



***North Bud Farms Provides Corporate Update
Divestment of U.S. Operations and Failure-to-File Cease Trade Order
Issued***

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Toronto, Ontario, June 2, 2020 (GLOBE NEWSWIRE) – North Bud Farms Inc. (CSE: NBUD) (OTCQB: NOBDF) ("NORTHBUD" or the "Company") provides shareholders with the following corporate update:

U.S. Operations

The Company is pleased to announce that it has signed a definitive agreement 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 transaction constitutes a related-party transaction as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The 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 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 transaction, the acquiring party is responsible for and guarantees all of BBUSA's past and future liabilities and capital requirements, including all of the outstanding intercompany debts owed to NORTHBUD up to a maximum of CDN\$2 million. The acquiror will 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.

"We are pleased with the successful completion of this deal to divest our U.S. holdings as it 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," said Ryan Brown, NORTHBUD's Executive Chairman and Interim CEO. "The structure of this

transaction represents the achievement 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."

Failure-to-File Cease Trade Order Issued

The following is an 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.

Sequence of Events

As previously disclosed, the Company completed two material U.S.-based acquisitions in November 2019, weeks prior to its year-end, thus obliging the Company to include purchase price accounting and post-acquisition activity for both acquired companies into its consolidated financial statements for the financial year ended November 30, 2019.

The Company took decisive steps to augment its capabilities to manage and report on its expanded operations including the appointment of advisors, valuation and taxation experts to assist with the year-end reporting and audit requirements; the appointments of Sean Homuth as CEO in December 2019, Adam Shapero as General Counsel in January 2020, and Jeffrey Stoss as CFO in February 2020; and, the addition of Jennifer Ross-Carriere and Lisa Mayhew as Directors in December 2019 and February 2020 respectively. Unfortunately, Sean Homuth had to take a medical leave of absence from the Company on April 28, 2020, which resulted in some delays to the progress of the year-end audit as he was interim CFO for the Company around the time of the U.S. acquisitions.

Due primarily to the inability of management, and its advisors and auditors to travel to the U.S. to conduct onsite field work, and due to ongoing travel and work restrictions in both Canada and the U.S. imposed by the impact of COVID-19 and the additional audit and reporting work related to the Company's stated intention to divest of its U.S. operations as announced May 6, 2020, the Company could not complete and file the Required Filings for the year-ended November 30, 2019 and the quarter-ended February 29, 2020 before the end of the May 31, 2020 deadline contemplated by the MCTO. The Company, its advisors and its independent auditor, are continuing to work diligently to complete the necessary work and the Company intends to make the Required Filings as soon as possible.

In connection with this delay, on June 2, 2020 the Ontario Securities Commission ("**OSC**") issued a failure-to-file cease trade order ("**FFCTO**") against the Company.

The FFCTO will affect trading in all securities of the Company in Canada and will remain in effect until such time as the Company has made the Required Filings. This has resulted in

a halt in trading of the Company's shares on the Canadian Securities Exchange (CSE). Once the Required Filings are made within 90 days of the date of the FFCTO, such filings will constitute the Company's application to have the FFCTO revoked. The Company will issue a further news release when the Required Filings have been made, and it is expected that the Company's stock will resume trading on the Canadian Securities Exchange at that time.

The FFCTO, among other things, (i) revokes the MCTO in respect of certain officers of the Company, which prohibited those officers from trading in the Company's securities until after the Company cured its disclosure defaults; and (ii) prohibits any person or company from trading, directly or indirectly, in any security of the Company in the Province of Ontario, and in every other province or territory of Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 - *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies.

A copy of the FFCTO will be posted on the website of the Canadian Securities Administrators at cto-iov.csa-acvm.ca. The Company will also post a copy of the FFCTO on the Company's website.

Private Placement Offering Suspended

The Company also wishes to announce that it has voluntarily suspended the anticipated closing of the previously announced private placement offering of up to \$2,000,000 of \$0.05 Units until the FFCTO is revoked. The Company did not accept any of the subscriptions and did not issue any securities under the private placement. At this time, the Company continues to evaluate options to preserve shareholder value and provide the Company with the required financial and operational resources required for ongoing operations. During the FFCTO period the Company will continue to update shareholders on the progression of these initiatives.

Additional Management Update to Follow Shortly

Management will be delivering a comprehensive business update to the Company's shareholders in the coming days, where it will provide further details regarding the Company's current position and outline plans for moving forward.

About North Bud Farms Inc.

NORTHBUD owns and operates, through its Canadian subsidiary, GrowPros MMP Inc., a licensed cannabis facility in Quebec, Canada. 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, the timing of the Company filing the Required Filings. 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.

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