A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in all of the provinces of Canada, except Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

*The securities offered under this preliminary short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the **U.S. Securities Act**) (the "**United States**"), and may not be offered or sold within the United States, or to, or for the account or benefit of a U.S. Person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) or a person in the United States, except as permitted by the Underwriting Agreement (as defined herein) and in transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws. This preliminary short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. persons.*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of CannaRoyalty Corp., 333 Preston Street, Preston Square Tower 1, Suite 610, Ottawa, Ontario K1S 5N4, Telephone:1-844-556-5070, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue **March 21, 2018**

CANNAROYALTY CORP.

$15,000,000
3,750,000 Units

Price: $4.00 per Unit

485,625 Incentive Warrants upon Early Exercise of 2017 Warrants

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution of 3,750,000 units (the "**Units**") of CannaRoyalty Corp. ("**CannaRoyalty**" or the "**Company**") at a price of $4.00 per Unit (the "**Offering Price**") for total gross proceeds of $15,000,000 (the "**Offering**"). Each Unit consists of one common share of the Company (each a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant entitles the holder to purchase one common share of the Company

(a "**Warrant Share**") at an exercise price of $5.50 per Warrant Share for a period of three years from the Closing Date (as defined herein), subject to adjustment in certain customary events. In the event that the volume weighted average closing price of the issued and outstanding common shares of the Company (the "**Common Shares**") is greater than $8.00 per Common Share for a period of 15 consecutive trading days after the Closing Date (the "**Acceleration Trigger**"), the Company may accelerate the expiry date of the Warrants by giving written notice to the holders of the Warrants and concurrently issuing a press release, and in such case, the Warrants will expire on the date that is not less than 21 days after the occurrence of the Acceleration Trigger. The Warrants will be governed by a warrant indenture to be entered into on the Closing Date between the Company and AST Trust Company (Canada) ("**AST**"), as warrant agent. The Unit Shares and the Warrants are immediately separable and will be issued separately. See "*Description of Securities Being Distributed*".

The Company has entered into an underwriting agreement (the "**Underwriting Agreement**") dated as of March 21, 2018 with Canaccord Genuity Corp., as lead underwriter and sole bookrunner (the "**Lead Underwriter**"), and Beacon Securities Limited, Sprott Private Wealth LP ("**Sprott Private Wealth**"), Mackie Research Capital Corporation, INFOR Financial Inc. and AltaCorp Capital Inc. (together with the Lead Underwriter, the "**Underwriters**"). The Offering Price was determined by negotiation between the Company and the Lead Underwriter, on its own behalf and on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.

The Common Shares are listed on the Canadian Securities Exchange ("**CSE**") under the symbol "CRZ". On March 15, 2018, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was $4.35 per Common Share. On March 20, 2018, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $3.88 per Common Share. The Company has given notice to list the Unit Shares, the Warrants and the Warrant Shares, including those Unit Shares, Warrants and Warrant Shares that may be issued upon exercise of the Compensation Warrants (as defined herein), to be distributed under this Prospectus, the Incentive Warrants (as defined herein) and the Incentive Warrant Shares (as defined herein) on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

There is currently no market through which the Warrants or the Incentive Warrants may be sold and purchasers may not be able to resell securities purchased under the Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*".

	Price to the Public	**Underwriting Fee[(1)]**	**Net Proceeds to the Company[(2)(3)]**
Per Unit	**$**4.00	**$**0.24	$3.76
Total	$15,000,000	$900,000	$14,100,000

Notes:

(1) Pursuant to the Underwriting Agreement, the Company has agreed to (a) pay to the Underwriters a cash fee equal to 6% of Offering Price per Unit (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)) (the "**Underwriting Fee**"); and (b) issue to the Underwriters such number of non-transferable warrants (each, a "**Compensation Warrant**") as is equal to 6.0% of the number of Units sold under the Offering, with each Compensation Warrant entitling the holder to acquire one Unit, having the same terms as the Units sold under the Offering, at the Offering Price at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months from the Closing Date, subject to adjustment in certain circumstances. The distribution of the Compensation Warrants is qualified by this Prospectus. See "*Plan of Distribution*".

