



Q2 2018 NEWS RELEASE

SUGARBUD CRAFT GROWERS CORP. ANNOUNCES Q2 2018 FINANCIAL AND OPERATING RESULTS

TSX-Venture Exchange: **RRL**

CALGARY, ALBERTA, August [27], 2018 – SugarBud Craft Growers Corp. (trading as Relentless Resources Ltd.) (“**SugarBud**” or the “**Company**”) is pleased to announce its Q2 2018 financial and operating results. SugarBud’s unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and related management’s discussion and analysis are available on SEDAR at www.sedar.com and on SugarBud’s website at www.sugarbud.ca.

Summary of Q2 2018 Financial and Operating Results

As at	June 30, 2018	December 31, 2017
Working Capital	3,922,142	(2,502,798)
Total Assets	16,261,999	11,011,283
Three Months Ended	Q2 2018	Q2 2017
Production (boe/d)	135	228
Oil & natural gas revenue	\$612,510	\$766,946
Operating cash flow ⁽¹⁾	269,153	408,911
Netback per boe ⁽¹⁾	33.89	19.73

(1) Operating cash flow, netbacks and netback per boe do not have any standardized meaning prescribed by International Financial Reporting Standards (“IFRS”) and therefore may not be comparable with the calculation of similar measures for other issuers. See “*Non-IFRS Measures*”.

At June 30, 2018, the Company’s working capital was \$3,922,142, compared to a working capital deficiency of \$2,502,798 at December 31, 2017 and working capital deficiency of \$2,992,271 at June 30, 2017. The improvement in working capital during the year was primarily the result of a \$8.25 million recapitalization private placement which closed in March 2018.

During the three months ended June 30, 2018, the Company’s total production decreased 41% to 135 boe/d when compared to 228 boe/d during the three months ended June 30, 2017. The decrease of 41% was primarily a result of the voluntary shut-in of approximately 120 boe/day of natural gas production at Gold Creek, Gordondale and Pageant due to poor natural gas prices.

Oil and NGL production averaged 101 bbl/d during the three months ended June 30, 2018 as compared to 130 bbl/d during the three months ended June 30, 2017. Natural gas production averaged 201 mcf/d during the three months ended June 30, 2018 when compared to 588 mcf/d during the three months ended June 30, 2017.

During the three months ended June 30, 2018, average realized oil and natural gas prices increased 36% compared to during the three months ended June 30, 2017, due to stronger oil and NGL prices. The

average price of oil and NGLs increased 25% from \$51.41/bbl during the three months ended June 30, 2017 to \$64.30/bbl during the three months ended June 30, 2018. Natural gas prices decreased 56% from \$2.99/mcf to \$1.31 /mcf during the three months ended June 30, 2018 when compared to during the three months ended June 30, 2017.

The significantly stronger realized oil and natural gas prices resulted in netbacks of \$33.89 per boe during the three months ended June 30, 2018 compared to netbacks of \$19.73 per boe during the three months ended June 30, 2017.

Production revenues decreased by 20% to \$612,510 during the three months ended June 30, 2018 when compared to \$766,946 during the three months ended June 30, 2017, primarily as a result of the shut-in natural gas volumes.

During the three months ended June 30, 2018, production, operating and transportation expenses decreased by 45% to \$149,670 as compared to \$273,193 during the three months ended June 30, 2017, primarily due to the 41% decrease in production volumes. On a per boe basis, production and operating expenses decreased by 7% to \$12.27 per boe during the three months ended June 30, 2018, down from \$13.18 per boe during the three months ended June 30, 2017.

President's Message

Craig Kolochuk, President and Chief Executive Officer of SugarBud, stated:

"The 2018 year has been transformational for the Company. During the first quarter of 2018, the Company completed a recapitalization financing of \$8.25 million to fund investment opportunities in the cannabis space.

During Q2 2018 we made numerous steps in executing on our new cannabis-focused business plan. The first step was to appoint a team with the experience required to successfully execute on our hybrid cannabis and oil and gas business model. Our team has a strong mix of cannabis, oil and gas, start-up, transaction, business, public company and regulatory experience. The second order of business was to change our name from Relentless Resources Ltd. to SugarBud Craft Growers Corp. This was approved by our shareholders on June 5, 2018 and will be completed upon receipt approval of change of business from the TSX Venture Exchange (the "**TSX-V**").

