

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: North Bud Farms Inc. (the "Issuer").

Trading Symbol: NBUD

Number of Outstanding Listed Securities: 66,653,005

Date: May 7, 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.

NORTHBUD farms through its subsidiaries is a consumer facing cannabis brand which owns and operates licensed cannabis cultivation and distribution businesses in Canada, California and Nevada.

North Bud Farms Updates Status of Filing of Annual Financial Statements

On April 3, 2020, the Company announced, further to its news release of March 13, 2020, that the Company's principal regulator, the Ontario Securities Commission (the "Commission"), granted a management cease trade order (the "MCTO") on March 31, 2020, under National Policy 12-203 - Management Cease Trade Orders ("NP 12-203").

Pursuant to the MCTO, the Chief Executive Officer and the Chief Financial Officer may not trade in securities of the Company until such time as the Company files its annual audited financial statements for the year ended November 30, 2019, management's discussion and analysis and related certifications (collectively the "Required Documents") and the Commission revokes the MCTO. The MCTO does not affect the ability of shareholders to trade their securities.

The Company's Board of Directors and management confirmed that they are working expeditiously to file the Required Documents and confirm that since the Company's latest press releases dated March 13, 2020, and March 16, 2020, there is no other material information respecting the Company's affairs that has not been generally disclosed.

Until the Required Documents have been filed, the Company intends to continue to satisfy the provisions of the alternative information guidelines specified in NP 12-203 by issuing bi-weekly default status reports in the form of further press releases for so long as the Company remains in default of the financial statement filing requirement.

North Bud Farms Fuels California Growth

On April 15, 2020, the Company announced that its U.S. subsidiary, Bonfire Brands USA Inc., has fueled its California growth with the execution of definitive agreements (the "Agreements") for a master lease, operations and royalty arrangement with an experienced California-licensed operator (the "Cultivator"), to operate the licensed facilities at the Company's Salinas, California farm (the "California Deal").

Highlights of the California Deal:

- Partnering with a proven licensed cannabis cultivator who has been operating successfully in Salinas for several years;
- Significantly strengthens the Company's facility operations while allowing the Company to increase its asset value;

- Reduces the Company's capital expenditure requirements while still generating significant revenue and retaining a portion of the unlimited upside potential through a royalty agreement;
- Builds EBITDA-positive operations; and
- Access to a cost-efficient and reliable supply chain on which to build the Company's branded product portfolio within the state of California.

Terms of the Agreements:

As per the terms of the Agreements, the Cultivator will lease the Company's Salinas farm for 5 years, with options to extend the lease for up to an additional 5 years, and Bonfire Brands USA Inc. will receive the following consideration:

- Lease payments of USD\$900,000 per year, with incremental increases if the Cultivator extends the lease beyond the initial 5 year term;
- A royalty equal to 5% of the gross revenue generated by the Cultivator from its use of the Salinas farm; and
- The right to acquire a significant portion of the product harvested each quarter on the farm by the Cultivator, at a 15% discount to market rate.

During the term of the Agreements, the Cultivator will be responsible for the costs of operating the farm, including but not limited to staffing, operations, repair, maintenance, licensing and compliance; moreover, the Cultivator is committed to funding and managing the build-out of up to an additional 230,000 sq. ft. of licensed cultivation space in order to maximize the revenue-generating potential of the property.

North Bud Farms Provides Management Cease Trade Order Update

On April 17, 2020, the Company provided an update with respect to the previously announced management cease trade order (the "MCTO") issued by the Ontario Securities Commission on March 31, 2020.

The MCTO was issued in connection with the delay by the Company in filing its annual financial statements, management's discussion and analysis and related officer certifications for the financial year ended November 30, 2019 (collectively, the "Required Filings") before the prescribed deadline of March 30, 2020.

The Company continues to work closely with its auditor and expects to file the Required Filings before the end of May 2020.

The Company is providing this status update in accordance with National Policy 12-203 Management Cease Trade Orders ("NP 12-203"). The Company intends to follow the provisions of the Alternative Information Guidelines set out in NP 12-203, including the issuance of bi-weekly default status reports in the form of news releases, for as long as the Company remains in default. The Company confirms as of the date of this news release that there has been no material change in the information contained in the default announcement issued on March 13, 2020 and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

North Bud Farms Provides Corporate Update

On April 28, 2020, the Company announced the following corporate update:

Financing:

Further to the Company's press releases of January 27, 2020 and February 14, 2020, the Company continues to pursue the capital required to fund ongoing and proposed corporate initiatives. Recent volatility in the overall public markets coupled with the reduction in market capitalization of cannabis companies that began last fall has exacerbated already difficult conditions in which management continues to pursue debt funding solutions secured by the Company's Quebec-based licensed cannabis cultivation facility. The Company recently obtained a third-party appraisal as to the use and value of its facility at \$6,000,000. This represents a potential of \$3,200,000 in unencumbered equity that could be leveraged to provide the capital needed to maximize operations at the facility. The Board and executive management remain committed to seeking out all options to secure the additional working capital required to further the Company's corporate objectives in a manner that will maximize long-term value for all NORTHBUD stakeholders.

Corporate Operations and Restructuring:

Due to government imposed COVID-19 restrictions, effective March 13, 2020, the Company has been operating under a compliant work-from-home protocol. To date the Company has not reduced staffing and all employees remain engaged in a full-time capacity. The Company will continue to monitor these government-imposed protocols and adjust operations accordingly.

