



North Bud Farms Announces the Closing of the Second Tranche of its Non-Brokered Private Placement of Debenture Units

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Toronto, Ontario, February 14, 2020 (GLOBE NEWSWIRE) – North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("**NORTHBUD**" or the "**Company**") is pleased to announce the closing of the second tranche (the "**Second Tranche**") of its non-brokered private placement of convertible debenture units (the "**Units**") of the Company for gross proceeds of C\$613,000. Each Unit is comprised of one C\$1,000 principal amount of secured convertible debenture (a "**Convertible Debenture**") accruing interest at 10.0% per annum, payable semi-annually in arrears until maturity, and 5,556 common share purchase warrants (each a "**Warrant**") of the Company. The terms of the Units were previously announced by the Company in its press release dated January 27, 2020.

Ryan Brown, Executive Chairman of the Company, participated in the Second Tranche and beneficially acquired 400 Units for total proceeds of \$400,000. André Audet, a Director of the Company, also participated in the Second Tranche and beneficially acquired 60 Units for total proceeds of \$60,000. The participation of each of Ryan Brown and André Audet in the Second Tranche constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The issuance of Units to Ryan Brown and André Audet is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as the fair market value of the Units issued to and the consideration paid by Ryan Brown and André Audet did not exceed 25% of the Company's market capitalization.

Certain finders (the "**Finders**") received a cash commission of \$39,040 on the sale of the Second Tranche. The Finders also received 216,889 compensation warrants (the "**Compensation Warrants**"), each carrying the right to purchase 1 common share in the capital of the Company at a price of \$0.18 per Compensation Warrant for a period of 24 months from the closing date.

The proceeds of the Second Tranche will be used by the Company for expansion of the Company's facilities and for general corporate and working capital purposes.

The Convertible Debentures, Warrants and Compensation Warrants issued pursuant to the Second Tranche of the Offering and any common shares in the capital of the Company ("**Common Shares**") issued on conversion of such Convertible Debentures or exercise of such Warrants and Compensation Warrants will be subject to a statutory hold period in Canada of four months and one day following the closing date, in accordance with applicable securities laws. Common Shares issued in lieu of interest payments in accordance with the terms of the Convertible Debentures (the "**Prepaid Interest Shares**") will be subject to a statutory hold period in Canada of four months and one day from the date on which such Prepaid Interest Shares are issued, in accordance with applicable securities laws. Additional resale restrictions may be applicable under the laws of other jurisdictions, if any.

The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws. Accordingly, the securities of the Company may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Company expects to complete the balance of its offering of Units for gross proceeds of up to \$4 million in one or more additional tranches to be closed in the near future, subject to the Company's receipt of all necessary regulatory approvals.

About North Bud Farms Inc.

North Bud Farms Inc., through its U.S. subsidiary Bonfire Brands USA, has acquired cannabis production facilities in California and in Nevada. The Salinas, California 11-acre farm is actively cultivating cannabis in its 60,000 sq. ft. of licensed greenhouse production space. The Reno, Nevada property is located on 3.2 acres of land which was acquired through the acquisition of Nevada Botanical Science, Inc. a world class cannabis production, research and development facility with 5,000 sq. ft. of indoor cultivation which holds medical and adult use licenses for cultivation, extraction and distribution. Through its wholly owned Canadian subsidiary, GrowPros MMP Inc., the company is pursuing a licence under The Cannabis Act, to cultivate in its state-of-the-art purpose-built cannabis production facility located on 135 acres of Agricultural Land in Low, Quebec, Canada.

For more information visit: www.northbud.com

Neither the Canadian Securities Exchange (the "**CSE**") nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

Certain statements included in this press release constitute forward-looking information or statements (collectively, "forward-looking statements"), including but not limited to those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" and similar expressions to the extent they relate to the Company or its management. Forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This press release contains forward-looking statements that include, but are not limited to, statements relating to the Company's intended use of proceeds raised in the Second Tranche of the offering and the Company's ability to close additional tranches of the offering. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Such risks and uncertainties include, among others, the risk factors included in the Company's final long form prospectus dated August 21, 2018, which is available under the Company's SEDAR profile at www.sedar.com.

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