



CannaRoyalty Announces Official California Launch of CR Brands Portfolio Through River Collective

Debuts premium suite of cannabis products ahead of full recreational legalization in largest cannabis market in the world

Ottawa, Canada – October 19, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF) (“CannaRoyalty” or the “Company”), an active investor and operator in the legal cannabis industry, today announced the official launch of its first CR Brands product in California through CannaRoyalty investee River Collective (“River”), California’s largest cannabis distributor. The Company has started selling Soul Sugar Kitchen™ gourmet-edibles through River’s distribution network of 677 dispensaries in California, and is on track to launch GreenRock Botanicals™ premium vape pens this quarter.

“California is the largest cannabis market in the world and CannaRoyalty is well positioned to capitalize on this burgeoning market, with a proven consumer brands team and a suite of premium products coupled with a strategic relationship with the largest distributor in the state,” said Marc Lustig, CEO of CannaRoyalty. “After over 20 years as a medical cannabis market, California is transitioning to a recreational market in January 2018. We expect to generate significant growth in the state, as well as the Canadian market, which itself will also be a recreational market in 2018.”

Dave Vautrin, President CR Brands for CannaRoyalty, added, “Since completing our transaction with River in May, our California-based team has worked diligently to build infrastructure and develop a premium suite of cannabis products in preparation for this launch. The most recent launch of Soul Sugar Kitchen and the impending launch of GreenRock Botanicals in the River Distribution system will position us strongly ahead of full recreational legalization in January. With Soul Sugar Kitchen, we experienced rapid retail penetration in the initial 30-day launch period, and continue to see a significant increase in points of distribution. Another sign of growing momentum is feedback from consumers who are driving meaningful engagement with our brands on social media platforms. CR Brands will use the same disciplined execution strategy for its portfolio of products scheduled to launch in 2018 in the California market, and as we expand licensing in other jurisdictions.”

The Company has also expanded its California footprint in October with the execution of a facility lease in northern California adjacent to a River Distribution facility. With this new facility, CR Brands has begun the process of consolidating its operations in this central and strategic location. Concentrating functions such as manufacturing, processing, product development and distribution within a single facility, is expected to result in cost synergies, production efficiencies and an expansion of the Company’s innovation pipeline. This strategic consolidation and expansion represents another key milestone in the CR Brands expansion strategy.

CannaRoyalty is working closely with River to help drive the success of the entire distribution business and currently has a 2.25% royalty on River’s total net sales until the Company’s initial USD\$5 million investment is fully recouped. The Company then earns 1.75% of net sales through December 2024. In addition, and in consideration, River has agreed to a preferred product distribution arrangement with a

contractual commitment by River to purchase no less than USD\$20 million worth of CR Brands' portfolio of products over the term of the agreement, subject to certain conditions.

About River

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 market share 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.

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.