

## 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: July 6, 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 owns and operates, through its Canadian subsidiary, GrowPros MMP Inc., a licensed cannabis facility in Quebec, Canada. The Company built and owns a state-of-the-art purpose-built cannabis production facility**

located on 135 acres of agricultural land in Low, Quebec, Canada. The Low, Quebec facility currently has 24,500 sq. ft. of licensed indoor cultivation space; the Company has recently submitted its licence amendment application to Health Canada to add an additional 1,000,000 sq. ft. of outdoor cultivation space.

### **North Bud Farms Provides Corporate Update**

On June 2, 2020, the Company announced the following corporate update:

#### **U.S. Operations**

The Company is pleased to announce that it has signed a definitive agreement to sell all the shares of its U.S. subsidiary, Bonfire Brands USA, Inc. ("BBUSA"), to an entity controlled by Mr. Justin Braune, the President of BBUSA. The transaction constitutes a related-party transaction as defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the shares of BBUSA sold to the acquiror does not exceed 25% of the Company's market capitalization. This determination is based upon the fact that the value of the net assets of BBUSA is negligible as the assets acquired were, and continue to be, highly leveraged. In light of the current market conditions, it is no longer economically viable for the Company to continue to try to sustain and develop these assets.

Under the terms of the transaction, the acquiring party is responsible for and guarantees all of BBUSA's past and future liabilities and capital requirements, including all of the outstanding intercompany debts owed to NORTHBUD up to a maximum of CDN\$2 million. The acquiror will retain rights to the name "Bonfire Brands" and the Company will no longer proceed with the change of name and symbol that was approved at the last shareholder meeting.

#### **Failure-to-File Cease Trade Order Issued**

The following is an update on 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.

## **Sequence of Events**

**As previously disclosed, the Company completed two material U.S.-based acquisitions in November 2019, weeks prior to its year-end, thus obliging the Company to include purchase price accounting and post-acquisition activity for both acquired companies into its consolidated financial statements for the financial year ended November 30, 2019.**

**The Company took decisive steps to augment its capabilities to manage and report on its expanded operations including the appointment of advisors, valuation and taxation experts to assist with the year-end reporting and audit requirements; the appointments of Sean Homuth as CEO in December 2019, Adam Shapero as General Counsel in January 2020, and Jeffrey Stoss as CFO in February 2020; and, the addition of Jennifer Ross-Carriere and Lisa Mayhew as Directors in December 2019 and February 2020 respectively. Unfortunately, Sean Homuth had to take a medical leave of absence from the Company on April 28, 2020, which resulted in some delays to the progress of the year-end audit as he was interim CFO for the Company around the time of the U.S. acquisitions.**

**Due primarily to the inability of management, and its advisors and auditors to travel to the U.S. to conduct onsite field work, and due to ongoing travel and work restrictions in both Canada and the U.S. imposed by the impact of COVID-19 and the additional audit and reporting work related to the Company's stated intention to divest of its U.S. operations as announced May 6, 2020, the Company could not complete and file the Required Filings for the year-ended November 30, 2019 and the quarter-ended February 29, 2020 before the end of the May 31, 2020 deadline contemplated by the MCTO. The Company, its advisors and its independent auditor, are continuing to work diligently to complete the necessary work and the Company intends to make the Required Filings as soon as possible.**

**In connection with this delay, on June 2, 2020 the Ontario Securities Commission ("OSC") issued a failure-to-file cease trade order ("FFCTO") against the Company.**

**The FFCTO will affect trading in all securities of the Company in Canada and will remain in effect until such time as the Company has made the Required Filings. This has resulted in a halt in trading of the Company's shares on the Canadian Securities Exchange (CSE). Once the Required Filings are made within 90 days of the date of the FFCTO, such filings will constitute the Company's application to have the FFCTO revoked. The Company will issue a further news release when the Required Filings have been made, and it is expected that the Company's stock will resume trading on the Canadian Securities Exchange at that time.**

The FFCTO, among other things, (i) revokes the MCTO in respect of certain officers of the Company, which prohibited those officers from trading in the Company's securities until after the Company cured its disclosure defaults; and (ii) prohibits any person or company from trading, directly or indirectly, in any security of the Company in the Province of Ontario, and in every other province or territory of Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 - Failure-to-File Cease Trade Orders in Multiple Jurisdictions applies.

A copy of the FFCTO will be posted on the website of the Canadian Securities Administrators at [cto-iov.csa-acvm.ca](http://cto-iov.csa-acvm.ca). The Company will also post a copy of the FFCTO on the Company's website.

#### **Private Placement Offering Suspended**

The Company also wishes to announce that it has voluntarily suspended the anticipated closing of the previously announced private placement offering of up to \$2,000,000 of \$0.05 Units until the FFCTO is revoked. The Company did not accept any of the subscriptions and did not issue any securities under the private placement. At this time, the Company continues to evaluate options to preserve shareholder value and provide the Company with the required financial and operational resources required for ongoing operations. During the FFCTO period the Company will continue to update shareholders on the progression of these initiatives.

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.

**See response to item 1**

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.

**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.

**None to report**

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 7, 2020.

Ryan Brown  
Name of Director or Senior  
Officer

(Signed) "Ryan Brown"  
Signature

Chief Executive Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer	For Month End	Date of Report YY/MM/D
North Bud Farms Inc.	June 2020	July 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		
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 <a href="https://www.northbud.com">https://www.northbud.com</a>	