**Over-Allotment Units**”). The Over-Allotment Units will be comprised of 2,250,000 additional Common Shares (the “**Additional Unit Shares**”) and 2,250,000 additional Warrants (the “**Additional Warrants**”, and together with the Over-Allotment Units and the Additional Unit Shares, the “**Over-Allotment Securities**”). The Over-Allotment Option may be exercised by the Agent in respect of: (i) Over-Allotment Units at a price of \$0.20 per Over-Allotment Unit, (ii) Additional Unit Shares at a price of \$0.1856 per Additional Unit Share, (iii) Additional Warrants at a price of \$0.0144 per Additional Warrant, or (iv) any combination of Over-Allotment Units, Additional Unit Shares and/or Additional Warrants, provided that the aggregate number of Additional Unit Shares and Additional Warrants that may be issued upon the exercise of the Over-Allotment Option does not exceed 2,250,000 Additional Unit Shares and 2,250,000 Additional Warrants. The Over-Allotment Option is exercisable in whole or in part solely for the purpose of covering over-allotments, if any, made by the Agent in connection with the Offering and for market stabilization purposes. If the Offering is fully subscribed and the Over-Allotment Option is exercised in full, the total price to the public, Agent’s Fee (assuming no purchasers on the President’s List) and net proceeds to the Company (before deducting expenses of the Offering) will be \$3,450,000, \$276,000 and \$3,174,000 respectively. **This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Securities issuable upon exercise thereof. A purchaser who acquires securities forming part of the Agent’s over-allocation position acquires those securities under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.** See “Plan of Distribution” and the table below.
- (4) Assumes no purchasers under the President’s List and no exercise of the Over-Allotment Option.

The following table sets out the maximum number of securities that may be issued by the Company to the Agent in connection with the Offering (assuming the Over-Allotment Option is exercised in full):

Agent's Position	Maximum Size	Exercise Period/Acquisition Date	Exercise Price / Acquisition Value
Over-Allotment Option	2,250,000 Over-Allotment Units and/or 2,250,000 Additional Unit Shares and/or 2,250,000 Additional Warrants	Exercisable for a period of 30 days following the last Closing Date	\$0.20 per Over-Allotment Unit, \$0.1856 per Additional Unit Share, and \$0.0144 per Additional Warrant
Broker Warrants	1,380,000 Broker Warrants (including upon exercise of the Over-Allotment Option) ⁽²⁾	Exercisable for a period of 24 months following the first Closing Date	\$0.20 per Broker Unit
Corporate Finance Fee Shares	500,000 Corporate Finance Fee Shares	To be issued on the first Closing Date	\$0.20 per Corporate Finance Fee Share

Notes:

- (1) The Over-Allotment Option may be exercised by the Agent in respect of: (i) Over-Allotment Units, (ii) Additional Unit Shares, (iii) Additional Warrants, or (iv) any combination of Over-Allotment Units, Additional Unit Shares and/or Additional Warrants, provided that the aggregate number of Additional Unit Shares and Additional Warrants that may be issued upon the exercise of the Over-Allotment Option does not exceed 2,250,000 Additional Unit Shares and 2,250,000 Additional Warrants.
- (2) Assumes no purchasers under the President's List.

Unless the context otherwise requires, all references to "Units", "Common Shares" and "Warrants" in this Prospectus Supplement include reference, as applicable, to the Over-Allotment Units, the Additional Unit Shares, the Additional Warrants and the Warrant Shares underlying the Additional Warrants. Unless the context otherwise requires, all references to the "Offering" in this Prospectus include the Over-Allotment Option, if and to the extent exercised.

The Offering is not underwritten or guaranteed by any person. The Agent conditionally offers the Units, on a best efforts agency basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Company by Aird & Berlis LLP and on behalf of the Agent by DLA Piper (Canada) LLP.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agent reserves the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about December 21, 2021, or such other date or dates as the Company and the Agent may agree upon, but in any event no later than December 31, 2021 (as applicable, the "**Closing Date**").

It is anticipated that the Units, Common Shares, Warrants and Warrant Shares (including any Units, Common Shares, Warrants and Warrant Shares issued upon exercise of the Over-Allotment Option) (collectively, the "**Securities**") will be issued in "book-entry only" form and may be represented by one or more global certificates, or be represented by uncertificated securities, issued in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee on the Closing Date. No certificates evidencing the Securities will be issued to subscribers, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS. See "Plan of Distribution".

The Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “**Exchange**”) under the symbol “OILS”, quoted on the OTCQB Venture Market (the “**OTCQB**”) under the symbol “OILFF” and quoted on the Frankfurt Stock Exchange (the “**FSE**”) under the symbol “L0MA”. On December 4, 2021, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the Exchange was \$0.275 per Common Share. On December 14, 2021 the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the Exchange was \$0.195 per Common Share. **The Company will apply to list the Common Shares distributed under this Prospectus Supplement and the Warrant Shares issuable upon exercise of the Warrants on the Exchange, including any Common Shares and Warrant Shares issued upon exercise of the Over-Allotment Option and any Broker Unit Shares and Broker Unit Warrant Shares issued upon exercise of the Broker Warrants and Broker Unit Warrants, as applicable, and the Corporate Finance Fee Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

Subject to applicable laws, the Agent may, in connection with the Offering, over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that may otherwise exist in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Base Shelf Prospectus. The Company and the Agent have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus Supplement and the Base Shelf Prospectus. Investors should not assume that the information contained in this Prospectus Supplement and the Base Shelf Prospectus is accurate as of any date other than the date on the front page of this Prospectus Supplement.

An investment in the Units is highly speculative and involves significant risks that you should consider before purchasing such Units. You should carefully review the “Risk Factors” section of this Prospectus Supplement, the Base Shelf Prospectus and the documents incorporated by reference herein and therein as well as the information under the heading “Cautionary Note Regarding Forward-Looking Information”.

Prospective purchasers should be aware that the acquisition or disposition of Securities described herein may have tax consequences in Canada. This Prospectus Supplement may not describe these tax consequences fully. **Prospective purchasers should rely on their own tax advisors with respect to their own particular circumstances.** See “Certain Canadian Federal Income Tax Considerations”.

The Company’s head office and registered and records office is located at #304 – 68 Water Street, Vancouver, British Columbia, V6B 1A4.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and also adds to and updates certain information contained in the Base Shelf Prospectus and the documents incorporated by reference therein. The second part is the Base Shelf Prospectus, which gives more general information, some of which may not apply to the Offering. This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purposes of the Offering. If the description of the Units varies between this Prospectus Supplement and the Base Shelf Prospectus, you should rely on the information in this Prospectus Supplement. Before investing, you should carefully read both this Prospectus Supplement and the Base Shelf Prospectus together with the additional information about the Company to which the Company refers you in the section of this Prospectus Supplement entitled “Documents Incorporated by Reference”.

