

Nextleaf Solutions Granted 50th Patent and Provides Commercial Update

VANCOUVER, October 26, 2020 - Nextleaf Solutions Ltd. ("**Nextleaf**", "**OILS**", or the "**Company**") (CSE: **OILS**) (OTCQB: **OILFF**), Canada's most innovative cannabis extractor, is pleased to provide shareholders with the following commercial update:

Vape Cartridges Powered by OILS™ now Available in the Provincial Retail Market

Vape cartridges powered by OILS high purity distillate are available at cannabis retailers in the Saskatchewan adult-use market, with more provinces to be announced in the coming months. The launch of vape cartridges into provincial retail through the Company's Commercial Partners Program represents an important milestone for OILS in the commercialization of its intellectual property ("**IP**") portfolio.

"This represents the first step in OILS entering the adult-use market in a meaningful way. We look forward to a sequence of product launches in the months ahead, as Nextleaf supports the launch of innovative cannabis products through its Commercial Partners Program," said Nextleaf CEO Paul Pedersen.

Commercial and Supply Update

The Company, through its wholly owned subsidiary Nextleaf Labs Ltd. ("**Nextleaf Labs**"), completed the bulk sale of premium tetrahydrocannabinol (THC) distillate to a British Columbia (BC)-based licensed cannabis processor focused on the manufacturing and distribution of branded cannabis consumer products through provincial retail.

Additionally, Nextleaf is pleased to announce the Company has entered into a bulk cannabis distillate supply agreement (the "**Sales Agreement**") with a BC-based licensed processor and one of Canada's top selling cannabis brands (the "**Client**"). Pursuant to the Sales Agreement, Nextleaf will supply over 100 kilograms of cannabidiol (CBD) distillate to the Client for the purposes of manufacturing white label CBD based products.

"We see this as the beginning of a long-term relationship with a cannabis brand that does some of the highest sales volume in Canada," stated Nextleaf CFO Charles Ackerman.

Nextleaf has entered into a bulk cannabis biomass supply agreement (the "**Supply Agreement**") whereby the Client supplies over 2,000 kilograms of THC and CBD cannabis biomass for Nextleaf Labs to process into distilled THC and CBD oils using Nextleaf's patented extraction platform.

Since commencing commercial oil production earlier this year, Nextleaf has contracted supply of over 27,000 kilograms of dried cannabis biomass from licensed cultivators

through the OILS Commercial Partners Program. Pursuant to the program, Nextleaf Labs efficiently toll processes cannabis biomass into distilled THC and CBD oils, and sells the resulting bulk cannabinoids through Nextleaf's Commercial Partners and the Canadian wholesale market.

"We believe our investment in IP and our existing fixed asset base will help OILS ensure the long-term sustainability of our business, provide a robust platform to scale, and a clear competitive advantage to provide high quality cannabinoids produced through Nextleaf's ultra-efficient cannabis oil refinery," Ackerman concluded.

Research and Development

Nextleaf continues to bolster its IP portfolio by commencing trials of its proprietary pesticide remediation process with the goal of solving the industry's prevalent pesticide drift challenge. The current contamination struggles experienced by licensed cultivators growing in repurposed greenhouses and outdoor fields is being magnified when cannabis and hemp biomass is processed into concentrated oils. The Company hopes to provide its clients with a viable scaled solution next year and believes the proprietary technology will have significant commercial value in other jurisdictions that require legal cannabis products to be tested for banned pesticides.

With increased production of cannabis 2.0 products across Canada, product differentiation has become paramount for producers as they compete for market share. Nextleaf plans to begin offering sensory and palatability trials under Nextleaf Labs' existing Research licence upon Health Canada approving the licence amendment, as an additional value-added B2B service.

Nextleaf is developing IP around unique formulations and delivery methods of THC and CBD. The Company increased its R&D efforts focused on commercializing a THC powder format of its Rapid Emulsion Technology by OILS™. With dissolvable THC powder outselling most ready to drink infused beverages in Canada, Nextleaf is preparing to launch its patent pending rapid emulsion technology in THC drops and dissolvable powder formats.

Nextleaf Receives 50th Issued Patent

The United States Patent and Trademark Office has granted OILS a patent for the formulation of a solventless extract. In provinces where vape cartridges cannot be sold, solventless extracts are the top selling concentrate product. This patent continues Nextleaf's success rate of 100% pending to issued patents and marks the 50th issued patent for the extraction, purification, and delivery of cannabinoids. The Company has been issued patents in the key markets of the United States, Canada, Israel, Australia, New Zealand, Colombia, South Africa, and across the European Union.

“I’m extremely proud of our team for receiving its 50th issued patent, which represents the second largest patent portfolio of any cannabis company,” said Paul Pedersen, CEO of Nextleaf Solutions.

About Nextleaf®

OILS is Canada's most innovative cannabis extractor, developing technology for extracting and distilling cannabinoids. OILS provides extraction services and wholesale of THC and CBD oils through its wholly owned subsidiary Nextleaf Labs Ltd., a Health Canada licensed standard processor. Nextleaf’s proprietary closed-loop extraction plant in Metro Vancouver has a design capacity to process 600 kg per day of dried cannabis biomass into distilled oils. OILS is the first public company to be issued U.S. patents for industrial-scale extraction and distillation of cannabinoids. The Company owns a portfolio of 50 issued patents and over 55 pending patents for the extraction, purification, and delivery of cannabinoids.

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

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On behalf of the Board of Directors of OILS,

Paul Pedersen, CEO

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