

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: NBUD

Number of Outstanding Listed Securities: 59,701,806

Date: July 3, 2019

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.

North Bud is focused on pharmaceutical-grade cannabis production as well as food grade cannabinoid infused inputs for both the international pharmaceutical market and the pending consumer goods and consumables

segment of the recreational cannabis market. The Company, through its wholly-owned subsidiary GrowPros MMP Inc., has applied to Health Canada to become a licensed producer, but as of the date of this report the application is still under review. Construction of the Company's production facility in Venosta, Quebec is underway and the anticipated completion is sometime during Q3 2019.

Letter of Intent to Acquire Tanforan Ventures

On June 18, 2019, North Bud announced that effective June 15, 2019 it has entered into a binding letter of intent ("LOI") to acquire all of the issued and outstanding securities of Tanforan Ventures LLC ("Tanforan"), a California-based licensed operator holding Category 7 extraction and distribution licenses, in a transaction valued at CAD\$8.6 million. Tanforan holds manufacturing and distribution licenses in the state of California and is in the final stages of completing its new Category 7 licensed extraction facility in Woodland, California. The proposed transaction (the "Transaction") is currently structured as a share purchase agreement whereby in exchange for the purchase of all of the securities of Tanforan, NORTHBUD will issue CAD\$5 million in common shares ("Common Shares") to the shareholders of Tanforan (the "Tanforan Shareholders") with the price per Common Share to be determined based on a formula of the higher of (a) CAD\$0.35 per Common Share and (b) the 30-day volume weighted average price ("VWAP") calculated on the closing date (the "Closing Date") of a definitive agreement in respect of the Transaction (the "Definitive Agreement"). NORTHBUD and Tanforan expect to enter into the Definitive Agreement by October 1, 2019.

In addition, Tanforan shareholders will be entitled to receive up to an additional CAD\$3.6 million in Common Shares of NORTHBUD, on a pro rata basis, upon Tanforan achieving revenue of USD\$11,700,000 from extraction contracts over a 12 month period following the closing of the Transaction. All of the foregoing revenue milestone Common Shares will have a deemed value equal to the consideration shares and will be subject to the same escrow period. 10% of the Common Shares to be issued pursuant to the Definitive Agreement will be issued to the Tanforan shareholders on the Closing Date, with the remainder of the Common Shares to be issued in equal tranches after six, twelve, eighteen, and twenty-four months from the Closing Date (the "Escrow Period"). The Transaction is a significant acquisition but will not result in a "Fundamental Change" pursuant to the policies of the CSE. NORTHBUD will be preparing the necessary corporate and securities filings in order to secure the required approvals for the Transaction. NORTHBUD has agreed to pay \$150,000 in broker/finder fees to arm's length parties in connection with the closing of the Transaction. The closing of the Transaction is conditional on Tanforan receiving its final Certificate of Occupancy from the city of Woodland, the receipt of all applicable permits as well as the receipt by the parties of applicable corporate and regulatory approvals including that of the CSE.

Closing of First Tranche of Private Placement

On June 19, 2019, North Bud announced the closing of a first tranche of its non-brokered private placement, previously announced on May 15, 2019, for gross proceeds of \$1,208,000, by issuing 4,026,664 units at a price of \$0.30 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.40 per share for a period of twenty-four months. North Bud Capital Holdings Ltd. (“North Bud Capital”), a significant and founding shareholder of the Company, has demonstrated its commitment to the continued success of the Company by committing \$1 million as the lead investor in the offering. The Company plans to use the net proceeds of the offering to hire additional staff for its Canadian operations, pursue M&A opportunities in the United States, including new state license applications, and for general working capital purposes. The Company expects to close on the balance of the previously announced private placement of up to \$4 million in one or more additional tranches of the offering in the near future, subject to the receipt of all necessary regulatory approvals. All securities issued pursuant to the offering are subject to a four-month hold period in accordance with applicable Canadian securities laws.

