



CannaRoyalty Closes RVR Distribution Acquisition

- Establishes CannaRoyalty as a premier cannabis brand development platform in California with an ability to accelerate the growth of owned and partner brands.
- The Company has five licensed distribution and manufacturing facilities across California, delivering several of the state's top independent branded products to the majority of licensed dispensaries in the state¹.
- RVR generated US\$25.3 million in revenue in fiscal 2017.² Combined with Alta Supply, CannaRoyalty-related distributors generated US\$31.9 million in combined fiscal 2017 revenue³.
- CannaRoyalty obtained control of RVR at close of business on August 31, 2018 and has therefore began consolidation of RVR's financial statements with CannaRoyalty's effective September 1, 2018.
- Ted Simpkins, Co-Founder and CEO of RVR, joined CannaRoyalty's Board, effective on closing. Mr. Simpkins is a highly regarded career distribution executive in California, with over 40 years' experience as an Executive VP of Southern Wine and Spirits – California's largest wine and spirit distributor.

Ottawa, Canada – October 18, 2018 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF) ("CannaRoyalty" or the "Company"), a leading North American cannabis products and brands company, announced today that it has closed the [previously announced](#) acquisition of RVR Distribution ("RVR") (the "Acquisition"). With the closing of the Acquisition, as [formerly disclosed](#), CannaRoyalty will assume the merged California operations of RVR and Alta Supply (together, the "Companies"). Additionally, Ted Simpkins, Co-Founder and CEO of RVR joined the Company's Board of Directors, effective October 18, 2018.

Together, the Companies generated US\$31.9 million in consolidated revenue in fiscal 2017. The Acquisition close will combine the strengths of both companies, and position CannaRoyalty as a major third-party distribution platform in the California cannabis marketplace.

Marc Lustig, CEO of CannaRoyalty commented, "The close of this Acquisition is a major milestone as we work toward our objective of becoming the premier home for promising growth brands in the California market. I am proud to welcome co-founders and experienced consumer products distribution executives Ted Simpkins and Henry Pilger to the team. As a combined organization we now have the pieces in place to scale our California operations and

¹ Based on publicly available and internal CannaRoyalty statistics

² Unaudited financial statements of RVR

³ Unaudited financial statements of RVR and Alta Supply

rapidly leverage our brand IP and expertise into additional global markets such as Canada. Q2 marked a financial inflection point for CannaRoyalty and this is just the beginning. We expect the closing of the Acquisition and the resulting acceleration of our growth plans to generate a sustained, multi-quarter step change in our revenue run rate.”

Transaction Summary:

- All consideration will be in CannaRoyalty Shares and issued in installments.
- The vendors will receive exchangeable shares that will enable the recipients to acquire 70,000 Class A CannaRoyalty Shares (21,000 shares at close and 49,000 shares over the next 24 months) for no additional consideration.
- Each Class A Compressed Share shall be convertible into 100 Common Shares.
- On closing, it is anticipated that CannaRoyalty will have 56,318,410 common shares outstanding and 83,393,404 shares outstanding on a fully diluted basis.

About CannaRoyalty

CannaRoyalty is a North American cannabis consumer product company currently focused on building a leading distribution business in California, the world’s largest regulated cannabis market. By building a world-class logistics platform and supporting contract manufacturing assets, the Company intends to support the growth of new and established cannabis brands. The Company believes California, home to some of the world’s most discerning consumers and a nexus of information and trends, will be the point of inception for the global cannabis brands of the future. CannaRoyalty has developed a diversified portfolio of assets within the cannabis sector, including research, infrastructure and intellectual property to support our existing brands, partner products and distribution networks. The Company’s leadership and staff combines passion and a hands-on understanding of the cannabis industry, with proven financial and legal expertise. CannaRoyalty’s Common Shares trade on the Canadian Stock Exchange (CSE) under the symbol CRZ and in the US on the OTCQX under the symbol CNNRF.

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Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in CannaRoyalty's periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward- looking statements.

Forward-looking statements may include, without limitation, statements relating to the Acquisition, the issuance of consideration shares, revenue growth, the execution of the Company's strategy, scaling operations, entry into additional markets, new opportunities, future growth and other statements.

Although CannaRoyalty has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects that are engaged in activities currently considered illegal under US federal law; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry; and regulatory or political change.

There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. CannaRoyalty disclaims any intention or obligation to update or revise such information, except as required by applicable law, and CannaRoyalty does not assume any liability for disclosure relating to any other company mentioned herein.