



North Bud Farms Fuels California Growth

Toronto, Ontario, April 15, 2020 (GLOBE NEWSWIRE) – North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("**NORTHBUD**" or the "**Company**") is pleased to announce that its U.S. subsidiary, Bonfire Brands USA Inc., has fueled its California growth with the execution of definitive agreements (the "Agreements") for a master lease, operations and royalty arrangement with an experienced California-licensed operator (the "Cultivator"), to operate the licensed facilities at the Company's Salinas, California farm.

Highlights of the California Deal

- Partnering with a proven licensed cannabis cultivator who has been operating successfully in Salinas for several years;
- Significantly strengthens the Company's facility operations while allowing the Company to increase its asset value;
- Reduces the Company's capital expenditure requirements while still generating significant revenue and retaining a portion of the unlimited upside potential through a royalty agreement;
- Builds EBITDA-positive operations; and
- Access to a cost-efficient and reliable supply chain on which to build the Company's branded product portfolio within the state of California.

Terms of the Agreement

As per the terms of the Agreements, the Cultivator will lease the Company's Salinas farm for 5 years, with options to extend the lease for up to an additional 5 years, and Bonfire Brands USA Inc. will receive the following consideration:

- Lease payments of USD\$900,000 per year, with incremental increases if the Cultivator extends the lease beyond the initial 5 year term;
- A royalty equal to 5% of the gross revenue generated by the Cultivator from its use of the Salinas farm; and
- The right to acquire a significant portion of the product harvested each quarter on the farm by the Cultivator, at a 15% discount to market rate.

During the term of the Agreements, the Cultivator will be responsible for the costs of operating the farm, including but not limited to staffing, operations, repair, maintenance, licensing and compliance; moreover, the Cultivator is committed to funding and

managing the build-out of up to an additional 230,000 sq. ft. of licensed cultivation space in order to maximize the revenue-generating potential of the property.

“We are very pleased to have concluded this deal as we partner with an established operator to build up our asset and to secure access to high-quality, low-cost cannabis,” said Justin Braune, President of Bonfire Brands USA. “This deal will allow the Company to immediately achieve EBITDA-positive operations at our largest facility without incurring significant capital investments. By retaining preferential purchasing terms, the Company can now focus on the success of its branded product lines, on the back of the estimated 40,000 pounds of production capacity that the Cultivator is expected to bring online over the next 24 months.”

About North Bud Farms Inc.

NORTHBUD owns and operates, through its subsidiaries, licensed cannabis facilities in Canada, California and Nevada. Bonfire Brands USA, the Company’s U.S. subsidiary, acquired cannabis production facilities in Salinas, California and Reno, Nevada in late 2019. The Salinas, California 11-acre farm is actively cultivating cannabis in its 60,000 sq. ft. of licensed greenhouse production space. The Reno, Nevada facility, located on 3.2 acres of land, was acquired through the acquisition of Nevada Botanical Science, Inc., and includes a world-class cannabis production, research and development facility with 5,000 sq. ft. of indoor cultivation space which holds medical and adult-use licenses for cultivation, extraction and distribution. Through its wholly-owned Canadian subsidiary, GrowPros MMP Inc., 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 expects to submit its licence application to Health Canada for an additional 1,000,000 sq. ft. of outdoor cultivation space in the near future.

For more information visit: www.northbud.com

Neither 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, include but are 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, including but not limited to, the success of its arrangement with the Cultivator to lease and operate its Salinas farm, U.S. and Canadian strategies, the

success of the Company's licence application with Health Canada, the Company's ability to execute its strategic plan, conditions in the cannabis market, the Company entering agreements in connection with the B2B supply of cannabis and the Company's transition into a revenue-generating operational phase of development 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. 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.

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