(2) After deducting the Underwriting Fee, but before deducting the expenses of the Offering, estimated to be $250,000, which, together with the Underwriting Fee, will be paid out of the gross proceeds of the Offering.

(3) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at any time, and from time to time, on or before 12:00 p.m. (EST) on the 30th day following the Closing Date (the "**Over-Allotment Deadline**"), to purchase up to an additional 562,500 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised to acquire: (i) up to an additional 562,500 Over-Allotment Units at the Offering Price; (ii) up to 562,500 additional Unit Shares (the "**Over-Allotment Shares**") at a price of $3.70 per Over-Allotment Share (the "**Over-Allotment Share Price**"); (iii) up to 281,250 additional Warrants (the "**Over-Allotment Warrants**") at a price of $0.60 (being $0.30 per each half Over-Allotment Warrant) per Over-Allotment Warrant (the "**Over-Allotment Warrant Price**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 562,500 and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 281,250. The Over-Allotment

Option is exercisable by the Lead Underwriter giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be $17,250,000, $1,035,000 and $16,215,000, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

Unless the context otherwise requires, when used herein, all references to "Offering" include the exercise of the Over-Allotment Option, all references to "Units" include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to "Unit Shares" include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to "Warrants" include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option and all references to "Warrant Shares" include the Common Shares issuable upon exercise of the Over-Allotment Warrants.

The following table sets out the number of Units or other compensation securities, if any, that have been issued or may be issued by the Company to the Underwriters:

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	562,500 Over-Allotment Units	For a period of 30 days from and including the Closing Date	$4.00 per Over-Allotment Unit $3.70 per Over-Allotment Share $0.60 per Over-Allotment Warrant
Compensation Warrants[(1)]	225,000 Units	Exercisable for a period of 24 months following the Closing Date	$4.00 per Unit

Notes:

(1) Assuming the Over-Allotment Option is exercised in full for Over-Allotment Units.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about April 4, 2018, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the (final) short form prospectus (the "**Closing Date**").

It is anticipated that the Unit Shares and the Warrants comprising the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the Underwriters or another registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. See "*Plan of Distribution*".

An investment in the Units involves a high degree of risk. Prospective purchasers should consider the risk factors described under "Risk Factors" in this Prospectus and in the Company's AIF (as defined herein), which can be found on SEDAR at www.sedar.com, before purchasing the Units.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", subject to the approval of certain legal matters on behalf of the

Company by Cassels Brock & Blackwell LLP and Vicente Sederberg LLC, and on behalf of the Underwriters by DLA Piper (Canada) LLP.

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Underwriters have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus. The Underwriters are offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

This Prospectus also qualifies the right to acquire, and the distribution of, up to an additional 485,625 Common Share purchase Warrants (the ‘‘**Incentive Warrants**’’) issuable to the holders of the outstanding Common Share purchase warrants of the Company issued on February 15, 2017 (the “**2017 Warrants**”) upon the early exercise of their respective 2017 Warrants in accordance with the terms of the early exercise program (the "**Program**"), all as more particularly described herein. The 2017 Warrants are governed by the terms of a warrant indenture (the “**2017 Warrant Indenture**”) dated February 15, 2017 between the Company and TSX Trust Company and are exercisable until February 15, 2019 at a price of $4.50 per share and have a $6.00 acceleration trigger in place. The Program will commence at 9:00 a.m. (Toronto time) on the Closing Date through to 4:30 p.m. (Toronto time) on the 30th day following the Closing Date (the “**Early Exercise Period**”).

