

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Nextleaf Solutions Ltd. (the "Issuer" or "Nextleaf")

Trading Symbol: OILS

Number of Outstanding Listed Securities: 108,123,044

Date: January 3, 2020

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 is developing disruptive intellectual property (IP) for industrial-scale extraction, purification and formulation of cannabinoids. Nextleaf owns a portfolio of eleven (11) issued and over 40 pending patents pertaining to the production of high-purity, cannabinoid rich distillate, the key ingredient used in the manufacturing of standardized tetrahydrocannabinol (THC) and cannabidiol (CBD) infused

products. The Issuer commercializes its intellectual property portfolio through IP licensing, B2B processing services, and the supply of THC and CBD oils and concentrates to qualified Canadian and international partners.

On December 16, 2019 Nextleaf announced it has entered into a strategic agreement (the "Agreement") with a British Columbia-based cannabis processing equipment distribution company (the "Licensee"). The Agreement permits the Licensee, on a non-exclusive basis, to commercialize and distribute certain intellectual property, specifically, three issued and pending patents related to post-extraction processing equipment ("IP") developed by Nextleaf. The Company will provide the Licensee with initial working capital and strategic support during the indefinite term of the Agreement. Nextleaf may terminate the Agreement if the Licensee does not meet certain minimum annual sales targets. The Company will receive a royalty equal to 20% of the Licensee's gross revenue from all sources (the "Royalty") in exchange for, among other consideration, the licensed IP.

On December 30, 2019, the Issuer announced the Canadian Intellectual Property Office has granted the Company a patent for its proprietary filtration stack used in the post-extraction processing of THC and CBD oils. Nextleaf has been issued a total of 11 patents by four international patent offices in the key markets of Canada, the United States of America, Australia, and Colombia.

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.  
Not applicable.
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.  
Not applicable.
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.  
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 Quarterly Financial Statements and Management Discussion and Analysis for the nine months ended June 30, 2019 under the heading "Risks and Uncertainties". The Financial Statements and Management Discussion and Analysis are available

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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).

## 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 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: January 3, 2020

Paul Pedersen  
Name of Director or Senior  
Officer

"Paul Pedersen"  
Signature

CEO  
Official Capacity

### Issuer Details

Name of Issuer: Nextleaf Solutions Ltd.	For Month End: December 2019	Date of Report: (YY/MM/DD) 20/01/03
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>	