The Company is not making an offer of the Units in any jurisdiction in which the Offering is not permitted. Readers should not assume that the information contained or incorporated by reference in this Prospectus Supplement is accurate as of any date other than the date of this Prospectus Supplement or the respective dates of the documents incorporated by reference herein, regardless of the time of delivery of this Prospectus Supplement or of any sale of Units pursuant hereto. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

The information contained on www.nextleafsolutions.com is not intended to be included in or incorporated by reference herein, and prospective investors should not rely on such information when deciding whether or not to invest in the Units.

Any market data or other industry forecasts used in this Prospectus Supplement or the documents incorporated by reference herein were obtained from market research, publicly available information and industry publications. The Company and the Agent believe that these sources are generally reliable but the accuracy and completeness of such information is not guaranteed. Neither the Company nor the Agent have independently verified such information and do not make any representation as to the accuracy of such information. While the Company is not aware of any misstatements regarding the industry data presented herein, the Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under “Cautionary Note Regarding Forward-Looking Information” and “Risk Factors” in this Prospectus Supplement.

None of the Company or the Agent are making an offer to sell or seeking offers to buy securities in any jurisdiction where such offer or sale is not permitted. For investors outside Canada, none of the Company or the Agent have done anything that would permit the offering of any Securities or the possession or distribution of this Prospectus Supplement in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this Prospectus Supplement. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

In this Prospectus Supplement, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

The Base Shelf Prospectus and this Prospectus Supplement, and certain documents incorporated by reference therein and herein, constitute “forward-looking information” and “forward-looking statements” (collectively referred to as “**forward-looking statements**”) within the meaning of Canadian securities legislation. All statements other than statements of historical fact contained in the Base Shelf Prospectus and this Prospectus Supplement and in documents incorporated by reference therein and herein, including, without limitation, those regarding the Company’s future financial position and results of operations, strategy, plans, objectives, goals, targets and future developments of the

Company in the markets where the Company participates or is seeking to participate, and any statements preceded by, followed by or that include the words “considers”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology, 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, those discussed under “Risk Factors” in the AIF (as defined herein), the Base Shelf Prospectus and in this Prospectus Supplement and in other documents incorporated by reference therein and herein. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this Prospectus Supplement and in documents incorporated by reference in this Prospectus Supplement 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 Prospectus Supplement 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 forward-looking statements in the Base Shelf Prospectus, as supplemented by this Prospectus Supplement, are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies, and the Company’s ability to operate on a profitable basis. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading “Risk Factors” in the Base Shelf Prospectus, as supplemented by this Prospectus Supplement, which will both be available on SEDAR at www.sedar.com.

There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this Prospectus Supplement and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ELIGIBILITY FOR INVESTMENT

In the opinion of Aird & Berlis LLP, counsel for the Company, and DLA Piper (Canada) LLP, counsel to the Agent, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) in force as of the date hereof,

- the Common Shares and Warrant Shares will, on the date of issue, be qualified investments for trusts governed by registered retirement savings plans (each an “**RRSP**”), registered education savings plans (each an “**RESP**”), registered retirement income funds (each an “**RRIF**”), registered disability savings plans (each an “**RDSP**”), deferred profit sharing plans and tax-free savings accounts (each a “**TFSA**”), all within the meaning of the Tax Act (collectively, “**Plans**”), on the date of issue, provided that the Common Shares and Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the Exchange) or the Company qualifies as a “public corporation” other than a “mortgage investment corporation” (each as defined in the Tax Act), and
- the Warrants will, on the date of issue, be qualified investments for Plans provided that, on the date of issue, the Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the Exchange) and the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Plan.

Notwithstanding the foregoing, if the Common Shares, Warrant Shares or Warrants held by a TFSA, RRSP, RRIF, RDSP or RESP are “prohibited investments” for purposes of the Tax Act, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Common Shares, Warrant Shares and Warrants will be a “prohibited investment” if the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of the RESP, as the case may be: (i) does not deal at arm’s length with the Company for purposes of the Tax Act; or (ii) has a “significant interest” (within the meaning of the Tax Act) in the Company. The Common Shares and Warrant Shares will not be a “prohibited investment” if the Common Shares and Warrant Shares are “excluded property”, as defined in the Tax Act, for a TFSA, RRSP, RRIF, RDSP or RESP. Holders who intend to hold Common Shares, Warrant Shares or Warrants in a TFSA, RRSP, RRIF, RDSP or RESP should consult their own tax advisors in this regard.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purposes of the Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Base Shelf Prospectus and reference should be made to the Base Shelf Prospectus for full particulars thereof.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at #304 – 68 Water Street, Vancouver, British Columbia, V6B 1A4, telephone (604) 283-2301, are also available electronically on SEDAR which can be accessed electronically at www.sedar.com. The Company’s filings through SEDAR are not incorporated by reference in this Prospectus Supplement and the Base Shelf Prospectus except as specifically set forth herein.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus Supplement or in any other subsequently filed document that is also incorporated by reference in this Prospectus Supplement, the following documents of the Company filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Base Shelf Prospectus:

- (a) annual information form of the Company dated November 15, 2021 (the “**AIF**”) for the year ended September 30, 2020;
- (b) audited consolidated financial statements of the Company as at and for the years ended September 30, 2020 and 2019, together with the notes thereto and the auditors’ report of Davidson & Company LLP thereon;
- (c) management’s discussion and analysis of the Company for the year ended September 30, 2020 (the “**MD&A**”);
- (d) amended and restated unaudited condensed interim consolidated financial statements of the Company for the three and nine month periods ended June 30, 2021 and 2020, together with the notes thereto, filed on November 11, 2021 (the “**Interim Financial Statements**”);
- (e) amended and restated management’s discussion and analysis of the Company for the three and nine months ended June 30, 2021 (the “**Interim MD&A**”);
- (f) management information circular of the Company dated April 12, 2021 relating to the annual general meeting of shareholders held on May 14, 2021 (the “**Circular**”);
- (g) material change report dated January 13, 2021 with respect to an amendment to the Company’s research license from Health Canada to conduct controlled human administration trials;
- (h) material change report dated February 16, 2021 with respect to the issuance of Common Shares and incentive stock options to certain consultants and non-executive employees;
- (i) material change report dated April 9, 2021 with respect to a private placement of secured convertible debentures and warrants;
- (j) the investor presentation relating to the Company (the “**Investor Presentation**”) prepared for potential investors in connection with the Offering dated and filed on December 7, 2021;
- (k) the “template version” (as such term is defined in National Instrument 41-101 – General Prospectus Requirements (“**NI 41-101**”)) of the term sheet for the Offering dated December 7, 2021 (the “**Preliminary Term Sheet**”); and
- (l) the amended “template version” (as such term is defined in NI 41-101) of the term sheet for the Offering dated December 14, 2021 (the “**Final Term Sheet**” and, together with the Investor Presentation and the Preliminary Term Sheet, the “**Marketing Materials**”).

