

## NEWS RELEASE



### **CannaRoyalty Reaches 30% Revenue Royalty with Oregon Processor Rich Extracts**

Ottawa, Canada – February 9, 2017 – CannaRoyalty Corp. (CSE: CRZ) (“**CannaRoyalty**” or the “**Company**”) is pleased to announce that it has entered into a binding term sheet (the “**Term Sheet**”) regarding a royalty financing arrangement with Rich Extracts LLC (“**Rich Extracts**”) whereby CannaRoyalty will receive a 30% royalty on Rich Extracts’ gross revenues in perpetuity.

Rich Extracts has constructed a 30,000 square foot facility in Oregon to produce cannabis extract products using a variety of extraction processes. The facility houses equipment including extractors capable of processing up to 60,000 grams per month and short path distillation units that can process up to 4,000 grams per week. Commercial operations will commence, and are subject to, the facility obtaining the necessary permits from the Oregon Liquor Control Commission, which are expected to be received in the first half of 2017.

“Rich Extracts is an award-winning brand with a mission to produce the highest quality, purest cannabis concentrates and distillates in the Oregon market. We're excited to finalize this royalty agreement with Rich Extracts which is poised to be a leading cannabis company in Oregon, a market which in 2016 had estimated cannabis product sales of approximately US\$200mm,” said Marc Lustig, Chief Executive Officer of CannaRoyalty.

In June 2016, Rich Extracts was granted its medical processing license (MMPS#281970) by the Oregon Health Authority for processing of cannabis products in accordance with the Oregon Medical Marijuana Program. In anticipation of the new standards that were to be enacted by the Oregon Liquor Control Commission (OLCC), in August 2016 Rich Extracts began a significant development and expansion of its operations in order to meet the expected OLCC guidelines. On September 29, 2016, Rich Extracts formally filed its application for an OLCC license and is expecting to obtain the license during the first half of 2017.

Rich Wilkinson, Chief Executive Officer of Rich Extracts commented, “CannaRoyalty is a remarkable partner that provided Rich Extracts with the capital and resources we needed to address the changes in the Oregon regulatory environment in the fall of 2016, a critical juncture in our business. The capital has brought us to the brink of our goal to build what we anticipate will be one of the most advanced, full spectrum cannabis extraction, and processing facilities in the country.”

The Term Sheet replaces the Company’s existing term sheet with Rich Ventures, and contemplates the grant of a 30% royalty on the gross revenues generated by Rich Extracts, in exchange for the advances made by CannaRoyalty to Rich Extracts (approximately US\$2 million to date, subject to further advances). Closing is subject to, among other things, (i) satisfactory completion of financial and legal due

diligence by CannaRoyalty; (ii) the execution of final definitive documents acceptable to CannaRoyalty; and, (iii) the satisfaction or waiver of all conditions to closing specified in the definitive documents. The parties have also executed a general security agreement to secure the Company's existing advances against the assets of Rich Extracts.

### **About CannaRoyalty**

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.

### **For further inquiries, please contact:**

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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 including the Company's expectations with respect to pursuing new opportunities and its future growth and other statements of fact.

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 which have limited or no operating history and are engaged in activities currently considered illegal under US Federal Laws; 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.