



## ***North Bud Farms Restructures Proposed California Operations with Signing of Offer to Purchase 11-Acre Property in Salinas, California***

**Toronto, Ontario, September 12, 2019 (GLOBE NEWSWIRE) – North Bud Farms Inc.** (CSE: NBUD) (OTCQB: NOBDF) ("NORTHBUD" or the "Company") is pleased to announce that Bonfire Brands USA, a wholly owned subsidiary of NORTHBUD, has entered into a land purchase agreement with the Qlora Group to acquire a fully operational Cannabis farm consisting of approximately 300,000 sq. ft. of greenhouse capacity located in Salinas, California. With the near 11-acre cultivation facility comes additional licenses for processing and distribution. The transaction is valued at USD\$11 million.

The facility in Salinas, California is currently licensed and operating a 60,000 sq. ft. greenhouse capable of producing 12,000 kg a year and holds the approval to expand up to approximately 300,000 sq. ft. of capacity with estimated yields of 60,000 kg a year. This infrastructure will serve as the primary operation for Bonfire Brands USA within the state of California, which is considered to be the largest cannabis market in the United States.

“Over the past seven months we have observed an evolution in the California market,” stated Justin Braune, President of Bonfire Brands USA. “Many existing legacy operations have been unsuccessful in transitioning their businesses into the adult use market post January 1<sup>st</sup>, 2019. Supply issues and licensing time frames have caused widespread re positioning of market shares amongst many verticals. Since the creation of Bonfire, we have determined that the acquisition of strategic licensed infrastructure will provide Bonfire with the most efficient operational structure possible. By controlling the complete vertical in one location per state we will have the capacity to increase both our offerings and margins. This will enable us to further improve our own brands as well as we work with complementary partners over a wide spectrum of product segments.”

### **Transaction Terms**

Bonfire Brands USA entered into the land purchase agreement effective September 9, 2019. The purchase price of the land is USD\$8M. As part of the 60-day escrow agreement Bonfire Brands USA will make an initial deposit of USD\$500,000. The remaining USD\$7.5M mortgage will be held by the seller at a fixed interest rate. Over the first 12 months,

Bonfire Brands USA will make interest only payments before entering into a traditional principal and interest mortgage. Upon successfully transferring all licenses from Monterey Holdings to Bonfire Brands USA, the Company will issue a convertible debt note in the amount of CAD\$2.5M. The debt note will be redeemable in four equal installments to be paid in cash or common shares of NORTHBUD (valued at the 30-day VWAP of the common shares on the CSE) at the discretion of the note holder. If the note holder chooses to redeem in cash, then the installment will be paid in monthly installments over a 3-month period. Any issuance of common shares of NORTHBUD will be subject to receipt of applicable regulatory approvals, including that of the CSE, and standard restrictions on resale.

Upon closing of the real estate transaction, it is expected that Bonfire Brands USA will begin to immediately operate the facilities under an operations agreement until the license transfer is complete.

In addition, Bonfire Brands USA intends to acquire the remaining assets of the Qlora Group related to the brands “California Bud Co.” and “Live For The Day” (LFTD) in exchange for common shares of NORTHBUD. Qlora Group advises that the brands accounted for USD\$4.5M in unaudited revenue in 2018. This transaction is expected to take approximately six months to complete for a consideration of USD\$500,000.

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 up to 5% in finder fees to arm’s length parties in connection with the closing of the Transaction. The fee is payable in common shares of NORTHBUD.

The closing of the Transaction is conditional on the receipt by the parties of applicable corporate and regulatory approvals including that of the CSE.

### **U.S. Expansion Update**

NORTHBUD is pleased to have solidified its California expansion strategy with this this proposed transaction with Qlora Group and in light of this development and other factors NORTHBUD has agreed to mutually terminate the previously announced letters of intent regarding Eureka Vapor and Tanforan Ventures LLC. Mr. Justin Braune, President of Bonfire Brands USA will lead all NORTHBUD’s U.S. operations.

“Over the past seven months we have been working diligently to complete these transactions, however, during this time the market in California has evolved significantly,” said Ryan Brown, CEO of NORTHBUD. “When the opportunity to purchase licensed real estate in one of the most desired cultivation climates in the state presented itself, we felt that this was the best strategy to maximize revenue as well as protecting shareholder value. The acquisition of this property will provide NORTHBUD with larger revenue

potential and significantly less dilution than the previous proposed transactions. We look forward to a potential collaboration with both companies in the future and wish them the best of success.”

The Nevada Botanical Science LOI agreement is still in place and the Company will update shareholders on material progress related to that transaction in due course.

While the proposed transactions involving Nevada Botanical Science and Monterey Holdings are complementary, they are independent and the Company may ultimately proceed to close one, both or none of the proposed transactions, depending on market conditions and regulatory requirements.

### **Corporate Update**

NORTHBUD is pleased to update shareholders that the Evidence of Readiness Package was submitted to Health Canada and upon issuance of a standard cultivation licence from Health Canada, NORTHBUD will be ready to begin Canadian operations.

### **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 has built a state-of-the-art purpose-built cannabis production facility located on 135 acres of Agricultural Land in Low, Quebec, Canada. NORTHBUD through its wholly owned U.S. subsidiary, Bonfire Brands USA has entered into agreements to acquire assets in California and Nevada.

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 and information included in this press release that, to the extent they are not historical fact, constitute forward-looking information or statements (collectively, “forward-looking statements”) within the meaning of applicable securities legislation. 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. This press release contains forward- looking statements including those relating to the entering into of the Definitive Agreement and closing of the Transaction with Qlora. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. 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](http://www.sedar.com). Accordingly, readers should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statements to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws. This news release does not constitute an offer to sell or a solicitation of any offer to buy any securities of the Company.

**FOR ADDITIONAL INFORMATION, PLEASE CONTACT:**

North Bud Farms Inc.  
Edward Miller  
VP, IR & Communications  
Office: (855) 628-3420 ext. 3  
[investors@northbud.com](mailto:investors@northbud.com)