

Nextleaf Develops Technology to Produce Distilled THC-Free CBD Oil

Vancouver, British Columbia--(Newsfile Corp. - July 25, 2022) - Nextleaf Solutions Ltd. (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: LOMA**) ("**Nextleaf**" or the "**Company**"), a federally regulated manufacturer and distributor of cannabis extracts including vapes and oils, announced today validation of its technology to produce THC-free Broad Spectrum CBD distillate ("THC-Free CBD") from industrial hemp feedstock.

Nextleaf is commercializing its patented technology by utilizing its new distillate-based ingredient to power the next generation of innovative CBD products distributed under the Company's prohibition-era brand, *Glacial Gold*[™], and supplying bulk THC-Free CBD ingredients to leading global CPG manufacturers in Canada and where cannabinoids are legal.

The Company's cannabinoid-based products are distributed in British Columbia, Saskatchewan, Ontario, Nova Scotia and nationally to medical patients through distribution partners.

The Company recently produced THC-Free CBD in anticipation of commercialization and has validated its hemp extraction and manufacturing process through third-party analytical testing. Nextleaf expects to announce more details in the coming weeks on the launch of its first THC-Free CBD product, and the sale of bulk cannabinoids to B2B customers that require CBD compliant for distribution in Canada and internationally.

Under the *Cannabis Act*, a pure CBD product is defined as CBD containing less than 0.3% THC. The Company's intellectual property stack covers the extraction and distillation of industrial hemp and uses the new technology to further refine the CBD distillate below the defined threshold. The result is an excise tax-free, broad-spectrum, THC-Free CBD ingredient that may have mass market therapeutic and wellness appeal for consumers looking for all the benefits of CBD with the minor cannabinoids found within the plant, without the THC effects.



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"We are incredibly excited for this technology to remove the THC and get the tax out of our CBD oils," said Nextleaf Co-Founder and CEO Paul Pedersen. "Adding THC-Free CBD ingredients to our portfolio

is further validation of our team's ability to innovate and will help unlock mass market CBD therapeutic products."

Nextleaf believes that excise tax-free molecules like THC-Free CBD will be a disruptive ingredient within the Canadian market, and an alternative to CBD isolate for those that prefer a more holistic cannabis product.

As jurisdictions around the world, like Germany and Mexico, begin to announce cannabis legislation, the Company anticipates its patented technology to produce standardized THC-Free CBD ingredients within a regulated market will unlock further opportunities to export Nextleaf's IP, brands, and products.

Excise Tax-Free Delta-9-THC Alternative

Last month, Nextleaf announced that it produced **D⁹-tetrahydrocannabinol acetate (D⁹-THC-OAc, delta-9-THC-OAc, THC-OAc)**, colloquially referred to as THC-O ("**THC-O**"). The Company has received strong interest in its THC Alternative Ingredients from provincial government buyers and other manufacturers.

Federal Regulators have confirmed the Company's understanding that THC-O is not subject to excise tax as it does not meet the definition of "Total THC" as defined under the *Excise Act 2001*, which is aligned with the definition of the same in the *Cannabis Act*.

With THC-O, Nextleaf sees potential for market disruption by launching its novel cannabinoid ingredient as a tax-free alternative to delta-9-THC. Excise tax on delta-9-THC extracts makes up a large portion of the price consumers pay, with some delta-9-THC products subject to excise tax over 40% of the duty paid landed cost to provincial government distributors and medical cannabis pharmacies.

Nextleaf is commercializing its plant-based THC-O ingredient as a therapeutic product sold under the Company's brands through provincial distributors and medical cannabis sales partners.

Anecdotally, THC-O products are reported to have psychedelic-like effects, and are longer-lasting with more gradual onset, as compared to delta-9-THC.

Nextleaf's patented process to manufacture THC-O enables the standardization of a more potent analog of delta-9-THC. The Company has been issued U.S. and Canadian patents for its method to produce THC-O.

With the addition of THC-Free CBD Distillate, the Company can now offer its licensed manufacturing partners two distinct tax-free cannabinoids through bulk ingredient purchase.

About Nextleaf Solutions Ltd.

Nextleaf® is a federally regulated manufacturer and distributor of cannabis vapes and oils under its award-winning 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 is a low-cost producer of cannabis oils, and supplier of THC and CBD ingredients to qualified wholesale partners across Canada. Nextleaf is the first publicly traded company to be issued a U.S. patent for the industrial extraction and purification of cannabinoids. The Company has been issued 18 U.S. patents, and over 95 patents globally, on cannabinoid processing including distillation and acetylation. Nextleaf develops cannabinoid-based formulations and delivery technology through its Health Canada Research Licence with sensory evaluation of cannabis via human testing. For more information visit www.nextleafsolutions.com and www.Glacial.Gold

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

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

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