

## NEWS RELEASE

### **CannaRoyalty to Acquire 20% of Anandia Labs, a Leader in Cannabis Testing, Extraction and Genetics**

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**January 9, 2017 – Ottawa, Canada – [CannaRoyalty Corp.](#) (CSE:CRZ) is pleased to announce the signing of a letter of intent (“LOI”) to acquire a 20% equity interest in [Anandia Laboratories Inc.](#) Anandia Labs is a cannabis biotechnology company with a focus on providing leading analytical testing services and developing cannabis strains for safe and effective medical applications.**

Anandia Labs has completed extensive research into cannabis genetics and has built a significant intellectual property position that includes cannabinoid pathway patents. The company uses genomics and modern plant breeding approaches to develop innovative, new products and next generation cannabis varieties.

Anandia Labs has also been issued a Health Canada Dealers License pursuant to the provisions of the Controlled Drugs and Substances Act and the Narcotic Control Regulations. The Dealers License permits Anandia Labs to analyze and extract cannabis, and cultivate cannabis for breeding and strain improvement. This licensing gives Anandia Labs the ability to undertake research and development, and develop products beyond those currently permitted for Licensed Producers under Health Canada’s Access to Cannabis for Medical Purposes Regulations (ACMPR).

Anandia Labs is also a leader in independent cannabis testing and analytical services which are currently being used by seven Licensed Producers under the ACMPR. The recently released Report of the Task Force on Cannabis Legalization and Regulation emphasized the importance of independent lab testing of all cannabis products.

Dr. Jonathan Page, Co-Founder, President and CEO of Anandia Labs, and an internationally-recognized pioneer in cannabis genetics, stated, “We have elected to partner with CannaRoyalty given their expertise in extraction, post-processing and the development of proprietary formulations. The recent Task Force report described analytical testing as the ‘cornerstone’ for ensuring safe and effective products in the future cannabis market. Building on our analytical chemistry expertise, our objective is to leverage our Dealers License to build a national, best-in-class cannabis extraction and processing facility.”

Marc Lustig, CEO of CannaRoyalty, commented, "Our partnership with Anandia Labs exemplifies our approach of acquiring interests in high-value, strategic assets in the North American cannabis sector. As the only independent Canadian testing facility specializing exclusively in cannabis, Anandia Labs is clearly well positioned given how crucial independent testing of cannabis products is to the future of the cannabis sector in Canada. In addition, the value that we expect to help create through Anandia Labs' Dealers License for the extraction of derivatives – together with Anandia's impressive patent portfolio of genetics – gives CannaRoyalty shareholders exciting exposure to rapid and sustainable growth areas in Canada's dynamic cannabis sector."

Under the terms of the LOI, CannaRoyalty has agreed to provide aggregate consideration of C\$4,000,000 in exchange for a 20% equity interest in Anandia Labs, which will be satisfied through a combination of \$500,000 in equipment and services to be provided by CannaRoyalty; C\$1,500,000 in cash; and the balance in common shares of CannaRoyalty ("CR Shares") at a deemed price per CR Share equal to the lesser of (a) C\$3.10 being the closing price of the CR Shares on January 6, 2017, the last trading day prior to this announcement, and (b) the volume weighted average price of the CR Shares on the Canadian Securities Exchange for the 10 consecutive trading days immediately preceding the date of closing (the "Closing"). The Closing is expected to be on or prior to January 31, 2017, subject to, among other things, (i) satisfactory completion of financial and legal due diligence by the parties; (ii) the execution of final definitive documents acceptable in form and substance to the parties (the "Definitive Documents"); (iii) the approval of each of the board of directors of each of the parties to the transaction and the Definitive Documents; and (iv) the satisfaction or waiver of all conditions to closing specified in the Definitive Documents.

**For further information, please contact:**

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[About Anandia Labs](#)

Anandia Labs is a Health Canada licensed company co-founded by Dr. Jonathan Page, a leading authority on cannabis biochemistry and genomics. Anandia Labs is focused exclusively on

cannabis, with the aim of bringing the best of modern science to the cannabis industry for the benefit of growers and consumers. Anandia Labs also provides a full suite of third-party independent cannabis testing services to clients licensed under Health Canada's ACMPR, including Licensed Producers and patients.

### [About CannaRoyalty](#)

CannaRoyalty is a fully integrated, active investor and operator in the legal cannabis sector. CannaRoyalty's 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. The CannaRoyalty 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.

### **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, including statements regarding the terms of the Corporation's proposed investment in Anandia Labs. The words "will", "expect", "continue", "assess", "designed to prevent" and similar expressions identify forward-looking statements. 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.*

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