



CannaRoyalty Signs Binding Term Sheets to Acquire Two Leading California Cannabis Companies

- *Approx. C\$12.4 million in combined revenue¹*
- *Purchase includes a globally recognized and award-winning cannabis brand²*
- *Plus, a wholly-owned distributor with an extensive California dispensary network*

Ottawa, Canada – November 28, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF) (“CannaRoyalty” or the “Company”) is pleased to announce that it has executed a binding term sheet to acquire Kaya Management Inc. (“Kaya”) which is the exclusive manufacturer and license holder of rights for Bhang[®] brand vaporizer products in California. The Company has concurrently signed a binding term sheet to acquire Alta Supply Inc. (“Alta”) (together, the “Acquisitions”), which is a distributor of Bhang[®] vaporizer and Bhang[®] chocolate products, as well as products for over a dozen other well-known third-party cannabis companies throughout California. Richard Sellers, majority owner of Kaya and Alta and an accomplished entrepreneur within the California cannabis market has agreed to join the CannaRoyalty executive team following closing of the Acquisitions.

“These Acquisitions are transformative for CannaRoyalty, and will provide the Company with foundational assets to execute on our California expansion strategy. Consolidated sales from Kaya and Alta over the past 12 months were approximately C\$12.4 million¹ and once this transaction is completed it will increase the Company’s existing revenue run rate significantly,” said Marc Lustig, CEO of CannaRoyalty. “With the advent of a full recreational market in California in January 2018, we believe Kaya and Alta are well-positioned to drive further revenue growth. The Acquisitions will also give us the right to produce and market one of the most awarded brands in the global cannabis space as well as access to an extensive network of California dispensaries.² The acquisition of Bhang[®] vaporizer products in California will further strengthen our market position in the vape/cartridge sector and provide a strong complement to our recently announced launch of GreenRock Botanicals[®]. CannaRoyalty is one of the only avenues for public market investors to gain exposure to the largest cannabis market in the world³. Our primary focus over the next 12 months will be to continue to build, support and grow our product and brand portfolio in California, while actively pursuing opportunities to license our broader portfolio into other key jurisdictions such as Canada.”

Richard Sellers, CEO of Kaya and Alta, added, “I look forward to working with the CannaRoyalty team and contributing to the Company’s strategy to become a leading player in the California market. Under my leadership, Kaya and Alta have successfully built the market presence of Bhang[®] vape products in California, and attracted other marquee brands in their distribution channels. I have been operating in this industry for over a decade and have first-hand experience with the changing cannabis market dynamics. The most noteworthy expected change being, effective July 1st, 2018, that all sales of cannabis products will be required to be distributed through a licensed distributor, like Alta. CannaRoyalty truly understands that having great products and a comprehensive distribution strategy will be the key drivers of success in the California marketplace. With the adult-use market opening up just around the corner, California is the market to be a part of in 2018. Thanks to a growing portfolio of premium products and brands, CannaRoyalty is poised to capitalize on this opportunity.”

“I am excited about this acquisition, which includes Bhang® vape products in California,” reported Dave Vautrin, President of CR Brands. “The Bhang® brand is well-established and has impressive breadth and depth in both Northern and Southern California. Alta’s distribution business adds over two hundred new dispensaries to our reach in the California marketplace, which is essential for any brand to scale and win in a rapidly growing geography and sector. Beyond the inherent value-add to CR Brands, we also see this as a great opportunity to contribute to the Bhang® franchise with our consumer product and distribution expertise. Finally, this transaction will provide us the ability to further leverage our recently leased manufacturing facility in Santa Rosa.”

The Company will provide an overview of the Acquisitions on its third quarter 2017 conference call, which will take place at 8:30 a.m. ET this morning. The conference call will include a slide presentation and webcast. A link to the slide presentation and webcast is below, and slides will also be available 30 minutes prior to the call in the Investors section of CannaRoyalty’s website at: cannaroyalty.com.

California is the largest cannabis market in the world with annual sales of approximately US\$2.8 billion in 2016,⁽³⁾⁽⁶⁾ which only includes sales of products in the medical marijuana market. In consideration of the legalization of a full, adult recreational cannabis market in California in January 2018, sales are forecast to grow to over US\$6.8 billion by 2021 and vaporizer products are expected to account for 15% or over one billion dollars of the total. This represents a compound annual growth rate of 54% between 2017 and 2021⁽⁴⁾⁽⁶⁾.

The aggregate consideration for the Acquisitions will be in cash and shares of CannaRoyalty and will be issued over an 18-month period, comprised of: (i) 0.5x the historical consolidated revenue of Alta and Kaya for the twelve months ending October 31, 2017, (ii) 0.5x the future consolidated revenue of Alta and Kaya for the twelve months ending December 31, 2018 and (iii) additional consideration of approximately US\$1 million, subject to net working capital adjustments. All consideration will be issued in on a 50% cash, 50% CannaRoyalty shares basis (priced based on the 10-day trailing VWAP immediately prior to issuance). Of the foregoing consideration, approximately US\$1 million in cash and approximately 1.3 million shares will be transferred on closing (such shares have been issued into escrow today).

The Company intends to assume the Oakland facility of Alta for distribution in the San Francisco Bay Area, and consolidate Kaya’s Bhang® vape operations to the CR Brands facility in Santa Rosa. Further details regarding the Acquisitions will be provided on closing, which is expected to take place prior to the end of 2017. Closing is subject to conditions, including receipt of any required approvals and satisfactory completion of due diligence.

Conference Call Details

Tuesday, November 28, 2017 at 8:30 a.m. ET.

	Participant Dial-in	Webcast	Reference Number
Conference Call	647-427-7450 ; or 1-888-231-8191	http://bit.ly/2xYBDJQ	
Replay (available for 2 weeks)	416-849-0833; 613-667-0035; or 1-855-859-2056		97386572

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 relating to the Acquisitions, the execution of the Company's strategy, new opportunities, future growth and other statements.

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 that are engaged in activities currently considered illegal under US federal law; 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.

- 1 Last twelve months' ("LTM") revenues to October 31st, 2017, based on unaudited financial statements, which may be subject to further verification and adjustment prior to closing. This figure represents a consolidation of the LTM revenues for Kaya and Alta. Converted at 1.2735 USD/CAD based on November 27, 2017 Bank of Canada noon rate.
- 2 Bhang Corporation website
- 3 According to *New Frontier Data*, California has the world's largest cannabis market with annual sales in 2016 of \$2.8 billion.
- 4 Brightfield Group.
- 5 Bureau of Cannabis Control California, <http://www.bcc.ca.gov/>
- 6 Note that California market-related information provided in this press release is indicative only. Because of the historically illicit nature of the recreational market, data is difficult to obtain and verify.