Any statement contained in the Base Shelf Prospectus, in this Prospectus Supplement or in any document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purposes of the distribution of Units will be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Base Shelf Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Base Shelf Prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation,

an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (a) through (l) other than confidential material change reports, if any, business acquisition reports and other documents disclosing additional or updated information as may be required to be incorporated by reference herein under applicable securities laws, which are filed by the Company with the securities regulatory authorities in any of the provinces of Canada (other than Québec) after the date of this Prospectus Supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus Supplement, the Base Shelf Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

Reference to the Company's website in any documents that are incorporated by reference into this Prospectus Supplement or the Base Shelf Prospectus do not incorporate by reference the information on such website into this Prospectus Supplement or the Base Shelf Prospectus, and the Company disclaims any such incorporation by reference.

Updates to Prior Disclosure

Developments During the Financial Year Ended September 30, 2020

The following corrective disclosure is provided in respect of, modifies and supersedes information provided in the AIF under the heading “Three Year History – Developments During the Financial Year Ended September 30, 2020”:

On October 11, 2019, the Company entered into a share purchase agreement for the acquisition of Nextleaf Labs (as defined herein) (the “**Nextleaf Labs Purchase Agreement**”). Pursuant to the Nextleaf Labs Purchase Agreement, on July 29, 2020, the Company issued 1,000,000 Common Shares (the “**Consideration Shares**”) at a deemed price of \$0.285 per common share for aggregate consideration of \$285,000. The Consideration Shares are subject to a pooling arrangement which restricts the ability of the holder to transfer or trade the shares, with 25% of the Consideration Shares having been released immediately upon completion of the acquisition, and the balance released in three equal tranches every six months thereafter.

External Auditor Service Fees (By Category)

The following corrective disclosure is provided in respect of, modifies and supersedes information provided in the AIF and Circular under the heading “Audit Committee – External Auditor Service Fees (By Category)”:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
September 30, 2020	\$85,000	Nil	Nil	Nil
September 30, 2019	\$45,000	Nil	Nil	Nil

Securities Authorized for Issuance Under Equity Compensation Plans

The following corrective disclosure is provided in respect of, modifies and supersedes information provided in the Circular under the heading “Securities Authorized for Issuance Under Equity Compensation Plans”:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the second column)
Equity compensation plans approved by securityholders	14,439,287	\$0.36	9,661,858
Equity Compensation plans not approved by securityholders	Nil	N/A	Nil
Total	14,439,287	\$0.36	9,661,858

Discussion of Operations

The following corrective disclosure is provided in respect of, modifies and supersedes information provided in the Interim MD&A under the heading “Discussion of Operations”:

	June 30, 2021 (Restated) \$	June 30, 2020 \$	Change \$
Nine months ended			
Revenue	2,043,000	455,000	1,588,000
Gross margin	(493,000)	455,000	(948,000)
Loss from operating expenses	(3,198,000)	(4,211,000)	1,013,000
Loss and comprehensive loss	(3,440,000)	(3,685,000)	245,000
Cash used in operating activities	(1,874,000)	(2,232,000)	358,000
Cash used in investing activities	(185,000)	(3,134,000)	2,949,000
Cash provided by financing activities	3,082,000	2,976,000	106,000

MARKETING MATERIALS

The Marketing Materials are not part of the Base Shelf Prospectus or this Prospectus Supplement to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any “template version” of “marketing materials” (each as defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces of Canada, other than Québec, in connection with this Offering after the date hereof but prior to the completion or termination of the distribution of the Units under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein and in the Base Shelf Prospectus.

THE COMPANY

This summary does not contain all the information that may be important to you in deciding whether to invest in the Units. You should read the entire Base Shelf Prospectus, including the section entitled “Risk Factors” and any documents incorporated by reference herein before making such decision. Further information regarding the Company and its business is set out in the AIF, which is incorporated by reference herein.

Overview

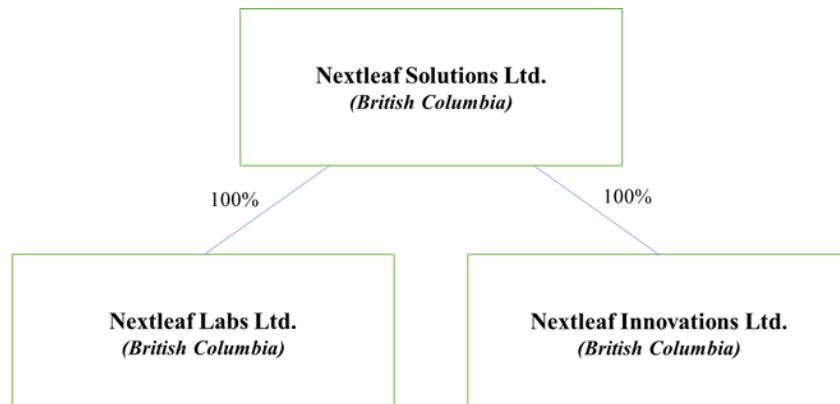
Nextleaf is an innovative cannabis processor that owns a large portfolio of U.S. patents for the extraction, purification, and delivery of cannabinoids. Through its wholly-owned subsidiary, Nextleaf Labs Ltd. (“**Nextleaf Labs**”), a licenced processor, the Company is a low-cost producer of cannabis distillate and private label THC and CBD oils. Nextleaf’s automated closed-loop extraction plant in Metro Vancouver has a design capacity to process 600 kg of dried cannabis into oil per day. The Company has been issued 17 U.S. patents and 95 patents globally.

Nextleaf develops proprietary delivery technology through its Health Canada Cannabis Research Licence, including conducting sensory evaluation of cannabis via human testing. The Company’s proprietary Rapid emulsification technology by OILS™ powers differentiated edible cannabis products. Nextleaf is commercializing its issued and pending patents through licensing of intellectual property, providing extraction services, supplying cannabis oils to qualified Canadian and international business-to-business partners under their own brand, and selling products through provincial distribution boards for the adult-use market under the brand “Glacial Gold”.

Nextleaf, through its subsidiary Nextleaf Labs, holds Health Canada licences for standard processing and research, allowing for a number of licenced activities including sensory evaluation of cannabis via human testing. The Company also commercializes its portfolio of issued and pending patents through licensing of intellectual property.

Nextleaf Labs had engaged CannDelta Inc. with respect to its application for a Health Canada Controlled Drugs and Substances Dealer’s Licence (the “**Dealer’s Licence**”) and has received acceptance of its application, now formally under review by Health Canada. Assuming application submission and approval from Health Canada, the Dealer’s Licence is expected to allow Nextleaf Labs to conduct a variety of activities relating to psilocybin and psilocin including R&D, intellectual property development, production of base substance materials, laboratory analysis, as well as the sale and distribution of the substances to authorized individuals, including researchers and for its use in clinical trials.