Under the Program, each 2017 Warrant that is exercised during the Early Exercise Period will receive one Common Share and one-quarter (¼) of one Incentive Warrant. Each Incentive Warrant will entitle the holder thereof to purchase one Common Share (an “**Incentive Warrant Share**”) until the date that is three years following the Closing Date at an exercise price of $5.50. The Incentive Warrants will be subject to a 15-day accelerated expiry provision if the Company's daily volume weighted average share price is greater than $8.00 for 15 consecutive trading days following issuance of the Incentive Warrants. Any holders of 2017 Warrants who are U.S. Persons or who wish to exercise such warrants in the United States must provide documentation satisfactory to the Company that the exercise thereof will be exempt from the registration requirements of the U.S. Securities Act.

If 2017 Warrants are not exercised prior to the end of the Early Exercise Period, the 2017 Warrants will remain outstanding and continue to be exercisable on the same terms applicable to such 2017 Warrants as they existed prior to the commencement of the Program.

No commission or other fee will be paid to the Underwriters in connection with the distribution of the Incentive Warrants. The Underwriters are not involved, directly or indirectly, in the issuance, offer and sale of the Incentive Warrants being distributed pursuant to this Prospectus.

It is anticipated that the Incentive Warrants will be delivered under the book-based system through CDS or its nominee and deposited in electronic form within five business days following the Early Exercise Period. A holder of an Incentive Warrant will receive only a customer confirmation from the registered dealer from or through which the Incentive Warrants are held and who is a CDS depository service participant. CDS will record the CDS participants who hold Incentive Warrants on behalf of owners who have exercised 2017 Warrants in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. See “*Plan of Distribution*”.

Investing in the Incentive Warrants and the underlying Incentive Warrant Shares involves risks that are described in this Prospectus under ‘‘Risk Factors’’.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units.

Sprott Private Wealth is an affiliate of Sprott Inc. (“Sprott”), which, through a subsidiary, provided a $12.0M credit facility to the Company on August 23, 2017 (the “Sprott Facility”). In addition, a portion of the net proceeds of the Offering will be used by the Company to repay a portion of the indebtedness owed to an affiliate of Sprott Private Wealth. Consequently, the Company may be considered a “connected issuer” of Sprott Private Wealth under applicable Canadian securities laws. See “*Plan of Distribution - Relationship Between the Company and Certain of the Underwriters*” and “*Use of Proceeds*”.

Dr. Jim Young and Oskar Lewnowski, each a director of the Company, and Vicente Sederberg LLC, counsel to the Company with respect to certain U.S. regulatory matters, each reside outside of Canada. Dr. Young, Oskar Lewnowski and Vicente Sederberg LLC have each appointed Cassels Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2, as its agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

The Company's head office is located at 333 Preston Street, Preston Square Tower 1, Suite 610, Ottawa, Ontario K1S 5N4.

This Prospectus qualifies the distribution of securities of an entity that currently derives, indirectly, and is expected to eventually derive, directly, a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. CannaRoyalty is indirectly involved (both by non-controlling investments in entities engaged in the production and sale of cannabis, and non-controlling and controlling investments in ancillary operations) in both the medical and adult-use cannabis industries in the United States where local and state law permits such activities, as well the medical cannabis industry in Canada. In addition, the Company is in the process of acquiring, and intends to directly apply for, licenses which would allow the Company to directly participate in both the medical and adult-use cannabis marketplace in the State of California, which has legalized such activity.

As a result of the conflicting views between state legislature and federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. Currently, the states of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. In California, Nevada, Massachusetts and Maine, all of which passed legalization pursuant to ballot measures on November 8, 2016, no recreational cannabis commercial operations have begun yet. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation, and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"). Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited.

The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States and Canada. Accordingly, there are a number of risks associated with the business of the Company. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of CannaRoyalty or one or more of CannaRoyalty's investees may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States.

For these reasons, the Company's investments in the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Company. See section entitled "*Risk Factors*", including "*Laws and Regulations Affecting Our Industry Are Constantly Changing*" and "*Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws*".

