

NEWS RELEASE

CannaRoyalty Completes Royalty Agreement with Natural Ventures, Provides Entry to Puerto Rico Medical Cannabis Market

December 20, 2016 –Ottawa, Canada – CannaRoyalty Corp. (“CSE:CRZ”) is pleased to announce it has entered into a binding term sheet regarding a royalty financing arrangement with Natural Ventures PR, LLC.

Located in San Juan, Natural Ventures is one of Puerto Rico’s first and largest licensed cultivation and manufacturing medical cannabis companies, featuring a 100,000 square foot indoor cultivation facility. Natural Ventures is also one of two companies in Puerto Rico that has received a manufacturer’s license for its 30,000 square foot manufacturing facility.

Pursuant to the term sheet, Natural Ventures has agreed to grant CannaRoyalty a 2.5% royalty on Natural Ventures’ net profits, and a further 10% referral royalty on revenue generated from products licensed by Natural Ventures from CannaRoyalty by for the Puerto Rican Market over a 10-year term, each starting from the date Natural Ventures commences commercial sales (collectively, the “Royalty”).

"Through this royalty financing arrangement, we will be able to offer CannaRoyalty investors a foothold in the newly opened, sizeable marketplace in Puerto Rico," said Marc Lustig, Chief Executive Officer, CannaRoyalty. "We welcome this opportunity to work with the team at Natural Ventures and are pleased to be able to offer CannaRoyalty’s portfolio of brands and products."

Natural Ventures’ Chief Executive Officer, Edgar Montero stated, "We are very excited to have CannaRoyalty as our investment partner at a time of exceptional growth in Puerto Rico’s medical cannabis industry. Having access to CannaRoyalty's diverse portfolio of brands and products puts us in an excellent position with our first harvest expected in January 2017, and sales of products to patients expected to commence in Q1 of 2017."

CannaRoyalty has advanced a total of US\$250,000 to Natural Ventures under a promissory note, which, together with strategic services to be provided by CannaRoyalty to Natural Ventures, will comprise the consideration for the grant of the Royalty on closing. Closing shall occur after (and is subject to) completion of satisfactory due diligence by CannaRoyalty and the execution of definitive agreements.

The U.S. island territory of Puerto Rico legalized medical cannabis for qualifying health conditions in 2015 and permits the use of medical cannabis derivatives only (e.g. capsules, extractions, lotions, patches, edibles, suppositories, flower and oils). Puerto Rico's population is estimated at 3.6 million and receives 2 million tourists annually.

About CannaRoyalty Corp.

CannaRoyalty is a fully integrated, active investor and operator in the legal cannabis sector. Our focus is to build and support a diversified portfolio of growth-ready assets in high-value segments of the cannabis sector, including research, consumer brands, devices and intellectual property. Our management team combines a hands-on understanding of the cannabis industry with seasoned financial know-how, assembling a platform of holdings via royalty agreements, equity interests, secured convertible debt and licensing agreements.

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Cautionary Statement on Forward-Looking Information

Certain information contained in this press release, including any information as to CannaRoyalty's (the "Corporation") strategy, projects, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "will", "expect", "continue", "assess", "designed to prevent" and similar expressions identify forward-looking statements. Forward-looking statements in this press release include statements regarding the final terms of the Corporation's royalty financing arrangement with Natural Ventures and the expected dates Natural Ventures will commence commercial production and sales. Forward-looking statements are necessarily based upon a number of estimates and assumptions; including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Corporation as at the date of this press release in light of each of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: regulatory risks; operational risks and/or operating or technical difficulties; the speculative nature of the cannabis industry; changes in national and local government legislation, taxation, controls, regulations or guidelines and/or changes in the administration of laws, policies and practices or political or economic developments in Canada, the United States and other jurisdictions in which the Corporation does or may carry on business in the future; lack of certainty with respect to foreign

legal systems, corruption and other factors that are inconsistent with the rule of law; unfavourable publicity or consumer perception; limited operating history; competition; the inability to open a bank account; requiring additional equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions; fluctuations in the currency markets; changes in U.S. dollar interest rates; risks associated with strategic acquisitions; unprofitability of research and market development activities; employee relations including loss of key employees or management; failure to obtain or maintain the necessary licenses, permits, authorizations or accreditations; litigation, formal or informal complaints, enforcements actions, and inquiries; product liability claims or any regulatory action; difficulty in reselling securities; price volatility of publicly traded securities; the development of competing technology; difficulty implementing a business strategy; inability to obtain insurance; and lack of adequate personnel and expertise.

The forward-looking statements included in this document are made as of the date of this document and the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although management of the Corporation believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

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.