The following chart sets out all of the Company’s material subsidiaries as at the date hereof, their jurisdictions of incorporation and the Company’s direct and indirect voting interest in each of these subsidiaries:



COVID-19 Pandemic

On January 30, 2020, the World Health Organization (the “WHO”) declared the ongoing COVID-19 outbreak a global health emergency and on March 11, 2020, the WHO expanded its classification of the outbreak to a worldwide pandemic. Federal, state, provincial and municipal governments in North America enacted measures to combat the spread of COVID-19. The COVID-19 outbreak continues to rapidly evolve and is causing business disruptions across the entire global economy and society.

The Company is closely monitoring the evolution of COVID-19. As at the date of this Prospectus Supplement, the production and sale of cannabis have been recognized as essential services across Canada. The Company’s facility continues to be operational. The Company has taken various measures to prioritize the health and safety of its employees, customers and partners, including restricted work travel and site access; improved safety and hygiene; and the requirement of nonessential staff members to work remotely. As a manufacturer of bulk products which are utilized in the production of consumable and medicinal products, the Company maintains robust quality standards with strict hygiene practices and mandated personal protective equipment.

The duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. The extent of the impact on COVID-19 on the Company’s operational and financial performance will depend on various developments, including the duration and magnitude of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted at this point.

Since the date of the AIF, the Company saw the ongoing supply/demand imbalance for cannabis concentrates become exacerbated as a result of the economic uncertainty created through the COVID-19 pandemic. The increased market uncertainty resulting from the COVID-19 pandemic, coupled with the recent and ongoing oversupply of bulk concentrates, has led to delayed and in some cases decreased expenditures from existing and prospective bulk concentrate customers. The Company received wage subsidies from the Canadian federal government under the Canada Emergency Wage Subsidy and continues to monitor its eligibility for various government support programs.

The Company’s unaudited cash balance as at June 30, 2021 was approximately \$2,013,000 and working capital of approximately \$126,000, which includes approximately \$2,000,000 related to the current portion of convertible debt. The Company notes that this amount is generally consistent with its working capital balance of approximately \$563,000 as at September 30, 2020, resulting largely from an increase in commercial activity including revenue and related product costs, which generally offset one another.

RECENT DEVELOPMENTS

There have been no material developments in the business of the Company since June 30, 2021, the date of the Company’s most recently issued unaudited condensed interim consolidated financial statements and MD&A, which have not been disclosed in this Prospectus Supplement, the Base Shelf Prospectus or the documents incorporated by reference herein.

MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company’s share and loan capital, on a consolidated basis, since June 30, 2021, the date of the Company’s most recently issued unaudited condensed interim consolidated financial statements and MD&A, which have not been disclosed in this Prospectus Supplement, the Base Shelf Prospectus or the documents incorporated by reference herein, except as described under “Prior Sales”.

The following table summarizes the Company’s consolidated capitalization as at June 30, 2021, the last day of the Company’s most recently completed fiscal period in respect of which financial statements have been filed, as well as after giving effect to the Offering. The following table should be read in conjunction with the Interim Financial Statements and Interim MD&A incorporated by reference in this Prospectus Supplement.

Description of Capital	Outstanding as at June 30, 2021, before giving effect to the Offering	Outstanding as at June 30, 2021, after giving effect to the Offering ⁽¹⁾⁽²⁾	Outstanding as at June 30, 2021, after giving effect to the Offering (assuming full exercise of the Over-Allotment Option) ⁽¹⁾⁽³⁾
Common Shares	124,531,303	140,318,208	142,568,208
Warrants	27,921,545	42,921,545 ⁽⁴⁾	45,171,545 ⁽⁴⁾
Broker Warrants	195,807	1,395,807 ⁽⁵⁾	1,575,807 ⁽⁵⁾
Convertible Debt ⁽⁶⁾	\$3,300,000 principal amount	\$2,778,000 principal amount	\$2,778,000 principal amount
Options ⁽⁷⁾	15,374,287	16,164,287	16,164,287

Notes:

- (1) Also gives effect to the changes described under “Prior Sales”.
- (2) Assumes a total of 15,000,000 Units are issued pursuant to the Offering.
- (3) Includes previously issued warrants to purchase Common Shares and the Warrants issuable under the Offering, but does not include the Broker Unit Warrants issuable upon exercise of the Broker Warrants (upon separation of the Broker Units) and assumes no President’s List purchasers.
- (4) Assumes the Over-Allotment Option is exercised in full.
- (5) Includes previously issued broker warrants to purchase Common Shares and the Broker Warrants issuable under the Offering, entitling the holder thereof to purchase Broker Units comprised of Broker Unit Shares and Broker Unit Warrants) and assumes no President’s List purchasers.
- (6) On March 31, 2021, the Company issued a senior secured convertible note (the “**Note**”) in an aggregate principal amount of \$3,300,000 in connection with the Private Placement (as defined herein). See “Use of Proceeds”.
- (7) Incentive stock options (“**Options**”) of the Company to purchase Common Shares.

USE OF PROCEEDS

The Company expects to receive approximately \$2,547,000 in net proceeds from the Offering (assuming the maximum gross proceeds of \$3,000,000 are raised pursuant to the Offering, assuming no purchasers under the President’s List and no exercise of the Over-Allotment Option), after deducting the Agent’s Fee payable by the Company to the Agent in connection with Offering of approximately \$276,000, the estimated expenses of the Offering of approximately \$200,000 and applicable harmonized sales tax payable in connection with the Corporate Finance Fee of approximately \$13,000. See “Plan of Distribution”.

The Company intends to use the net proceeds of the Offering (assuming no exercise of the Over-Allotment Option) as follows:

Purpose	Associated Milestone(s)	Estimated Use of Proceeds
Delivery of cannabis products into British Columbia, Saskatchewan and Nova Scotia ⁽¹⁾	Procurement and delivery of cannabis products to various provincial markets nationally.	\$400,000
Delivery of cannabis products into Ontario and Alberta ⁽¹⁾	Procurement and delivery of cannabis products to various provincial markets nationally.	\$600,000

Partial redemption of the Note ⁽²⁾	N/A	\$600,000 ⁽³⁾
General and administrative expenses ⁽⁴⁾	N/A	\$947,000
Unallocated working capital ⁽⁵⁾	N/A	-
TOTAL		\$2,547,000

Notes:

- (1) Delivery of Glacial Gold™ branded cannabis products to provincial distributors for retail.
- (2) On March 31, 2021, the Company closed a private placement of (a) a Note in the aggregate principal amount of \$3,300,000; and (b) a warrant of the Company to acquire up to 6,875,000 Common Shares for aggregate gross proceeds of \$3,000,000 (the “**Private Placement**”) pursuant to a securities purchase agreement between BPY Limited and the Company. The Note was issued for an original issue discount of 10%, bears guaranteed interest at a rate of 5% per annum and matures on September 30, 2022. The net proceeds of the Private Placement were used for general corporate purposes, including securing a Health Canada oil sales amendment to permit Nextleaf to complete distribution directly to provinces under our client brands and securing and fulfill purchase order from the province of British Columbia for cannabis products and completed initial cannabis product delivery. Pursuant to the terms of the Note, the Company has the ability to redeem, in whole or in part, any outstanding balance of principal and interest in cash, upon payment of a 15% premium to the amount then owing (the “**Premium Payment**”).
- (3) Consisting of (i) \$522,000 principal amount of Note outstanding, (ii) and \$78,000 representing the Premium Payment. Assumes repayment occurs on December 31, 2021.
- (4) General and administrative expenses are comprised of personnel costs, professional services, insurance, office and general.
- (5) The unallocated working balance will be held in short-term, investment grade, interest-bearing securities, in government securities or in bank accounts at the discretion of management.

