

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

Nextleaf Solutions Ltd. (the “**Company**”)  
Suite 304  
68 Water Street  
Vancouver, British Columbia V6B 1A4

**Item 2. Date of Material Change**

December 22, 2021

**Item 3. News Release**

A news release announcing the material change was disseminated by the Company on December 22, 2021 through Newsfile, a copy of which is attached as Schedule “A”.

**Item 4. Summary of Material Changes**

On December 22, 2021, the Company announced the closing of its previously announced public offering of units of the Company (the “**Units**”) at a price of \$0.20 per Unit (the “**Issue Price**”) for aggregate gross proceeds of \$3,168,841.60 (the “**Offering**”).

**Item 5. Full Description of Material Changes**

*(a) description of the transaction and its material terms*

The Offering was completed on a best efforts basis pursuant to an agency agreement dated December 15, 2021 among the Company and Research Capital Corporation (the “**Agent**”), through the issuance of 15,844,208 Units at the Issue Price for aggregate gross proceeds of \$3,168,841.60, which included the partial exercise of the over-allotment option granted to the Agent.

Each Unit was comprised of one common share in the capital of the Company (each, a “**Common Share**”) and one Common Share purchase Warrant (each, a “**Warrant**”). Each Warrant is exercisable to acquire one Common Share at an exercise price of \$0.275 per Common Share until December 22, 2023.

In connection with closing of the Offering, the Company paid the Agent and certain members of the selling group an aggregate cash commission of \$183,835.25, issued the Agent and certain members of the selling group an aggregate of 849,504 non-transferable broker warrants (the “**Broker Warrants**”), and issued the Agent an aggregate of 500,000 Common Shares in payment of a corporate finance fee. Each Broker Warrant entitles the holder thereof to acquire one Unit at an exercise price equal to the Issue Price at any time prior to 5:00 p.m. (Toronto time) on December 22, 2023.

As certain insiders and other related parties of the Company participated in the Offering, it is deemed to be a “related party transaction” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61- 101 (pursuant to subsections 5.5(a) and 5.7(a)) as the fair market value of the securities distributed to, and the consideration received from, related parties did not exceed 25% of the Company’s market capitalization.

*(b) the purpose and business reasons for the transaction*

The proceeds of the Offering will be used by the Company for the procurement and delivery of its cannabis products to various provincial markets nationally, for the partial repayment of principal and interest on a senior secured convertible note of the Company, for general and administrative expenses and for working capital and general corporate purposes.

*(c) the anticipated effect of the transaction on the issuer's business and affairs*

The Offering is expected to have a positive impact on the Company's working capital, ability to fund its ongoing operations and ability to continue to grow its business.

*(d) a description of (i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties, and (ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage*

Pursuant to the Offering, the Company issued 150,000 Units to Mr. Ryan Ko, the Chief Technology Officer of the Company, and 150,000 Units to Mr. Paul Pedersen, the Chief Executive Officer of the Company. All Units issued to the insiders were issued at the Issue Price. There is no material change in the percentage of securities of the issuer beneficially owned or controlled by either Mr. Ko or Mr. Pedersen as a result of their participation in the Offering.

As a result of the Offering, Mr. Ko now beneficially owns or controls 14,183,811 Common Shares (including options and warrants exercisable into Common Shares), representing approximately 10.0% of the 141,662,416 issued and outstanding Common Shares (on an undiluted basis). As a result of the Offering, Mr. Pedersen now beneficially owns or controls 11,992,063 Common Shares (including options and warrants exercisable into Common Shares), representing approximately 8.47% of the 141,662,416 issued and outstanding Common Shares (on an undiluted basis).

*(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,*

The Board of Directors of the Company considered the reasonableness and fairness of the Offering and unanimously approved the Offering. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto. The participation by certain insiders and other related parties of the Company is not expected to have a material effect on the Company's business and affairs. The Board of Directors did not establish a special committee to review the Offering.

*(f) a summary of the formal valuation, if any, obtained for the transaction*

Not applicable.

*(g) disclosure of every prior valuation in respect of the issuer that relates to the subject matter of is otherwise relevant to the transaction (i) that has been made in the 24 months before the date of the material change report, and (ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or senior officer of the issuer*

Not applicable.

*(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction*

Insiders participated in the Offering on the same terms as all other subscribers in the Offering. No agreements were entered into with any insider or related party in connection with the Offering.

Subject to certain exceptions, the insiders who participated in the Offering agreed in favour of the Agent that, during the period commencing on December 15, 2021 and ending 90 days after the last closing date of the Offering, to be no later than December 31, 2021, 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.