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation, which is based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Often, but not always, forward-looking information can be identified by the use of words and phrases such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or similar expressions or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The forward-looking information included in this Prospectus is made only as of the date of this Prospectus. Such forward-looking information may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its subsidiaries, the Company's expectations with respect to future growth, the dependence of the Company's cash flow and financial performance on third parties, the future delivery and cultivation costs of cannabis and applicable government taxes thereto, the Company's lack of control over the operations of certain entities within its investment portfolio, the Company's ongoing investment strategy, the accuracy of the information and projects provided by entities in the Company's investment portfolio, changes in laws, regulations and guidelines, regulatory risks associated with the operations of the Company, timing and development of current and future projects, requirements for additional capital, limitations of insurance coverage, limitations from institutional financing, timing and possible outcome of pending regulatory matters in Canada and the United States, the Company's competitive position, completion of the Offering and the date of such completion and the proposed use of proceeds.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The forward-looking information contained herein is based on certain assumptions, including without limitation: (i) the Company will be able to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which the Company operates will remain the same; (iii) the Company will be able to compete in the cannabis industry; (iv) the Company will be able to manage anticipated and unanticipated costs; (iv) the Company will be able to maintain internal controls over financial reporting and disclosure, and procedures; consumer interest in Company products; (v) the timely receipt of any required regulatory approvals; (vi) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (vii) the Company's ability to conduct operations in a safe, efficient and effective manner; (viii) government regulation of the Company's activities will remain the same; (ix) the Company's ability to complete the Offering and on the Closing Date as set out herein; and (x) the Company using the proceeds of the Offering as set out herein.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company's forward-looking information is expressly qualified in its entirety by this cautionary statement. In particular, but without limiting the foregoing, statements regarding the Company's objectives, plans and goals, including future operating results, economic performance may make reference to or involve forward-looking information. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. Readers should not place undue reliance on forward-looking information contained in this Prospectus. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking information. Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking information contained in this Prospectus include, but are not limited to, the factors included under "Risk Factors" herein and in the Company's AIF (as defined herein) and elsewhere in the documents incorporated by reference in this Prospectus.

FINANCIAL INFORMATION

The Company prepares its financial statements, which are incorporated by reference into this Prospectus, in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

GENERAL MATTERS

Prospective purchasers should rely only on information contained or incorporated by reference in this Prospectus. Neither the Company nor the Underwriters have authorized any other person to provide prospective purchasers with different information. If a prospective purchaser is provided with different or inconsistent information, the prospective purchaser should not rely on such information. The information contained on the Company's website is not intended to be included in or incorporated by reference into this Prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Units. Neither the Company nor the Underwriters are making an offer to sell in any jurisdiction where the offer or sale is not permitted.

Unless the context otherwise requires, any references in this Prospectus to the "Company" or "CannaRoyalty Corp." refer to CannaRoyalty Corp. and its subsidiaries.

Unless the context otherwise requires, all references to "$", "C$" and "dollars" mean references to the lawful money of Canada.

EXCHANGE RATES

The high, low and closing rates for Canadian dollars in terms of the United States dollar for each of the following periods were as follows:

	Year ended December 31,		Nine Months Ended September 30,
	2016	**2015**	**2017**
		(expressed in C$)	
High	0.86072	0.86072	0.82444
Low	0.7148	0.7148	0.72746
Closing	0.74448	0.74448	0.80007

On March 20, 2018 the rate of exchange as reported by the Bank of Canada for one U.S. dollar expressed in Canadian dollars was C$1.3077.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") as of the date hereof, the Unit Shares, Warrants, Warrant Shares, Incentive Warrants and Incentive Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act (collectively "**Registered Plans**") and trusts governed by deferred profit sharing plans ("**DPSPs**"), provided that (i) the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), and (ii) in the case of the Warrants or Incentive Warrants, neither the Company, nor any person

with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan or DPSP.