See “Business Objectives and Milestones” in the AIF for further details on the Company’s anticipated timing and costs relating to its current business objectives and milestones.

If the Over-Allotment Option is exercised in full (and assuming no President’s List purchasers), the estimated net proceeds received by the Company from the Offering will be \$2,961,000 (determined after deducting the Agent’s Fee of \$276,000, estimated expenses of the Offering of \$200,000 and applicable harmonized sales tax payable in connection with the Corporate Finance Fee of approximately \$13,000). The Company expects to use any proceeds received from the exercise of the Over-Allotment Option for general corporate and working capital purposes. Any additional proceeds received pursuant to the reduced Agent’s Fee for President’s List purchasers or from the exercise of the Over-Allotment Option will be used for working capital purposes.

The expected use of net proceeds from the Offering represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. The amounts and timing of the actual use of the net proceeds will depend on multiple factors and there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The actual amount that the Company spends in connection with each of the intended uses of proceeds will depend on a number of factors, including those listed under “Risk Factors” in, or incorporated by reference in, this Prospectus Supplement or unforeseen events.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company's bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

The Company has negative cash flow from operating activities and has historically incurred net losses. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have cash flow positive status from operating activities in future periods. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained. See “Risk Factors”.

PRIOR SALES

The following table sets forth the date on, number of and prices at which the Company has issued Common Shares or Securities that are convertible or exercisable into Common Shares in the 12 months preceding the date hereof:

Date of Issuance	Security	Number of Securities/Aggregate Principal Amount	Issue / Exercise / Conversion Price	Reason for Issuance
January 13, 2021	Options	630,000	\$0.35	Issued to non-executive employees and a consultant pursuant to the Company’s stock option plan
January 20, 2021	Common Shares	145,000	\$0.35	Issued on exercise of Options granted under the Company’s stock option plan
February 15, 2021	Options	560,000	\$0.35	Issued to non-executive employees pursuant to the Company’s stock option plan
February 18, 2021	Common Shares	383,428	\$0.285	Issued to consultants for services rendered
March 22, 2021	Common Shares	24,528	\$0.265	Issued to consultants for services rendered
March 31, 2021	Warrants	6,875,000	\$0.288	Issued in connection with the Private Placement
March 31, 2021	Debentures	\$3,300,000 aggregate principal amount	\$0.288	Issued in connection with the Private Placement
March 31, 2021	Common Shares	250,000	\$0.24	Issued in payment of structuring fee in connection with the Private Placement

Date of Issuance	Security	Number of Securities/Aggregate Principal Amount	Issue / Exercise / Conversion Price	Reason for Issuance
April 12, 2021	Common Shares	45,283	\$0.265	Issued to an employee as a discretionary bonus
April 13, 2021	Common Shares	140,000	\$0.265	Issued on exercise of warrants
April 21, 2021	Common Shares	100,000	\$0.265	Issued on exercise of warrants
May 6, 2021	Common Shares	52,750	\$0.265	Issued on exercise of warrants
May 12, 2021	Common Shares	440,000	\$0.25	Issued in payment for ownership and rights associated with the Glacial Gold brand
May 12, 2021	Common Shares	240,000	\$0.25	Issued to consultants for services rendered
May 12, 2021	Common Shares	187,500	\$0.24	Issued to consultants for services rendered
May 12, 2021	Common Shares	494,000	\$0.265	Issued on exercise of warrants
May 14, 2021	Common Shares	105,000	\$0.265	Issued on exercise of warrants
May 17, 2021	Common Shares	25,000	\$0.265	Issued on exercise of warrants
June 4, 2021	Common Shares	62,500	\$0.265	Issued on exercise of warrants

Date of Issuance	Security	Number of Securities/Aggregate Principal Amount	Issue / Exercise / Conversion Price	Reason for Issuance
August 4, 2021	Common Shares	761,905	\$0.21	Issued to consultants for services rendered
August 4, 2021	Options	790,000	\$0.275	Issued to non-executive independent directors and a non-executive employee pursuant to the Company's stock option plan
August 4, 2021	Common Shares	25,000	\$0.265	Issued on exercise of warrants

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the Exchange under the stock symbol "OILS", quoted on the OTCQB under the symbol "OILFF" and quoted on the FSE under the symbol "LOMA". The following table sets forth, for the periods indicated, the reported high and low prices and the trading volume of the Common Shares on the Exchange:

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
December 2020	0.205	0.165	5,311,186
January 2021	0.42	0.175	17,301,730
February 2021	0.31	0.24	13,327,220
March 2021	0.30	0.22	5,514,512
April 2021	0.275	0.235	4,492,521
May 2021	0.26	0.22	2,640,732
June 2021	0.245	0.20	2,338,217
July 2021	0.235	0.205	2,599,976
August 2021	0.23	0.185	1,415,657
September 2021	0.26	0.185	3,574,824
October 2021	0.34	0.215	5,713,010
November 2021	0.31	0.225	3,922,801
December (1-14), 2021	0.265	0.18	7,316,081

As the close of business on December 14, 2021, the last trading day prior to the date of this Prospectus Supplement, the price of the Common Shares as quoted by the Exchange was \$0.195 per Common Share.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Units

The Offering consists of up to 15,000,000 Units (up to 17,250,000 Units if the Over-allotment Option is exercised in full). Each Unit will be comprised of one Common Share and one Warrant. The Units will separate into Common Shares and Warrants immediately upon issuance.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, of which 125,318,208 were issued and outstanding as at December 14, 2021. Each Common Share entitles the holder thereof to one vote at meetings of shareholders of the Company other than meetings of the holders of another class of shares. Each holder of Common Shares is also entitled to receive dividends if, as and when declared by the board of directors of the Company. Holders of Common Shares are entitled to participate in any distribution of the Company's net assets upon liquidation, dissolution or winding-up on an equal basis per share. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

The Warrant Shares, Broker Unit Shares, Broker Unit Warrant Shares and Corporate Finance Fee Shares will have all of the same terms, characteristics, rights and restrictions of the Common Shares.

Warrants

The Warrants will be governed by the terms of a warrant indenture (the "**Warrant Indenture**") to be entered into between the Company and Odyssey Trust Company, in its capacity as warrant agent (the "**Warrant Agent**"). The following is a summary of certain anticipated attributes of the Warrants and provisions of the Warrant Indenture. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Warrant Indenture, which will be filed by the Company with the applicable Canadian securities regulatory authorities and available under the Company's profile on SEDAR at www.sedar.com following closing of the Offering.