*(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying on, and the facts supporting reliance on the exemptions*

The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61- 101 pursuant to subsections 5.5(a) and 5.7(a), as the fair market value of the securities distributed to, and the consideration received from, related parties participating in the Offering did not exceed 25% of the Company's market capitalization.

For additional details of the material change, please see the Company's news release dated December 22, 2021, a copy of which is attached as Schedule "A".

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Executive Officer**

Charles Ackerman  
Chief Financial Officer  
Telephone: 902-222-6507  
Email: [Charles@nextleafsolutions.com](mailto:Charles@nextleafsolutions.com)

**Item 9. Date of Report**

December 24, 2021.

## Schedule "A"

# Nextleaf Solutions Announces Closing of Public Offering of Units

NOT FOR DISSEMINATION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

VANCOUVER, BC, December 22, 2021 - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: LOMA**), a federally regulated producer of cannabis oil that distributes cannabis vapes and oils under its prohibition-era brand, *Glacial Gold*<sup>™</sup>, is pleased to announce the closing of its previously announced marketed public offering (the "**Offering**") of units of the Company (the "**Units**"). Pursuant to the Offering, the Company issued 15,844,208 Units at a price of \$0.20 per Unit (the "**Offering Price**") for aggregate gross proceeds of \$3,168,841.60 including the partial exercise of the over-allotment option. Research Capital Corporation is acting as sole agent and sole bookrunner (the "**Agent**") on a best efforts basis pursuant to the filing of a prospectus supplement dated December 15, 2021 (the "**Supplement**") to the Company's short form base shelf prospectus dated November 23, 2021 (the "**Prospectus**").

Each Unit is comprised of one common share in the capital of the Company (each, a "**Common Share**") and one common share purchase warrant (each, a "**Warrant**"). Each Warrant is exercisable to acquire one Common Share at an exercise price of \$0.275 per Common Share until December 22, 2023.

The Company intends to use the net proceeds of the Offering for the procurement and delivery of its cannabis products to various provincial markets nationally, for the partial repayment of principal and interest on a senior secured convertible note of the Company, for general and administrative expenses and for working capital and general corporate purposes.

In connection with today's closing, the Company paid the Agent and certain members of the selling group an aggregate cash commission of \$183,835.25, issued the Agent and certain members of the selling group an aggregate of 849,504 non-transferable broker warrants (the "**Broker Warrants**"), and issued the Agent an aggregate of 500,000 Common Shares as a corporate finance fee. Each Broker Warrant entitles 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 expiry date of the Warrants.

Insiders of the Company purchased an aggregate of 300,000 Units under the Offering, which constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuance to the insiders is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the Units issued to or the consideration paid by such insiders did not exceed 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to the closing of the Offering as the details of the participation of insiders of the Company had not been confirmed at that time.

Copies of the Supplement and the Prospectus are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

**This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been, and will not be registered under the U.S. Securities Act or under any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, absent registration or an applicable exemption from such registration requirements.**

## About Nextleaf®

Nextleaf is a federally regulated producer, manufacturer, and distributor of cannabis vapes and distilled oils under its prohibition-era brand, Glacial Gold™. The Company's multi-patented ingredient processing technology transforms cannabis and hemp biomass into high-purity distillate at an industrial scale. Nextleaf supplies THC and CBD oils to qualified wholesale partners across Canada. The Company develops proprietary delivery technology and cannabinoid-based formulations through its Health Canada Research Licence with sensory evaluation of cannabis via human testing. Nextleaf owns 17 U.S. patents and has been issued over 95 patents globally.

Nextleaf Solutions trades as [OILS on the Canadian Securities Exchange](#), [OILFF on the OTCQB Market in the United States](#), and [LOMA on the Frankfurt Stock Exchange](#).

Follow the Company across social platforms: [Twitter](#), [LinkedIn](#), [Facebook](#), and [Instagram](#).  
[www.nextleafsolutions.com](http://www.nextleafsolutions.com)

Follow *Glacial Gold*™ across social platforms: [Instagram](#), [Twitter](#), and [Facebook](#).  
[www.Glacial.Gold](http://www.Glacial.Gold)

For more information please contact:  
Jason McBride, Corporate Development  
604-283-2301 (ext. 219)  
[jason@nextleafsolutions.com](mailto:jason@nextleafsolutions.com)

On behalf of the Board of Directors of the Company,  
Paul Pedersen, CEO

## Forward Looking Statements

Certain statements contained in this press release constitute "forward-looking statements" within the meaning of applicable securities laws. All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the closing of future tranches of the Offering, the use of proceeds of the Offering, the Company's strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's MD&A for the most recent fiscal period. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law. The Canadian Securities Exchange has not reviewed or approved the contents of this press release.