Notwithstanding the foregoing, holders, annuitants or subscribers of Registered Plans (each a "**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrants, Warrant Shares, Incentive Warrants or Incentive Warrant Shares held in a trust governed by a Registered Plan if such Unit Shares, Warrants, Warrant Shares, Incentive Warrants or Incentive Warrant Shares are a "prohibited investment" under the Tax Act for the particular Registered Plan. Unit Shares, Warrants, Warrant Shares, Incentive Warrants or Incentive Warrant Shares will generally not be a "prohibited investment" for a Registered Plan unless the Controlling Individual of the Registered Plan (i) does not deal at arm's length with the Company for purposes of the Tax Act or (ii) has a "significant interest", as defined in the Tax Act, in the Company. However, Unit Shares, Warrant Shares or Incentive Warrant Shares will not be a "prohibited investment" if such securities are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by a Registered Plan.

Persons who intend to hold Unit Shares, Warrants, Warrant Shares, Incentive Warrants or Incentive Warrant Shares in a Registered Plan, should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the provinces of Canada, other than Québec, are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the year ended December 31, 2016 (the "**AIF**");
- the audited consolidated financial statements of the Company, and the notes thereto, for the nine months ended December 31, 2016, the year ended March 31, 2016, and the period from October 3, 2014 (date of incorporation) to March 31, 2015 (the "**Annual Financial Statements**");
- the management's discussion and analysis of the financial condition and results of operations of the Company for the nine months ended December 31, 2016;
- the interim consolidated financial statements of the Company, and the notes thereto, for the three and nine months ended September 30, 2017 and September 30, 2016, excluding the second paragraph under section 3 on page 7 thereto, relating to the independent auditor having not performed a review of these financial statements;
- the management's discussion and analysis of the financial condition and results of operations for the three and nine months ended September 30, 2017;
- the management information circular of the Company dated May 8, 2017;
- the management information circular of the Company dated September 30, 2016;
- the material change report of the Company dated January 8, 2018;
- the material change report of the Company dated September 5, 2017;
- the material change report of the Company dated January 24, 2017;
- the material change report of the Company dated March 21, 2018; and
- a template version of the term sheet in respect of the Offering dated March 15, 2018 (the "**Marketing Materials**").

Any documents of the type required by Item 11.1 of Form 44-101F1 – *Short Form Prospectus*, filed by the Company with a securities commission or similar regulatory authority in any of the provinces or territories of

Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of this Offering shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Prospectus.

MARKETING MATERIALS

Neither the Marketing Materials, nor any "template version" of any other "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) that are utilized by the Underwriters in connection with the Offering, are part of this Prospectus to the extent that the contents of the Marketing Materials or other marketing materials, as the case may be, have been modified or superseded by a statement contained in this Prospectus or any amendment.

In addition, any template version of any marketing materials that is filed under the Company's profile on SEDAR at www.sedar.com with the securities commission or similar authority in each of the provinces of Canada, except Québec, in connection with the Offering after the date of this Prospectus and before the termination of the distribution of the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

DESCRIPTION OF THE BUSINESS

Name, Address and Incorporation

CannaRoyalty Corp. is a reporting issuer in each province of Canada (except Quebec) and its Common Shares are listed for trading on the CSE. CannaRoyalty was incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") as "McGarry Minerals Inc." on August 19, 1985. In connection with a corporate reorganization, the Company changed its name to "Bonanza Blue Corp." on August 16, 2000 and changed its name to "CannaRoyalty Corp." on December 5, 2016, prior to the completion of the reverse-takeover (the "**RTO**") of CannaRoyalty by Cannabis Royalties & Holdings Corp. ("**CRHC**").