Each Warrant will be transferable and will entitle the holder thereof to acquire one Warrant Share at the Warrant Exercise Price at any time prior to 5:00 p.m. (Toronto time) on the Warrant Expiry Date, subject to adjustment in certain customary events, after which time the Warrants will expire.

The Company will appoint the principal transfer office of the Warrant Agent in Calgary, Alberta as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, the Company may, subject to applicable law, purchase by private contract, on any stock exchange (if then listed) or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and the exercise price per Warrant Share upon the occurrence of certain events, including: (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a dividend in the ordinary course or a distribution of Common Shares upon the exercise of any Warrants or options outstanding as of the date of the Warrant Indenture); (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares; (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of Common Shares; (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "**Current Market Price**". "**Current Market Price**" will be defined in the Warrant Indenture as the volume weighted average price per Common Share on the Exchange or any stock exchange upon which the Common Shares are listed,

or if not listed, on any stock exchange, on any over-the-counter-market on which the Common Shares are trading, for the 20 consecutive trading days ending immediately prior to such record date; provided that if the Common Shares are not then listed on the Exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by such firm of independent chartered accountants as may be selected by the directors of the Company, acting reasonably); and (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of the Company of any class other than Common Shares, securities of any rights, options or warrants to subscribe for or purchase Common Shares or securities exchangeable or convertible into any Common Shares (other than a “rights offering” pursuant to (iv)), evidences of indebtedness or any cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and number of securities issuable upon the exercise of the Warrants and exercise price per security in the event of the following additional events: (i) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described above); (ii) consolidations, amalgamations, arrangements or mergers of the Company with or into any other Company or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property); or (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another Company or other entity.

No adjustment in the Exercise Price or the number of Warrant Shares issuable upon the exercise of the Warrants will be required to be made unless: (i) such adjustment would result in a change of at least 0.01 of a Warrant Share based on the number of Warrant Shares or other classes of shares or securities or property which a holder of a Warrant is entitled to receive upon the exercise of the rights attached to the Warrant; or (ii) the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the Exercise Price, provided that any such adjustments that are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to the Warrant Agent and to the holders of the Warrants of certain stated events, including events that would result in an adjustment to the Exercise Price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants and no cash or other consideration will be paid in lieu of fractional Warrant Shares. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor. Holders of Warrants will not have any voting or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Company and the Warrant Agent may amend or supplement the Warrant Indenture for certain purposes, without the consent of the holders of the Warrants, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder. Any amendment or supplement to the Warrant Indenture that would adversely affect the interests of the holders of Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

The Warrants and the Warrant Shares issuable upon the exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Warrants will not be exercisable by, or on

behalf of, a person in the United States or a U.S. Person, nor will any certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws is available and the Company has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Company; provided, however, that a “qualified institutional buyer”, as such term is defined in Rule 144A under the U.S. Securities Act (“**Qualified Institutional Buyer**”), that purchased Warrants in the Offering for its own account, or for the account of another Qualified Institutional Buyer for which it exercised sole investment discretion with respect to such original purchase (an “**Original Beneficial Purchaser**”), will not be required to deliver an opinion of counsel or such other evidence if it exercises those Warrants for its own account or for the account of the Original Beneficial Purchaser, if any, if each of it and such Original Beneficial Purchaser, if any, is a Qualified Institutional Buyer that is also an “accredited investor” the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act at the time of exercise of such Warrants.

Broker Warrants

For their services in connection with the Offering, assuming no purchasers on the President’s List, the Agent will receive Broker Warrants exercisable to purchase up to 1,200,000 Broker Units (or 1,380,000 Broker Units if the Over-Allotment Option is exercised in full) at an exercise price equal to the Offering Price. The Broker Warrants shall expire on the Warrant Expiry Date.

The Broker Units shall have the same attributes as the Units, and shall each be comprised of one Broker Unit Share and one Broker Unit Warrant. The Broker Units will separate into Broker Unit Shares and Broker Unit Warrants immediately following the issuance thereof, upon exercise of the Broker Warrants in accordance with their terms. The Broker Unit Shares and Broker Unit Warrant Shares shall have the same attributes as the Common Shares. See “Description of Securities Being Distributed – Common Shares”. The Broker Unit Warrants will have the same terms as the Warrants and will be governed by the terms of the Warrant Indenture. See “Description of Securities Being Distributed – Warrants”.

The terms to be set out in the certificates representing the Broker Warrants will include, among other things, customary provisions for the appropriate adjustment of the number of Broker Units issuable pursuant to any exercise of the Broker Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any capital reorganization of the Company, or any arrangement, merger, consolidation or amalgamation of the Company with or into another corporation or entity, as well as customary amendment provisions.

Corporate Finance Fee Shares

For their services in connection with the Offering, the Agent will receive 500,000 Corporate Finance Fee Shares in payment of the Corporate Finance Fee. The number of Corporate Finance Fee Shares that will be issued to the Agent is equal to the amount of the Corporate Finance Fee (exclusive of applicable tax) divided by the Offering Price. The Corporate Finance Fee Shares shall have the same attributes as the Common Shares. See “Description of Securities Being Distributed – Common Shares”.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company has appointed the Agent to offer and sell on a best efforts agency basis, up to 15,000,000 Units at the Offering Price for aggregate gross proceeds of up to \$3,000,000 (or up to 17,250,000 Units at the Offering Price for aggregate gross proceeds of up to \$3,450,000 if the Over-Allotment Option is exercised in full). There can be no assurance that any or all of the Units being offered will be sold. The obligations of the Agent under the Agency Agreement may be terminated at their discretion on the basis of restrictions on distribution of the

Company's securities, material change in respect of the Company, disaster or breach by the Company of a material term. The Offering Price was determined by arm's length negotiation between the Company and the Agent, with reference to the prevailing market price of the Common Shares. The Agent has reserved the right to form a selling group of appropriately registered dealers and brokers, with compensation to be negotiated between the Agent and such selling group participants, but at no additional cost to the Company.

Each Unit will consist of one Common Share and one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at the Warrant Exercise Price of \$0.275 per Warrant Share until the Warrant Expiry Date, being 5:00 p.m. (Toronto time) on the date that is 24 months from the first Closing Date. This Prospectus qualifies the distribution of the Common Shares and the Warrants comprising the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the occurrence of certain events.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agent, or its selling group, the Agent's Fee, equal to 8.0% of the total gross proceeds of the Offering (including any proceeds from the exercise of the Over-Allotment Option). In addition, in connection with sales of Units to persons on the President's List the Agent will be paid a cash fee equal to 2.0% of such gross proceeds. The Company will also issue to the Agent such number of non-transferable Broker Warrants equal to 8.0% of the total number of Units sold under the Offering, including any additional Units sold upon exercise of the Over-Allotment Option. Each Broker Warrant will entitle the holder thereof to acquire one Unit at an exercise price equal to the Offering Price at any time prior to 5:00 p.m. (Toronto time) on the Warrant Expiry Date. The number of Broker Warrants shall be reduced to 2.0% of the total number of Units sold under the Offering to purchasers on the President's List. The Agent will be reimbursed for its expenses and legal fees incurred pursuant to the Offering, plus disbursements and taxes.

