

FORM 7

MONTHLY PROGRESS REPORT – SEPTEMBER 2018

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

Trading Symbol: **CRZ**

Number of Outstanding Listed Securities: **55,218,747**

Date: **October 9, 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

- (a) 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.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) 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 September 7, CannaRoyalty’s subsidiary Trichome Financial Corp. (“Trichome”) announced the closing of its private placement. Gross proceeds from the financing were \$15 million which Trichome intends to deploy into its growing pipeline of specialty finance opportunities within the cannabis sector as well as for general working capital purposes.

On September 13, CannaRoyalty and its subsidiary RVR Distribution announced that they had agreed to provide strategic financing to support the expansion and growth of Utopia Cannabis (“Utopia”), an award-winning California-based cannabis brand whereby CannaRoyalty will advance USD\$750,000 towards the prepayment of Utopia-branded manufactured products including jarred extracts, vaporizer cartridges and edibles.

On September 17, CannaRoyalty announced that it has signed a letter of intent with Australis Capital Inc. (“Australis”) whereby Australis intends to purchase 2,200,000 shares of common stock (the “Share Purchase”) in the capital of Wagner Dimas Inc. (“Wagner Dimas”) from Cannroy Delaware Inc. (“Cannroy Delaware”), a wholly-owned subsidiary of CannaRoyalty Corp for a consideration of C\$3,000,000, payable in either common shares of Australis or cash.

On September 18, CannaRoyalty announced its intention to accelerate the expiry date of all outstanding common share purchase warrants of the company issued pursuant to the warrant indenture dated February 15, 2017 between the company and TSX Trust Company. If all warrants are exercised, gross proceeds to the company will total \$5,931,675, which will be used by CannaRoyalty to expand its footprint across California, as well as general corporate and working capital purposes.

On September 20, CannaRoyalty announced that it entered into an agreement to close the merger of its subsidiary RVR Distribution with Alta Supply, whereby RVR distribution shareholders will receive the option to acquire 70,000 CannaRoyalty Class A shares, over the next 24 months. Closing of the Acquisition remains subject to finalization of definitive closing documentation and, requisite Board approvals. CannaRoyalty also announced that effective August 31, 2018, Sadie Reyes, President of Alta Supply, was appointed to the position of President of RVR to lead the Company’s state-wide distribution efforts.

On September 24, CannaRoyalty and its subsidiary, Trichome announced that 420 Wellness, a subsidiary of their investee 180 Smoke (“180 Smoke”), was approved by the City of Calgary to open its first cannabis dispensary in the city, pending approval from the Alberta Gaming and Liquor Commission.

On September 27, CannaRoyalty and its subsidiary, Trichome announced that CannaRoyalty had entered into an agreement to acquire 100% of investee 180 Smoke for a total consideration of \$25 million, as well as an additional \$15 million upon the completion of certain milestones. Closing of the acquisition is subject to customary closing conditions including but not limited to due diligence, the execution of definitive documentation related to the Acquisition, and the approval of the definitive documentation by the boards of directors of CannaRoyalty and 180 Smoke.

Further details of the above may be found in the press releases on our corporate website at <http://cannaroyalty.com/press-releases/>

2. 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.

3. 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.

None to report.

4. 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.

5. 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.

As discussed further in question #1, CannaRoyalty and its subsidiary RVR Distribution announced that they had agreed to provide strategic financing to support the expansion and growth of Utopia Cannabis

6. 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.

7. 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.

On September 20, 2018, CannaRoyalty signed a definitive agreement to close the previously announced merger of RVR Distribution “RVR” with Alta Supply subject to customary closing conditions.

Pursuant to close, which has yet to occur as of September 30, 2017, all consideration will be in CannaRoyalty Shares and issued in installments over the next 24 months RVR will receive exchangeable shares that will enable the recipients to acquire 70,000 Class A CannaRoyalty Shares (17,500 shares at close and 52,500 shares over the next 24 months) for no additional consideration. Each Class A Compressed Share shall be convertible into 100 Common Shares.

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

No material changes to report

9. 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.

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

In line with its acquisition of Kaya, Alta and FloraCal, and the closing of the deal with RVR, the Company has continued to add to its personnel in California, Toronto and Ottawa across all key areas of the organization to manage its rapid expansion.

11. 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.

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

The Company fully paid down its line of credit with a payment of \$2.0 million.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	835,960	Shares issued on the exercise of warrants from \$3.00 to \$4.50	\$3.76 million (intended for investing activities)
Common Shares	171,604	Shares issued on the achievement of performance milestones related to the Alta acquisition	n/a
Common Shares	139,334	Release of RSUs granted to employees	n/a

(1) State aggregate proceeds and intended allocation of proceeds.

14. Provide details of any loans to or by Related Persons.

None to report.

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

None to report.

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

None to report.

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: October 9, 2018

Name: **Afzal Hasan**

(signed) "Afzal Hasan"

President

Official Capacity

<i>Issuer Details</i> Name of Issuer CannaRoyalty Corp.	For Month End September 30, 2018	Date of Report YY/MM/D October 9, 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	