NORTHBUD announced that effective immediately Sean Homuth, the Company's CEO, will be taking a medical leave of absence from the Company. During his medical leave, Sean will unfortunately not be able to be involved with the Company. The Board has appointed Ryan Brown,

Executive Chairman and a founder of the Company, as the Interim CEO and, effective immediately, Ryan will assume all of Sean's duties and responsibilities during his leave of absence.

Quebec Cultivation Facility:

Although cannabis producers have been deemed essential services under government initiatives, the permissible activities are limited to basic maintenance of existing operations. The Company was advised that hiring staff and commencing a new operation does not qualify. In addition, the Company understands that Health Canada has suspended, effective March 13, 2020, all new licence onboarding assistance services due to COVID-19 related re-structuring. The regulator has advised licensees that this service will return as prioritized by Health Canada but could not commit to a specific timeframe for the reinstatement of this crucial service. The Company received its standard cultivation licence on March 13, 2020 and its Canada Revenue Agency permit on April 20, 2020 and is therefore now permitted to receive starting materials and commence cultivation.

In light of these increased restrictions and reduced regulatory support, the Company will only begin full commercial-scale operations after social distancing restrictions are lifted and the necessary capital is secured. As an interim measure, the Company has modeled out multiple production scenarios based on a variety of potential societal normalization timeframes and required capital deployment in an effort to maximize efficiencies while responsibly managing the Company's limited financial resources.

Onboarding a new facility of this scale requires significant capital, execution and co-ordination. Management will continue to monitor the government directives to ensure a successful startup of the Quebec facility within the financial and social restrictions that present themselves.

U.S. Operations:

The Company's U.S. subsidiary, Bonfire Brands USA ("BBUSA"), announced that it has received its first payments under the previously announced (see press release dated April 15, 2020) master lease agreement for its California farm. This agreement is the first step to implementing BBUSA's asset light approach focused on a low capital expenditure distribution, branding and royalty model.

Over the past 4 months, BBUSA has worked diligently to try to build value in both its California and Nevada based projects. Due to limited resources and increasing liabilities, BBUSA intends to continue with the restructuring of its U.S. operations into a limited asset model that will see it focus on passive revenue streams and partnerships as opposed to investing directly into capital expenditures. The culmination of the master lease agreement for the Company's California farm, as previously announced, represents the first

step towards accomplishing that goal. Management, in co-operation with the Board of NORTHBUD, has begun to evaluate proposals to reduce the Company's and BBUSA's capital requirements and liabilities, including but not limited to directors' and officers' liability insurance and continually increasing administrative costs associated with multi-jurisdictional operations. At the present time, the aforementioned items related to U.S. operations represent the Company's single largest expense; the reduction of those costs, while maintaining revenue streams will result in the preservation of the long-term value of assets.

Management Cease Trade Order Update:

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The Company continues to work closely with its auditor and expects to file the Required Filings before the end of May 2020.

The Company provided this status update in accordance with National Policy 12-203 Management Cease Trade Orders ("NP 12-203"). The Company intends to follow the provisions of the Alternative Information Guidelines set out in NP 12-203, including the issuance of bi-weekly default status reports in the form of news releases, for as long as the Company remains in default. The Company confirmed as of the date of this news release that there has been no material change in the information contained in the default announcement issued on March 13, 2020 and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

Delayed Filing of Interim Disclosure Documents Pursuant to OSC Blanket Instrument 51-502:

The Company announced that, in accordance with Ontario Instrument 51-502 Temporary Exemption from Certain Corporate Finance Requirements of the Ontario Securities Commission (the "Blanket Exemption Order"), which was adopted for the purpose of providing certain filing and other relief to issuers in light of the challenges posted by the COVID-19 pandemic, it will be delaying the filing and delivery of certain of its continuous disclosure documents.

The Company is relying on the Blanket Exemption Order in delaying (i) the filing of its interim financial statements and related management discussion and analysis for the three months ended February 29, 2020 (collectively, the "Required Interim Filings") and (ii) compliance with the delivery requirements of applicable securities laws relating to the Required Interim Filings. The officers and directors of the Company and certain other persons will remain subject to a trading black-out pursuant to which such persons are prohibited from trading in any securities of the Company until the end of the second full trading day following the day on which the Required Interim Filings are filed on SEDAR and a corresponding news release is issued by the Company.

Other than as disclosed in the Company's press releases, there have not been any material business developments since the date that the last financial statements of the Company were filed.

2. Provide a general overview and discussion of the activities of management.

Management continues to build on and actively manage its current activities and to explore new opportunities and business relationships.

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.

None to report

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.

None to report

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 response to item 1

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.

None to report

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.

None to report

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

None to report

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 response to item 1

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

See response to item 1

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

None to report

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.

None to report

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

None to report

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

On April 28, 2020, the Company issued 472,222 shares to a consultant at \$0.17 per share for services rendered.

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

None to report

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

See response to item 1

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

None to report

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 7, 2020.

Ryan Brown
Name of Director or Senior
Officer

(Signed) "Ryan Brown"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
North Bud Farms Inc.	April 2020	May 7, 2020
Issuer Address 38 Chemin Scott		
City/Province/Postal Code	Issuer Fax No. ()	Issuer Telephone No. 1 855 628-3420
Chelsea, Quebec, J9B 1R5		
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