



## ***North Bud Farms Signs Binding Letter of Intent to Acquire California Licensed Extraction Company Tanforan Ventures***

**Toronto, Ontario, June 18, 2019 (GLOBE NEWSWIRE) – North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("NORTHBUD" or the "Company")** is pleased to announce 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.

"We are very excited to have the opportunity to secure additional infrastructure and talent as we continue to execute on our U.S. expansion plans," said Ryan Brown, CEO of North Bud Farms. "This strategically located extraction facility will facilitate the transportation of crude extract derived from bio-mass grown at contract farms located in Northern California. Assuming the successful closing of the proposed transaction with Tanforan and our previously announced transaction with Eureka Vapor, we intend to further process the crude extract into a finished consumer product at Eureka Vapor's manufacturing and distribution facility located in Los Angeles to service the Southern California market."

### **Transaction Terms**

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.

“The opportunity to acquire a state-of-the-art facility with an experienced operations team is an exciting prospect for NORTHBUD,” says Ryan Brown, CEO of NORTHBUD. “We believe that the combination of Tanforan’s facility and services combined with Eureka Vapor’s products and distribution will give NORTHBUD an excellent platform to capitalize on the California recreational cannabis market, considered to be the largest in North America.”

“The Tanforan team is excited to join forces with NORTHBUD and Eureka to capitalize on the largest consumer market in North America,” said Shannan Day, CEO of Tanforan Ventures. “Tanforan has extensive exclusive agreements with licensed Cannabis farms in Northern California and we look forward to working with NORTHBUD and Eureka to create high quality products for distribution in Southern California.”

While the proposed transactions involving Tanforan and Eureka Vapor are complementary, they are independent and the Company may ultimately proceed to close one, both or neither of the proposed transactions, depending on market conditions and regulatory requirements.

## **Update on Acquisition of Eureka Vapor**

As previously announced in the Company's press release dated May 15, 2019, NORTHBUD and Eureka Vapor LLC ("Eureka") continue to work towards completing a definitive agreement whereby NORTHBUD is to acquire all of the issued and outstanding shares of Eureka and all of its subsidiaries. Based on projected timelines for the completion of the audit of Eureka's financial statements, the companies expect to sign a definitive agreement in the third quarter of the 2019 calendar year.

#### **Update on Financing**

The Company expects to close a first tranche of its non-brokered private placement later this week. As previously announced on May 15, 2019, the private placement is for up to 13,333,333 units at a price of \$0.30 per unit, for gross proceeds of up to \$4 million. Each unit will be comprised of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire an additional share at a price of \$0.40 for a period of 24 months from the closing date.

#### **About Tanforan Ventures LLC.**

Historically Tanforan's business operated under the proposition 215 regulatory structure. As of January 2019, Tanforan successfully applied for and received a volatile extraction license under the California adult use regulations laws. Tanforan specializes in white label extraction services.

#### **About North Bud Farms Inc.**

North Bud Farms Inc., through its wholly owned subsidiary GrowPros MMP Inc., is pursuing a licence under The Cannabis Act. The Company is constructing a state-of-the-art purpose-built cannabis production facility located on 95 acres of Agricultural Land in Low, Quebec. North Bud Farms Inc. will be focused on Pharmaceutical and Food Grade cannabinoid production in preparation for the legalization of edibles and ingestible products scheduled for October 2019.

#### **About Eureka Vapor LLC**

Headquartered in Los Angeles, California, EUREKA Vapor was founded in 2011 and holds licenses in both California and Colorado. EUREKA Vapor's multi state operation manufactures and sells a premium line of vaporizer cartridges, disposable vapor pens and proprietary vaporizer batteries designed to work with their highly sought-after CO2 extracted oil. Using their refined extraction processes and techniques developed over almost a decade of extracting, EUREKA Vapor is committed to providing the cleanest and safest natural oil cartridges in the industry. Long referred to as one of the leaders in the industry, EUREKA has one of the most loyal customer bases in the category which reflects their commitment to honesty and transparency above all else. EUREKA continually looks for innovative ways to improve and refine their product offerings in order to deliver the best, most consistent vaping experience in the industry.

For more information visit: [www.northbud.com](http://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 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. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This press release contains forward-looking statements including those relating to the entering into of the Definitive Agreement, closing of the Transaction and associated approvals, Tanforan’s ability to achieve milestones under the Definitive Agreement and associated Common Share issuances. 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 North Bud Farms Inc.’s final long form prospectus dated August 21, 2018 which is available under the issuer’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

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