

NEWS RELEASE



CannaRoyalty Secures Revenue Royalty and Product Distribution Agreement through 2024 with Leading California Licensed Medical Cannabis Distribution Company

Ottawa, Canada – March 1, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQB: CNNRF) (“**CannaRoyalty**” or the “**Company**”) is pleased to announce that it has entered into a binding term sheet (the “**Term Sheet**”) whereby CannaRoyalty will invest a total of US\$5 million, in two tranches, in exchange for a royalty equal to 2.25% of the net sales of River Wellness Inc. (“**River**”) until the US\$5 million advance is repaid, and then 1.75% of net sales for the balance of the royalty term ending December 31, 2024. River has also agreed to a US\$15 million purchase commitment for CannaRoyalty’s products in California over the term of the royalty agreement.

River was the first company in California to receive a permit for medical cannabis wholesale logistics, distribution and transportation. The company has built a leadership position whereby it represents over 20 leading cannabis brands, supporting over 100 cannabis farmers and manufacturers, and has relationships with over 400 retail collectives throughout California. River’s fiscal 2016 revenues were US\$26 million and are expected to grow rapidly over the almost 8 year term of the agreement. ArcView estimates the sales for the California medical cannabis market in 2016 were US\$2.7 billion and will exceed US\$6.6 billion in annual sales revenue by 2020, with a 5-year projected CAGR of 20%.

River will also support the launch and expansion of CannaRoyalty’s brands and products by agreeing to a preferred distribution arrangement of such products by way of a distribution agreement. The arrangement includes a commitment from River to acquire US\$15 million of CannaRoyalty brand products over the term of the agreement.

“This is a milestone investment for CannaRoyalty. We expect to earn a significant and stable royalty on the growing revenues of a dominant distribution company that is already a leader in the compliant distribution of medical cannabis products in California, the largest medical cannabis market in the world. Over and above this, we’ve obtained a distribution deal to expand the reach of our brands to the California market,” said Marc Lustig, CannaRoyalty CEO.

River serves the medical cannabis community in California and provides safe storage and transport of medical cannabis products throughout California. The company maintains a qualified sales force to grow revenue for each of its brand partners and ensures the safety and quality of the product to their retail partners by way of product testing with third party cannabis testing laboratories. Distribution is a key strategic component of most cannabis sales verticals, and accordingly, is a critical segment of the cannabis market. River has quickly become a leading cannabis distributor because of its focus on compliance and best practices.

“We are excited to partner with CannaRoyalty and have them as our strategic partner given their strong

business acumen and the many synergies we see with their existing holdings and platform,” said Lauren Fraser, Co-Founder and President of River. “We believe this relationship will serve us well in our plans to grow our leadership position in the California market and look forward to collaborating with CannaRoyalty on our mutual expansion.”

Pursuant to the Term Sheet, CannaRoyalty has agreed to advance an aggregate amount of US\$5,000,000, funded in two tranches: (i) an initial advance of US\$3,500,000 to River on the date of closing (the “**Royalty Financing Amount**”); and (ii) a second advance of US\$1,500,000 prior to December 31, 2017. Closing is subject to, among other things, (i) satisfactory completion of financial, operational 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 will also execute a general security agreement to secure the Company’s advances (and any funds subsequently owing to the Company) against the assets of River.

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.

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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.