



North Bud Farms Announces Proposed Terms for Non-Brokered Private Placement of Units

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Toronto, Ontario, May 19, 2020 (GLOBE NEWSWIRE) – North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("NORTHBUD" or the "Company") is pleased to announce that it intends to complete a non-brokered private placement of units (each a **"Unit"**) at a price of \$0.05 per Unit for gross proceeds of up to C\$2 million, subject to the Company's receipt of minimum gross proceeds of C1\$ million (the **"Offering"**).

Each Unit will be comprised of one common share in the capital of the Company (a **"Common Share"**) and one common share purchase warrant (a **"Warrant"**). Each Warrant will entitle the holder thereof to acquire one Common Share (a **"Warrant Share"**) for a period of 24 months following the Closing Date (as defined below) at an exercise price equal to: (i) \$0.075 if the Warrant is exercised within 12 months of the Closing Date, or (ii) \$0.10 if the Warrant is exercised at any other time prior to expiry.

The Company may pay a cash fee or issue compensation securities to certain eligible finders in connection with the proceeds received by the Company from the sale of Units to subscribers introduced to the Company by such eligible finders.

The proceeds of the Offering will be used by the Company to meet its 12-month corporate and working capital requirements, which the Company believes is vital to ensuring efficient and consistent operations. Management believes that securing a 12-month cash runway is the most prudent step in attempting to secure the long-term viability of the Company. Failure to meet these capital requirements could force management to proceed with secondary options that may preserve less long-term value for shareholders. Subscription receipts will be held in escrow and released upon the filing of the Company's 2019 financial statements. The Offering is expected to close on or around June 1, 2020 (the **"Closing Date"**).

Anyone who is interested in participating in the current financing may email the Company at: investors@northbud.com

The Offering is subject to certain conditions, including but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Canadian Securities Exchange (the “**CSE**”).

The Units will be offered: (i) on a private placement basis in all of the provinces and territories of Canada; (ii) in the United States on a private placement basis in reliance on Rule 506(b) of Regulation D or pursuant to other exemptions from the requirements of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and in compliance with applicable United States federal securities laws and any “blue sky” laws or regulations of any state of the United States; and (iii) in such jurisdictions outside of Canada and the United States as determined by the Company on a private placement or equivalent basis.

Participation in the Offering will be open to anyone who qualifies under an accredited investor exemption and to existing shareholders (each an “**Existing Shareholder**”) of the Company as of the close of business on May 19, 2020 (the “**Record Date**”) who are eligible to participate in the Offering in reliance on the existing shareholder exemption under Canadian securities laws (the “**Existing Shareholder Exemption**”).

The aggregate acquisition cost to an Existing Shareholder relying on the Existing Shareholder Exemption cannot exceed \$15,000 in any 12-month period, unless such Existing Shareholder has obtained advice regarding the suitability of the investment from a registered investment dealer in that Existing Shareholder's jurisdiction. Persons who become shareholders of the Company after the Record Date are not permitted to participate in the Offering using the Existing Shareholder Exemption, however other exemptions may still be available.

The Units and any Warrant Shares issued upon the exercise of the Warrants issued in connection with the Offering will be subject to a statutory hold period in Canada of four months and one day following the Closing Date. Additional resale restrictions may apply under the laws of other jurisdictions.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any of the securities described herein, and these securities will not be offered or sold in any jurisdiction in which their offer or sale would be unlawful. The securities described herein have not been and will not be registered under the U.S. Securities Act, or any state securities laws of the United States. Accordingly, these securities will not be offered or sold to persons within the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

In addition, the Company has resolved to re-price the 26.9M of currently issued and outstanding common share purchase warrants with exercise prices between \$0.30/share and \$0.40/share and various expiry dates, to a new reduced exercise price equal to \$0.10 per share in order to align with the current proposed private placement and to encourage

such warrant holders to exercise their warrants. This reduction of warrant exercise prices is subject to certain conditions, including but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Canadian Securities Exchange (the "CSE").

Additional Cost Cutting Measures

As of May 15, 2020, all members of senior management have been asked to agree to a 30% reduction in their cash-based compensation for the next four months, and to instead receive Common Shares in lieu.

The Company wishes to advise shareholders that it has successfully renegotiated approximately CDN\$1 million in current payables by its subsidiary into a 24-month payment obligation. The restructuring improves the Company's balance sheet and reduces monthly cash requirements moving forward. While this alleviates certain cash flow requirements, it does not affect the Company's need to raise a minimum of \$1 million of proceeds under the Offering.

Management Cease Trade Order Update

Additionally, the Company provides the following update on the previously announced management cease trade order (the "**MCTO**") issued by the Ontario Securities Commission on March 31, 2020.

The MCTO was issued in connection with the delay by the Company in filing its annual financial statements, management's discussion and analysis and related officer certifications for the financial year ended November 30, 2019 (collectively, the "**Required Filings**") before the prescribed deadline of March 30, 2020.

The Company continues to work closely with its auditor and expects to file the Required Filings before the end of May 2020.

The Company is providing this status update in accordance with National Policy 12-203 Management Cease Trade Orders ("**NP 12-203**"). The Company intends to follow the provisions of the Alternative Information Guidelines set out in NP 12-203, including the issuance of bi-weekly default status reports in the form of news releases, for as long as the Company remains in default. The Company confirms as of the date of this news release that there has been no material change in the information contained in the default announcement issued on March 13, 2020 and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

Issuance of Common Shares for Services Rendered

The Company has proceeded with the issuance of 472,222 Common Shares, at an issue price of \$0.18 per share, to an arm's length advisor to the Company. The Common Shares, which are subject to a statutory hold period as required by applicable securities laws, are based upon the \$85,000 cash value of the services rendered to the Company by the advisor.

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 has recently submitted its licence amendment application to Health Canada to add an additional 1,000,000 sq. ft. of outdoor cultivation space.

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 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 that include, but are not limited to, statements related to the expected proceeds of the Offering, the completion of the Offering including the timing thereof, the intended use of proceeds from the Offering, the timing of the Company filing the Required Filings and the submission of the Company's license application to Health Canada. 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.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

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