The Company also issued 129,142 common shares at a price per share of \$0.35 to AGORACOM as per the September 21, 2018 press release for marketing services rendered to the Company through to June 15, 2019.

Letter of Intent to Acquire Nevada Botanical Science

On June 25, 2019, North Bud announced that it has entered into a binding letter of intent (“LOI”), effective June 23, 2019, to acquire all of the issued and outstanding securities of Nevada Botanical Science, Inc. (“NBS”) in a transaction valued at USD\$7 million. Nevada Botanical Science is located in Reno, Nevada. They hold medical and adult use licenses for cultivation extraction and distribution. NBS’ operation is located on 3.2 acres of land within the Reno green zone industrial park. NBS currently operates a 5,000 sq. ft. indoor cultivation facility and have been approved for expansion of up to 100,000 sq. ft. The property also houses an extraction facility and commercial kitchen capable of manufacturing beverages and edibles. Operated by healthcare professionals, NBS has been primarily focused on the cultivation and manufacturing of medical cannabis products. NBS currently manufactures and sells award winning* (Jack Herer Cup 2018) topical pain creams, balms and lotions under the Trichomic brand. The proposed transaction (the “Transaction”) is currently structured as a share purchase agreement whereby in exchange for the purchase of all of the securities of NBS, NORTHBUD will pay USD\$6M in cash and issue USD\$1M in common shares (“Common Shares”) to the shareholders of Nevada Botanical Science (the “NBS Shareholders”) with the price per Common

Share to be determined based on a formula of the higher of (a) CAD\$0.35 per Common Share and (b) the 30-day volume weighted average price (“VWAP”) calculated on the closing date (the “Closing Date”) of a definitive agreement in respect of the Transaction (the “Definitive Agreement”). In addition, NORTHBUD has agreed to loan up to USD\$500,000 under a promissory note to NBS while the companies work towards a definitive agreement. Specific terms of the promissory note are not yet determined, however any amounts loaned to NBS under the promissory note will be fully refundable and may be converted into equity in NBS, at the option of NORTHBUD, in the event that the transaction is not completed. NORTHBUD and NBS Shareholders expect to enter into the Definitive Agreement on or before October 1, 2019. The Transaction is a significant acquisition but will not result in a “Fundamental Change” pursuant to the policies of the Canadian Securities Exchange (“CSE”). Financial information on NBS will be disclosed following receipt of audited financial statements in connection with the Company’s due diligence. NORTHBUD will be preparing the necessary corporate and securities filings in order to secure the required approvals for the Transaction. NORTHBUD has agreed to pay up to USD\$280,000 in broker/finder fees to arm’s length parties in connection with the closing of the Transaction. The closing of the Transaction is conditional on the receipt by the parties of applicable corporate and regulatory approvals including that of the CSE. While the proposed transactions involving NBS, Tanforan Ventures and Eureka Vapor are complementary, they are independent and the Company may ultimately proceed to close one, two, all or none of the proposed transactions, depending on market conditions and regulatory requirements.

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.

None to report

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

None to report

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 June 19, 2019, North Bud closed a first tranche of its non-brokered private placement, previously announced on May 15, 2019, for gross proceeds of \$1,208,000, by issuing 4,026,664 units at a price of \$0.30 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.40 per share for a period of twenty-four months. The Company plans to use the net proceeds of the offering to hire additional staff for its Canadian operations, pursue M&A opportunities

in the United States, including new state license applications, and for general working capital purposes.

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.

None to report

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 July 3, 2019.

Brendan Stutt
Name of Director or Senior
Officer

(Signed) "Brendan Stutt"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
North Bud Farms Inc.	June 2019	July 3, 2019
Issuer Address 38 Chemin Scott		
City/Province/Postal Code	Issuer Fax No. ()	Issuer Telephone No. 1 855 628-3420
Chelsea, Quebec, J9B 1R5		
Contact Name	Contact Position	Contact Telephone No.
Edward Miller	IR	1 855 628-3420 ext. 3
Contact Email Address investors@northbud.com	Web Site Address https://www.northbud.com	