

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: **122,824,553**

Date: **May 6, 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 13 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 April 1, 2021, the Company announced that it has commenced human trials of cannabis vapes. Under its amended Cannabis Research Licence from Health Canada, Nextleaf is collecting sensory evaluation data from qualified volunteers completing organoleptic assessments of a wide variety of formulated cannabis vape products. The Company is comprehensively testing a range of cannabinoid and terpene formulations, including how various vape hardware interacts with different formulations. Nextleaf expects to accelerate product development and drastically shorten design cycles for launching new cannabis vape products by validating formulations and delivery technologies more efficiently.

The Company, through its wholly-owned subsidiary Nextleaf Labs Ltd. ("Nextleaf Labs" or "Labs"), also announced the addition of an Atlantic Canada based producer (the "Partner") to the OILS Commercial Partners Program. The Company executed an initial bulk sale of high purity cannabis distillate to support its partner's commercial launch of large format vape products. Nextleaf expects this commercial supply transaction to lead to a long-term white label supply partnership, with Nextleaf powering its partner's vape brand distribution strategy in Atlantic Canada and other future provincial markets.

In January 2021, Nextleaf Labs filed an amendment to its Health Canada standard processing licence that upon receipt, will allow direct sale of finished product to provincially authorized distributors and retailers nationwide. The Company announced on April 1, 2021 that it expects licensing to be imminent. The licence will allow Nextleaf Labs to offer additional value-added services to its partners and it affords Nextleaf dynamic flexibility should the Company deem it accretive to launch branded consumer products directly into provincially authorized retailers across the country.

On April 12, 2021, the Company announced that Nextleaf Labs has received an amendment to its existing Standard Cannabis Processing Licence from Health Canada (the "Amendment" or the "Amended Licence") that

authorizes the sale of cannabis extracts, edibles, and topical products, directly to provincially-authorized distributors and retailers across Canada. The Amendment allows Nextleaf Labs to offer additional value-added services to its partners with a quicker and more seamless path to market. Furthermore, the Amended Licence provides Nextleaf with the necessary flexibility to add another revenue stream outside of the business-to-business market by launching its own house brand should the Company deem it accretive. Nextleaf also announced that it issued an aggregate of 45,283 common shares at a price of \$0.265 per share, representing an aggregate value of \$12,000, to a non-executive employee of the Company.

On April 15, 2021, the Company announced that the United States Patent and Trademark Office granted the Company a patent pertaining to a novel synthetic route of modifying Tetrahydrocannabinol (“THC”) found in cannabis distillate into a more potent prodrug version of THC-O-acetate. The Company believes the THC-derived prodrug produced under its patented process may hold significant potential as a therapeutic product due to THC-O-acetate reportedly having pronounced psychedelic effects compared to THC, and positive outcomes in the treatment of chronic pain, PTSD, and alcohol use disorder. Nextleaf is exploring opportunities to commercialize this patent through IP licensing to a pharmaceutical partner or producing and distributing THC-O-acetate as a therapeutic product under the Company's Health Canada licenses.

On April 21, 2021, the Company announced Nextleaf Labs completed an inaugural bulk CBD distillate delivery to a U.S.-listed, Canadian-based global cannabis company. The Company anticipates similar orders on an ongoing basis.

On April 29, 2021, the Company announced that it had been awarded a patent in Europe, vital to the low-cost production of cannabis distillate. This issued European patent pertains to a proprietary closed loop chilled solvent feed apparatus for post-extraction cannabinoid processing, and mirrors a patent previously granted by the United States Patent and Trademark Office and the Canadian Intellectual Property Office. In 2020, the Company validated patents in strategic European jurisdictions including, but not limited to: Germany; Italy; the UK; Spain; Portugal; Poland; and Denmark. Nextleaf's patents in emerging European cannabis markets reinforce the Company's vision of developing IP that improves CBD and THC oil economics globally through the production and standardization of cannabinoid-based products.

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.

Not applicable.

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
Common Shares	240,000	Issued on exercise of warrants	General working capital
Common Shares	45,283	Issued pursuant to Subscription Agreement	General working capital
Warrants	240,000	Issued as incentive warrants on exercise of previously issued warrants	Not applicable

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 and on the Issuer’s disclosure with the CSE at 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 May 6, 2021.

Paul Pedersen
Name of Director or Senior
Officer

"Paul Pedersen"
Signature
CEO
Official Capacity

Name of Issuer: Nextleaf Solutions Ltd.	For Month End: April 2021	Date of Report: (YY/MM/DD) 21/05/06
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Contact Name: Paul Pedersen	Contact Position: CEO	Contact Telephone No.: (604) 283-2301
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