The Company will apply to list the Common Shares distributed under this Prospectus Supplement and the Warrant Shares issuable upon exercise of the Warrants on the Exchange, including any Common Shares and Warrant Shares issued upon exercise of the Over-Allotment Option and any Broker Unit Shares and Broker Unit Warrant Shares issued upon exercise of the Broker Warrants and Broker Unit Warrants, as applicable, and the Corporate Finance Fee Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

Pursuant to the Agency Agreement, the Company has agreed not to offer nor to announce the offering of, nor to make any agreement to issue any equity or debt securities or securities convertible or exercisable into equity or debt securities of the Company for a period commencing the date hereof and ending 90 days after the last Closing Date without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed, other than in connection with (i) grants of options or other similar securities to directors, officers and employees of the Company pursuant to the Company's stock option plan or other similar incentive plan, (ii) outstanding warrants, (iii) obligations in respect of existing agreements, (iv) the issuance of securities in connection with asset or share acquisitions in the normal course of business, or other strategic, consulting, licensing, joint venture or similar transactions, (v) the Over-Allotment Option, or (vi) outstanding convertible securities or warrants outstanding at the date hereof.

Subject to certain exceptions, the directors, officers, and certain shareholders of the Company have agreed in favour of the Agent that, during the period commencing on the date hereof and ending 90 days after the last Closing Date, they will not directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose

of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, securities of the Company held by them, directly or indirectly, without prior consent of the Agent, which consent will not be unreasonably withheld or delayed. The Agent's consent shall not be required in connection with (a) the exercise of previously issued options or other convertible securities, (b) transfers among a shareholder's affiliates for tax or other planning purposes, (c) a tender or sale by a shareholder of securities of the Company in or pursuant to a take-over bid or similar transaction involving a change of control of the Company, or (d) as a result of the death of any individual shareholder.

The Units will be offered in all the provinces of Canada other than Québec through the Agent or its affiliates who are registered to offer the Units for sale in such provinces and territories and such other registered dealers as may be designated by the Agent. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agent reserve the right to close the subscription books at any time without notice. The Closing Date is expected to be on or about December 21, 2021, or such other date or dates as may be agreed upon by the Company and the Agent. The Offering will be conducted under the book-based system. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system.

Pursuant to policies of certain Canadian securities regulatory authorities, the Agent may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for its own accounts or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Agent may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

These stabilizing transactions and syndicate covering transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares, and may cause the price of the Units to be higher than would otherwise exist in the open market absent such stabilizing activities. As a result, the price of the Common Shares may be higher than the price that might otherwise exist in the open market. The Company has agreed, pursuant to the Agency Agreement, to indemnify the Agent and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the respective Agent or their respective affiliates and against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Agent may have to make because of such liabilities.

RISK FACTORS

An investment in the Units of the Company is subject to a number of risks. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Before deciding whether to invest in the Units, prospective investors should carefully consider the risk factors set forth under the heading "Risk Factors" in the Base Shelf Prospectus and all of the other information in the Base Shelf Prospectus and this Prospectus Supplement (including, without limitation, the documents incorporated by reference herein).

The risks described herein and in the documents incorporated by reference in the Base Shelf Prospectus and this Prospectus Supplement are not the only risks that affect the Company. Additional risks and uncertainties not currently

known to the Company, or that the Company currently deems immaterial, may also potentially materially adversely affect its business.

Risks Related to the Offering and the Company

An investment in the Units is speculative

An investment in the Units and the Company's prospects generally are speculative due to the risky nature of its business and the present stage of its development. Investors may lose their entire investment and should carefully consider the risk factors described below, under the heading "Risk Factors" in the AIF, and in the other documents incorporated by reference herein. The risks described below, in the AIF, the Base Shelf Prospectus and in the other documents incorporated by reference herein, are not the only ones faced by the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below (or incorporated by reference herein) or other unforeseen risks. If any of the risks described below or in the AIF or in the other documents incorporated by reference herein actually occur, then the Company's business, financial condition and operating results could be adversely affected. Investors should carefully consider the risks below and in the AIF and the other information elsewhere in this Prospectus Supplement and consult with their professional advisors to assess any investment in the Company.

Completion of the Offering

The completion of the Offering remains subject to a number of conditions. There can be no certainty that the Offering will be completed. Failure by the Company to satisfy all of the conditions precedent to the Offering would result in the Offering not being completed. If the Offering is not completed, the Company may not be able to raise the funds required for the purposes contemplated under "Use of Proceeds" from other sources on commercially reasonable terms or at all.

Forward-looking statements may prove to be inaccurate

Investors should not place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties can be found in this Prospectus Supplement under the heading "Cautionary Note Regarding Forward-Looking Information".

Potential Dilution

The Company's notice of articles and articles allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as established by the board of directors of the Company, in many cases, without the approval of the Company's shareholders. As part of this Offering, the Company could issue up to 37,760,000 Common Shares (which number assumes no purchasers on the President's List, includes the maximum number of Common Shares issuable in connection with the exercise of the full Over-Allotment Option including all Common Shares underlying the Units and Warrants, and the Common Shares forming part of the Broker Units and the underlying Warrants and the Corporate Finance Fee Shares, each on a fully exercised basis). The Company may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of stock options or other securities exercisable for Common Shares. The Company cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number

of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

Potential need for Additional Financing

Despite the anticipated net proceeds from the Offering, the Company may require additional financing in the future, including through the sale of assets and/or the issue and sale of equity or debt securities. The Company's activities do have scope for flexibility in terms of the amount and timing of expenditures, and expenditures may be adjusted accordingly. However, further operations will require additional capital and will depend on the Company's ability to obtain financing through debt, equity or other means. The Company's ability to meet its obligations and maintain operations may be contingent upon successful completion of additional financing arrangements. There is no assurance that the Company will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Company. In addition, any future financing may also be dilutive to existing shareholders of the Company.

Negative operating cash flow and going concern

The Company has negative cash flow from operating activities and has historically incurred net losses. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. The Company's ability to successfully raise additional capital and maintain liquidity may be impaired by factors outside of its control, such as a shift in consumer attitudes towards certain therapeutic methods or a downturn in the economy.

Any inclusion in the Company's financial statements of a going concern opinion may negatively impact the Company's ability to raise future financing and achieve future revenue. The threat of the Company's ability to continue as a going concern will be removed only when, the Company's revenues have reached a level that is able to sustain its business operations. If the Company is unable to obtain additional financing from outside sources and eventually generate enough revenues, the Company may be forced to sell a portion or all of the Company's assets, or curtail or discontinue the Company's operations. If any of these events happen, you could lose all or part of your investment. The Company's financial statements do not include any adjustments to the Company's recorded assets or liabilities that might be necessary if the Company becomes unable to continue as a going concern.

