



CannaRoyalty Announces Closing of \$12 Million Debt Financing with Sprott

Ottawa, Canada – August 23, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF) (“CannaRoyalty” or the “Company”), an active investor and operator in the legal cannabis industry, is pleased to announce the closing of its previously announced \$12 million debt financing (the “**Financing**”) with a subsidiary of Sprott Inc. (“**Sprott**”). CannaRoyalty expects to draw upon the facility as accretive opportunities arise. Concurrent with the Financing, CannaRoyalty and Sprott have begun reviewing investment opportunities for their previously announced joint venture (“**JV**”).

“We expect our relationship with Sprott to drive significant value for CannaRoyalty shareholders as we continue to build our portfolio of value-add cannabis assets,” said Marc Lustig, CEO of CannaRoyalty. “Our Company is set up to invest in and provide expertise to leaders in specific, competitively-advantaged segments of the high-growth cannabis industry. In addition to providing access to additional capital the partnership between CannaRoyalty and Sprott brings together our sector-specific expertise and Sprott’s proven track record as an alternative investor in the natural resource sector. Given the quality of the opportunities we are reviewing in the Canadian cannabis market, we believe the timing to launch this joint venture is ideal.”

“We look forward to supporting and working with CannaRoyalty as it seeks to expand its footprint in the growing legal Canadian cannabis market,” said Andrew Stronach, Managing Director of Sprott.

Financing

CannaRoyalty has executed a revolving \$12 million secured credit facility with Sprott Canna Holdco Corp. today. The facility has a three-year term and is secured against the Canadian assets of CannaRoyalty. Any outstanding principal amount will bear interest at an annual rate of 10%, payable quarterly in cash or CannaRoyalty shares issued at a 10% discount. The proceeds of the Financing are expected to be used for specific opportunities that CannaRoyalty is pursuing for production and/or processing assets, as well as general corporate purposes.

In addition, CannaRoyalty warrants were issued to Sprott on June 19, 2017 which entitle Sprott to purchase 1.8 million CannaRoyalty shares at an exercise price of \$2.05 per share for a period of three years after closing. The warrants are non-transferable, other than to certain permitted transferees.

Joint Venture

The JV will focus on debt investment opportunities in the rapidly growing legal Canadian cannabis sector. The legal structure of the JV will be determined in the context of each JV investment. The types of assets that the JV may target include licensed producers, licensed producer applicants, production assets, property, and equipment.

CannaRoyalty will leverage its cannabis sector experience, deep industry relationships and investment pipeline to identify and refer attractive Canadian opportunities to the JV. Additionally, CannaRoyalty will assist Sprott in completing due diligence and providing strategic support to JV investments, as well as the structuring, negotiation, and monitoring of those investments. Sprott will provide the JV with its significant expertise and experience as a provider of asset backed investment capital in specialized areas that are not fully served by traditional credit providers. Financing for each investment, expected to include both debt and equity upside, will be arranged by Sprott and include participation by CannaRoyalty, if desired by CannaRoyalty. As partner in the JV, CannaRoyalty will participate in realized returns from investments made, following a customary private equity style waterfall. CannaRoyalty will also have the opportunity to directly enter into royalty, streams, offtake agreements or other business relationships with JV borrowers.

Sprott Capital Partners acted as strategic advisor to the foregoing transactions.

About CannaRoyalty

CannaRoyalty is an active investor and operator in the legal cannabis sector. Our focus is building and supporting 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, licensing agreements and its own branded portfolio.

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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.