

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Nextleaf Solutions Ltd. (the “Issuer”, the “Company”, “Nextleaf” or “OILS”)**

Trading Symbol: **OILS**

Number of Outstanding Listed Securities: **122,639,270**

Date: **April 5, 2021**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**Nextleaf Solutions is an innovative cannabis processor that owns one of the largest portfolios of U.S. patents for the extraction, distillation, and delivery of cannabinoids. Through its wholly-owned subsidiary Nextleaf Labs Ltd., a**

licensed processor, the Company is a low-cost producer of cannabis distillate and private label THC and CBD oils. Nextleaf's proprietary closed-loop automated extraction plant in Metro Vancouver has a design capacity to process 600 kilos of dried cannabis into oil per day. The Company owns 12 U.S. patents and has been issued over 70 patents globally. Nextleaf is developing delivery technology through its Health Canada research licence with sensory evaluation of cannabis via human testing. The Company's patent pending Rapid Emulsion Technology by OILS™ powers differentiated ingestible cannabis products. Nextleaf is commercializing its issued and pending patents through licensing of intellectual property, extraction services, and supplying cannabis oils to qualified Canadian and international business-to-business partners under their own brand.

On March 2, 2021, the Company: filed its interim Q1 financial statements; announced that the Mexican Institute of Industrial Property granted Nextleaf a patent vital to the low-cost production of cannabis distillate; announced that CBD gummies powered by OILS™ high purity CBD distillate were launched at cannabis retailers in British Columbia through the Company's Commercial Partners Program; and announced that it had completed production of its first commercial batch of rapid THC oil drops using the Company's patent pending rapid emulsification technology

On March 4, 2021, the Company announced the initial order of Nextleaf's Rapid Emulsion Technology by OILS™ ("Rapid") THC and CBD to cannabis-infused beverage manufacturer, BevCanna Enterprises Inc. ("BevCanna"). With this initial order, Nextleaf's Rapid concentrate becomes one of BevCanna's preferred ingredients, available for use in both their brands and their partner brands. Rapid is Nextleaf's patent pending delivery technology.

On March 23, 2021, the Company announced that it had implemented a warrant exercise incentive program designed to encourage exercise of up to 10,400,000 of its outstanding share purchase warrants expiring on May 15, 2021 (the "Warrants"). The Company will amend the exercise price of the Warrants from \$0.70 per common share of the Company (each, a "Share") to \$0.265 per Share. If, for any 10 consecutive trading days during the unexpired term of the Warrants the closing price of the Shares on the Canadian Securities Exchange (the "CSE") exceeds \$0.33, then, upon the Company sending to the holders of the Warrants (the "Warrantholders") notice of acceleration of the expiry date by way of a news release, the Warrants will only be exercisable for a period of 30 days following the date of such news release.

Under the incentive program, the Company is offering an inducement to each Warrantholder who exercises their Warrants prior to May 15, 2021. All Warrants exercised prior to May 15, 2021 will receive one additional share purchase warrant (each, an "Incentive Warrant") for each Warrant exercised. Each Incentive Warrant will entitle the holder to purchase one additional

Share at \$0.35 per Share until May 15, 2022 (the "Term"), subject to acceleration. If, for any 10 consecutive trading days during the Term, the closing price of the Shares on the CSE exceeds \$0.44 then, upon the Company sending to the holders of the Incentive Warrants notice of acceleration of the expiry date by way of a news release, the Incentive Warrants will only be exercisable for a period of 30 days following the date of such news release. Any Shares issued upon exercise of the Incentive Warrants will be subject to a statutory four month and one day hold period from the date of issuance of the Incentive Warrants.

In addition, on March 23, 2021, Nextleaf announced that it had issued an aggregate of 24,528 Shares at a price of \$0.265 per Share, representing an aggregate value of \$6,500, to consultants of the Company, as compensation for services provided.

On March 31, 2021, Nextleaf announced that it closed a private placement with an institutional investor (the "Investor") for aggregate gross proceeds of \$3,000,000 (the "Offering"). The Offering was completed pursuant to the terms of securities purchase agreement between the Company and the Investor which provided for the issuance of a senior secured convertible note of the Company in the principal amount of \$3,300,000 (the "Note") and a warrant (the "Warrant") to purchase up to 6,875,000 common shares in the capital of the Company ("Common Shares").

The Company intends to use the net proceeds from the Offering to enhance efficiencies through automation and additional manufacturing capabilities in 2021 and for general corporate and working capital purposes.

The Note was issued for an original issue discount of 10%, will mature on the date that is 18 months from the date of issuance (the "Maturity Date") and will bear guaranteed interest at a rate of 5% per annum. The principal amount of the Note is convertible, at the option of the Investor, into Common Shares at a price of \$0.288 per share at any time prior to the close of business on the last day immediately preceding the Maturity Date, subject to adjustment in certain circumstances.

The Warrant is exercisable into Common Shares at a price of \$0.288 per share for a period of 36 months from the date of issuance.

As part of the fees related to the Offering, the Company issued 250,000 Common Shares at a deemed price of \$0.24 per share.

2. Provide a general overview and discussion of the activities of management.  
**See item 1 above.**
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production

programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**See item 1 above.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**Not applicable.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**See item 1 above.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**Not applicable.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**Not applicable.**

8. Describe the acquisition of new customers or loss of customers.

**See item 1 above.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**See item 1 above.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**Not applicable.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**Not applicable.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal

parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**Not applicable.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**See item 1 above.**

14. Provide details of any securities issued and options or warrants granted.

**See item 1, above, for further details.**

Security	Number Issued	Details of Issuance	Use of Proceeds
Convertible Note	\$3,300,000	Issued pursuant to private placement	Additional manufacturing capabilities in 2021 and general corporate and working capital purposes
Warrants	6,875,000	Issued pursuant to private placement	N/A
Common Shares	250,000	Issued as part of fees under private placement	N/A
Common Shares	24,528	Compensation for services provided	N/A

15. Provide details of any loans to or by Related Persons.

**Not applicable.**

16. Provide details of any changes in directors, officers or committee members.

**Not applicable.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Annual Financial Statements and Management Discussion and Analysis for the financial year ended September 30, 2020 under the heading "Risks and Uncertainties". The Financial Statements and Management Discussion and Analysis are available on the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Issuer's disclosure with the CSE at [www.thecse.com](http://www.thecse.com).**

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated April 5, 2021.

Paul Pedersen  
Name of Director or Senior  
Officer

"Paul Pedersen"  
Signature  
CEO  
Official Capacity

Name of Issuer: Nextleaf Solutions Ltd.	For Month End: March 2021	Date of Report: (YY/MM/DD) 21/04/05
Issuer Address: 68 Water Street, Suite 304		
City/Province/Postal Code: Vancouver, BC, V6B 1A4	Issuer Fax No.: (604) 357-1030	Issuer Telephone No.: (604) 283-2301
Contact Name: Paul Pedersen	Contact Position: CEO	Contact Telephone No.: (604) 283-2301
Contact Email Address: <a href="mailto:Paul@nextleafsolutions.com">Paul@nextleafsolutions.com</a>	Web Site Address: <a href="http://www.nextleafsolutions.com">www.nextleafsolutions.com</a>	

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