



North Bud Farms Provides Update on U.S. and Quebec Subsidiaries

TORONTO, May 6, 2020 (GLOBE NEWSWIRE) -- North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("NORTHBUD" or the "Company") is pleased to provide shareholders with the following corporate update:

Quebec Cultivation Facility

Easing of Covid-19 Restrictions

The Quebec government recently announced that, effective May 11, 2020, it will begin easing its Covid-19 related restrictions on business operations in the province. Subject to the implementation of said easing measures, NORTHBUD intends to commence scaling its Quebec production accordingly, and has advised its suppliers that it will be ready to receive starting materials quickly upon implementation of the easing measures.

Outdoor Cultivation Licence Application Status

With respect to the Company's previously disclosed intention to apply for an amendment to its existing cultivation licence at its Quebec facility to allow for outdoor cultivation, the Company is pleased to announce that it has submitted to Health Canada all required materials and documentation for the aforementioned licence amendment, and it now awaits the issuance of a licence to allow for a proposed 1 million square feet of outdoor production. "With the underlying fundamentals and low-cost capacity of our Quebec facility, especially with the expected addition of outdoor capacity, we believe this facility has the potential to add value and we continue to explore collaborations with companies who have established distribution channels and who are relying on the volatile wholesale market to fulfill their cultivation needs," said Ryan Brown, the Company's Executive Chairman and Interim CEO. "Management is encouraged by the amount of interest being shown for potential collaborations and will update shareholders when there are any material developments on this front."

To date the Company has signed a letter of intent to supply product to a licensed distributor, and is actively negotiating additional supply contracts with other parties. Securing these supply agreements is expected to provide the Company with further insight into revenue potential and operating capital required for its Quebec facility. While the Company has initiated operations at its Quebec facility, currently the Company does not have sufficient working capital and financial resources to commercialize the full capacity of its Quebec facility.

Furthermore, in light of current market conditions, the Company is exploring options to extend its cash runway to further operations, including with respect to staffing decisions.

U.S. Operations

The Company also announces that it has signed a non-binding letter of intent 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 proposed transaction is expected to close on or before May 15, 2020, and would constitute a related-party transaction as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The proposed 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 proposed to be 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 proposed transaction, which remain subject to the negotiation of a definitive share purchase agreement and customary closing conditions and approvals, the acquiring party will become responsible for and guarantee all of BBUSA's past and future liabilities and capital requirements, including all of the outstanding intercompany debts owed to NORTHBUD. The acquiror will also 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. Final terms of the proposed transaction will be announced upon the signing of the definitive agreement.

"The structure of this proposed transaction represents the furtherance of the Company's previously-announced plan to remove its direct exposure to the U.S. cannabis sector in order to eliminate the increasing administrative and capital costs associated with such holdings. Subject to the structuring of the definitive agreement, this proposed transaction would also significantly reduce dilution of shareholders of the Company by eliminating the need to issue additional shares of NORTHBUD related to the U.S. acquisitions," said Ryan Brown, NORTHBUD's Executive Chairman and Interim CEO. "We look forward to the successful completion of this deal to divest our U.S. holdings, which will significantly improve the Company's balance sheet and available cash flow, a key Company objective in light of the difficult economic climate brought on by Covid-19."

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 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, those regarding the timing of the Company’s filing of its year-end and quarterly financial statements, U.S. and Canadian strategies, the success of the Company’s licence application with Health Canada, the Company’s ability to close its proposed sale of BBUSA, 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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