FORM 7  
  
MONTHLY PROGRESS REPORT – JANUARY 2018

Name of Listed Issuer: **CannaRoyalty Corp. (the “Issuer” / “CannaRoyalty”).**

Trading Symbol: **CRZ**

Number of Outstanding Listed Securities: **46,859,329**

Date: **February 7, 2018**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

1. Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**On January 2, 2018, CannaRoyalty welcomed the transition of California into a full recreational adult-use cannabis market. The Company also announced that Kaya Management Inc. (“Kaya”), which is the exclusive manufacturer and license holder of rights for Bhang® brand vaporizer products in California, received a Temporary Cannabis Manufacturing License (Type 6 – Medical). This temporary license enables Kaya to engage in commercial cannabis activity in the state of California, through its current facility in Oakland. As announced on November 28, 2017, CannaRoyalty has executed a binding term sheet to acquire Kaya.**

**On January 3, 2018, CannaRoyalty announced that Alta Supply and Vista received their temporary California cannabis distribution licenses. Alta Supply Inc. (“Alta Supply”) received a Temporary Cannabis Distribution License (Type 11 – Medical). Vista Distribution Inc. (“Vista”), an Oakland distribution company 49% owned by Alta Supply, received the same class of distribution license the date prior (collectively, the (“Licenses”). These Licenses enable Alta Supply and Vista to engage in commercial cannabis distribution in the state of California, through facilities in Oakland, California. Alta Supply is a distributor of Bhang® vaporizer and Bhang® chocolate products, as well as products for over a dozen other well-known third-party cannabis companies throughout California. As announced on November 28, 2017, CannaRoyalty has executed a binding term sheet to acquire Alta Supply.**

**On January 4, 2018, CannaRoyalty commented on the Department of Justice Memorandum to U.S. Attorneys. The Memorandum, rescinds its predecessors, the so-called *Cole Memorandums* of 2011, 2013 and 2014, provide guidance to U.S. prosecutors regarding the enforcement of federal cannabis laws. The Memorandum is not law nor does it alter the U.S. Justice Department’s discretion or ability to enforce federal marijuana laws. U.S. prosecutors will continue to have discretion in how they enforce federal marijuana laws.**

**On January 11, 2018, CannaRoyalty and Aequus Pharmaceuticals announced a joint venture to develop and commercialize cannabis-based therapies targeting neurological disorders. The joint venture will advance a suite of cannabis-based therapies targeting neurological disorders into clinical trials in Canada, in collaboration with Canadian doctors and key opinion leaders.**

**On January 16, 2018, CannaRoyalty investee, Anandia Labs, closed a $13.4 million financing at a post-money valuation of $63 million. CannaRoyalty invested $3.9 million in Anandia Labs in February 2017 at a post-money valuation of $18 million. The post-money valuation of this current financing represents a growth in value of approximately $7 million or 180% for CannaRoyalty shareholders. CR Advisory, a wholly-owned business unit of the Company, has an ongoing engagement with Anandia Labs. CR Advisory will receive 229,421 Anandia Labs shares and a cash payment of $240,000 in connection with services provided. Anandia Labs is 17% owned by CannaRoyalty after accounting for the financing.**

**On January 23, 2018, CannaRoyalty announced the launch of Trichome Yield (“Trichome”). Trichome aspires to be the preferred lending partner to emerging and established cannabis companies operating in Canada and globally by providing flexible asset-backed debt financing. Trichome is co-founded in combination with Sprott Inc., a leading resource and real-asset investor, and Stoic Advisory Inc., an independent cannabis focused consulting firm, bringing together three highly respected firms across segments of the cannabis and asset management industries to provide accretive financing solutions and a suite of value-added operational and strategic services.**

**On January 26, 2018, CannaRoyalty announced that is has received approval from the Canadian Securities Exchange to implement a warrant incentive program (the “Program”) designed to encourage the early exercise of the Company’s 1,942,500 outstanding common share purchase warrants (the “Warrants”). The Warrants are exercisable until February 15, 2019 at a price of $4.50 per share and have a $6.00 acceleration trigger in place. The Program will be open for a 30-day period (the “Early Exercise Period”). Under the Program, each Warrant that is exercised during the Early Exercise Period will receive one common share of the Company and one-quarter of one new common share purchase warrant (each whole warrant, an “Incentive Warrant”). Each Incentive Warrant will entitle the holder thereof to purchase one common share for a period of three years at an exercise price of $6.00. The Incentive Warrants will be subject to a 15-day accelerated expiry provision if the Company’s daily volume weighted average share price is greater than $10.00 for 15 consecutive trading days following issuance of the Incentive Warrants.**

1. Provide a general overview and discussion of the activities of management.

**Management continues to explore new strategic opportunities and business relationships as well as to build on and actively manage its current investments.**

1. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**CannaRoyalty launched Trichome in the month of January. Please see question #1 above for more information.**

1. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None to report.**

1. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**CannaRoyalty launched a joint venture with Aequus in the month of January. Please see question #1 above for more information.**

1. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer’s affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None to report.**

1. Describe any acquisitions by the Issuer or dispositions of the Issuer’s assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**None to report**

1. Describe the acquisition of new customers or loss of customers.

**None to report.**

1. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**None to report.**

1. Report on any employee hiring’s, terminations or lay-offs with details of anticipated length of lay-offs.

**None to report**

1. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**No new issues to report. No material developments from proceeding disclosed in August.**

1. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None to report.**

1. Provide details of any securities issued and options or warrants granted.

|  |  |  |  |
| --- | --- | --- | --- |
| **Security** | **Number Issued** | **Details of Issuance** | **Use of Proceeds(1)** |
| Common Shares | 755,068 | Shares issued on the exercise of warrants at $1.50, $2.00, $3,00 and $4.50 | $2,824,840 – General corporate and working capital. |
| Common Shares | 900,000 | Shares issued on the exercise of warrants at $2.05 by Sprott | $1,845,000 –General corporate and working capital. |
| Common Shares | 51,000 | Shares issued on the conversion of RSUs by employees | n/a |
| Warrants | 5,850 | Half share purchase warrants issued on the exercise of 11,700 broker warrants at $3.00 | n/a |

1. *State aggregate proceeds and intended allocation of proceeds.*
2. Provide details of any loans to or by Related Persons.

**None to report.**

1. Provide details of any changes in directors, officers or committee members.

**None to report.**

1. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

**Please see preceding discussion in questions #1 regarding US regulatory developments.**

**Certificate of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is following the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **February 7, 2018**

**Name:** **Afzal Hasan**

(signed) “*Afzal Hasan*”

**EVP, Corporate Development and General Counsel**   
Official Capacity

|  |  |  |
| --- | --- | --- |
| ***Issuer Details***  Name of Issuer  **CannaRoyalty Corp.** | For Month End  **January 2018** | Date of Report  YY/MM/D  **February 7, 2018** |
| Issuer Address  **333 Preston St, Suite 610** | | |
| City/Province/Postal Code  **Ottawa, Ontario, K1S 5N4** | Issuer Fax No.  ( ) | Issuer Telephone No.  **(613) 680-5070 or**  **1-844-556-5070** |
| Contact Name  **Eric Massie** | Contact Position  **Director, Fin. Reporting** | Contact Telephone No.  (613) 694-4427 |
| Contact Email Address  **emassie@CannaRoyalty.com** | Web Site Address  [www.CannaRoyalty.com](http://www.CannaRoyalty.com) | |