On May 31, 2018 we executed an amalgamation agreement with Grunewahl Organics Inc. ("**Grunewahl**"), a late stage Health Canada applicant under the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") (the "**Transaction**"). On September 11, 2018, Grunewahl will hold a special meeting of the Grunewahl shareholders to seek approval of the Transaction. Once Grunewahl receives shareholder approval, and SugarBud receives approval of change of business from the TSX-V, we will proceed to close the Transaction.

In Q2 2018, we also announced plans to construct a 29,800 square foot aeroponic cannabis cultivation facility on four acres of undeveloped land at Stavely, Alberta (the "**Stavely Lands**"), with Phase 1 estimated to be capable of 8,000 kgs of dried cannabis flower production per year. We have made significant progress with respect to the construction of the facility. The site has been prepped, the footings have been poured and the walls of the facility are currently being erected. SugarBud is working towards the goal of obtaining a cultivation license in Q4 2018.

Subsequent to Q2 2018, we entered into an investment agreement with Inner Spirit Holdings Ltd. providing for a strategic investment by the parties in one another's securities, as well as a strategic alliance agreement that will govern the on-going business relationship of the parties (collectively, the "**Inner Spirit Transaction**").

We are continually seeking to differentiate ourselves from our competitors. We are firm believers that using aeroponic cultivation technology, combined with prudent quality management systems, top-tier genetics, and small isolated growing environments, will allow us to cultivate a premium product and maintain margins in a highly competitive environment.

We believe that we have provided a significant value proposition to our shareholders, and we are currently offering rights to our shareholders ("**Rights Offering**"). Please see the Rights Offering circular, which is available on SEDAR at www.sedar.com for further details regarding the Rights Offering, which will close on September 12, 2018."

About SugarBud

SugarBud is a Calgary based emerging cannabis and oil and natural gas company engaged in the development, acquisition and production of cannabis and natural gas and crude oil reserves in Alberta.

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Forward Looking and Cautionary Statements

This news release may include forward-looking statements including opinions, assumptions, estimates, the Company's assessment of future plans and operations, and, more particularly, statements concerning the approval of the TSX-V of the Company's change of business, the Transaction, Grunewahl's receipt of an ACMPR cultivation license, the cannabis facility in Stavely, Alberta, the Inner Spirit Transaction and the Rights Offering. When used in

this document, the words “will,” “anticipate,” “believe,” “estimate,” “expect,” “intent,” “may,” “project,” “should,” and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Company which include, but are not limited to, the timing of the receipt of the required TSX-V, regulatory and third party approvals. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to: regulatory and third party approvals not being obtained in the manner or timing anticipated; the ability to implement corporate strategies; the state of domestic capital markets; the ability to obtain financing; changes in general market conditions; industry conditions and events; the size of the medical marijuana market and the recreational marijuana market; government regulations, including future legislative and regulatory developments involving medical and recreational marijuana; competition from other industry participants; and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities. Please refer to SugarBud’s annual information form for the year ended December 31, 2017 (the “AIF”) for additional risk factors relating to the Company. The AIF can be accessed under the Company’s profile on www.sedar.com.

Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

NON-IFRS MEASURES - This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Cash flow from operations, netbacks, netback per boe and net surplus (debt) are not recognized measures under IFRS. Management believes that in addition to net income (loss), cash flow from operations, netbacks, netback per boe and net surplus (debt) are useful supplemental measures that demonstrate the Company’s ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of SugarBud’s performance. SugarBud’s method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Cash flow from operations is calculated by adjusting net income (loss) for deferred income taxes, other income, accretion, share based compensation, decommissioning obligations, impairment, and depletion and depreciation. Netback is calculated based on oil and gas revenue less royalties and operating expenses. Netback per boe is netbacks calculated on a per boe basis. Net surplus (debt) is the total of accounts receivable plus prepaids and deposits, less accounts payable and bank debt.

BOE REFERENCE - Reference is made to barrels of oil equivalent (“boe”). Boe may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a boe conversion ratio of six mcf of natural gas to one bbl of oil has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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