Discretion over the Use of Proceeds

The Company will have discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditures, and may apply the net proceeds of the Offering in ways other than as described under "Use of Proceeds". As a result, an investor will be relying on the judgment of the Company for the application of the net proceeds of the Offering. The Company may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company's business, prospects, financial position, financial condition or results of operations may suffer.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement

and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Common Shares are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to the Company's business, including fluctuations in the Company's operating and financial results, the results of any public announcements made by the Company and the Company's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. Additionally, the value of the Common Shares is subject to market value fluctuations based upon factors that influence the Company's operations, such as legislative or regulatory developments, competition, technological change, global capital market activity and changes in interest and currency rates. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance.

The value of Common Shares will be affected by the general creditworthiness of the Company. The AIF and the Company's management's discussion and analysis are incorporated by reference in this Prospectus Supplement and discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Company's business, financial condition or results of operations.

The market value of the Common Shares may also be affected by the Company's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Company is a part.

No History of Payment of Cash Dividends

The Company has never declared or paid cash dividends on the Common Shares. The Company intends to retain future earnings to finance the operation, development and expansion of the business. The Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Company's board of directors and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the board considers relevant.

Warrants are speculative in nature and may not have any value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Warrant Shares by paying the Warrant Exercise Price prior to the Warrant Expiry Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise the Warrants.

There will be no Market for the Warrants

The Company has not applied and does not intend to apply to list the Warrants on the Exchange or any other securities exchange. There will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Aird & Berlis LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agent, the following is, as of the date of this Prospectus Supplement, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, deals at arm's length with the Company and the Agent, is not affiliated with the Company or the Agent, and acquires and holds the Common Shares, including any Warrant Shares acquired on the exercise of Warrants, (hereinafter sometimes collectively referred to as "**Shares**") and Warrants as capital property (a "**Holder**"). Generally, the Shares and Warrants will be considered to be capital property to a Holder thereof provided that the Holder does not use the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) that is a partnership, a member of which is not resident in Canada; (iv) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (v) that has made a functional currency reporting election under the Tax Act; (vi) that receives dividends on the Shares under or as part of a "dividend rental arrangement" within the meaning of the Tax Act; (vii) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", as those terms are defined in the Tax Act, with respect to the Common Shares, the Warrants or the Warrant Shares; or (viii) that is exempt from tax under the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Units. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units.

This summary is based upon the current provisions of the Tax Act and the regulations made thereunder (the "**Regulations**") in force as of the date hereof and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

A Holder will be required to allocate the purchase price of each Unit between the Common Share and Warrant comprising a Unit on a reasonable basis to determine the cost of each security to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate the net proceeds of the Offering to Common Shares and Warrants based on a pro-rata fair value allocation, which currently is estimated to be \$0.1856 of the purchase price of each Unit as consideration for the issue of each Common Share and \$0.0144 of the purchase price of each Unit as consideration for the issue of each Warrant; however, this allocation is subject to change based on actual fair value estimates. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Common Share comprising a part of each Unit will be determined by averaging the cost allocated to the Common Share with the adjusted cost base to the Holder of all Common Shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

Resident Holders

The following section of this summary applies to Holders ("**Resident Holders**") who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times. A Resident Holder whose Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other "Canadian security" as defined in the Tax Act, held by such person, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Dividends

Dividends received or deemed to be received on the Shares will be included in computing a Resident Holder's income. In the case of a Resident Holder who is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (each as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals in respect of "eligible dividends" (as defined in the Tax Act) designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividends that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In

certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation” (as those terms are defined in the Tax Act) generally will be liable to pay a 38½% refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income.

Dispositions of Shares and Warrants

Upon a disposition (or a deemed disposition) of a Share or a Warrant (other than on the exercise or the expiry thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “Capital Gains and Capital Losses”.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Shares or shares substituted for such Shares to the extent and in the circumstance specified by the Tax Act. Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 10½% on its “aggregate investment income” (as defined in the Tax Act) for the year which will include taxable capital gains.

Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

Non-Resident Holders

The following section of this summary is generally applicable to Holders (“**Non-Resident Holders**”) who (i) for the purposes of the Tax Act, are neither resident nor deemed to be resident in Canada at any time while they hold the Shares or Warrants; and (ii) do not use or hold and are not deemed to use or hold the Shares or Warrants in carrying on a business in Canada. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Tax Convention (1980) (the “**Treaty**”) as amended, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty is generally limited to 15% of the gross amount of the dividend. The rate of withholding tax is generally further reduced to 5% of the gross amount of the dividend if a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty is a company that owns, directly or indirectly, at least 10% of the voting stock of the Company. Non-Resident Holders should consult their own tax advisors.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, unless the Share or Warrant constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Generally, provided the Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the Exchange), at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) one or any combination of the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, and partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act.

A Non-Resident Holder’s capital gain (or capital loss) in respect of a disposition of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property to a Non-Resident Holder (and are not “treaty protected property” as defined in the Tax Act) will generally be computed in the manner described above under the subheadings “Resident Holders – Disposition of Shares and Warrants” and “Resident Holders – Capital Gains and Capital Losses”.

Non-Resident Holders whose Shares or Warrants may constitute taxable Canadian property should consult their own tax advisors.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Aird & Berlis LLP on behalf of the Company. As at the date hereof and immediately following the closing of the Offering, Aird & Berlis LLP and its partners, employees or consultants beneficially own, directly or indirectly, less than 1.0% of the outstanding Common Shares.

Certain legal matters relating to the Offering will be passed upon by DLA Piper (Canada) LLP on behalf of the Agent. As at the date hereof and immediately following the closing of the Offering, DLA Piper (Canada) LLP and its partners, employees or consultants beneficially own, directly or indirectly, less than 1.0% of the outstanding Common Shares.

The financial statements incorporated by reference in this Prospectus have been audited by Davidson & Company LLP, Chartered Professional Accountants. Neither Davidson & Company LLP nor any designated professional thereof, had any registered or beneficial interest in any securities or other property of the Company at the time they prepared the relevant financial statements incorporated by reference in this Prospectus.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is Davidson & Company LLP, Chartered Professional Accountants.

The registrar and transfer agent of the Common Shares is Odyssey Trust Company at its principal office in Calgary, Alberta.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus Supplement is limited, in certain provincial securities legislation, to the price at which the Warrants is offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF NEXTLEAF SOLUTIONS LTD.

Dated: December 15, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (other than Québec).

(Signed) PAUL PEDERSEN
Chief Executive Officer

(Signed) CHARLES ACKERMAN
Chief Financial Officer

On behalf of the Board of Directors of
Nextleaf Solutions Ltd.

(Signed) TIM GILLIS
Director

(Signed) FRED BONNER
Director

CERTIFICATE OF THE AGENT

Dated: December 15, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (other than Québec).

RESEARCH CAPITAL CORPORATION

(Signed) HOWARD KATZ

Managing Director