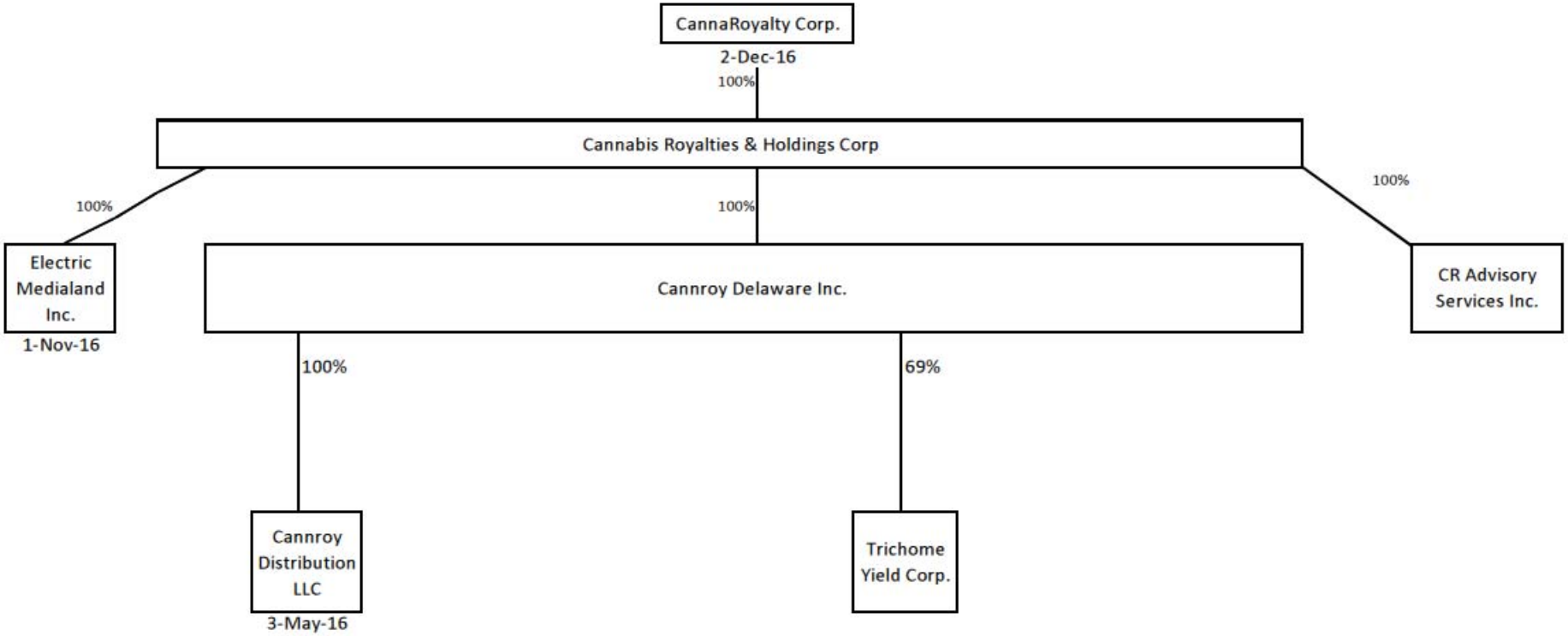
CannaRoyalty's head office and registered office is located at 333 Preston Street, Preston Square Tower 1, Suite 610, Ottawa, Ontario K1S 5N4.

Inter-corporate Relationships

The diagram immediately below presents the corporate subsidiaries of the Company and the diagram on the following page presents certain business interests of the Company. CannaRoyalty's material subsidiaries are incorporated as follows: (i) CRHC is incorporated in Canada under the *Canada Business Corporations Act* (the "**CBCA**"); (ii) Cannroy Delaware Inc. and Cannroy Distribution LLC are incorporated in Delaware; (iii) Electric Medialand Inc., is incorporated in Canada, under the CBCA; and (iv) CR Advisory Services Inc. ("**CR Advisory**") is incorporated in Canada, under the CBCA.

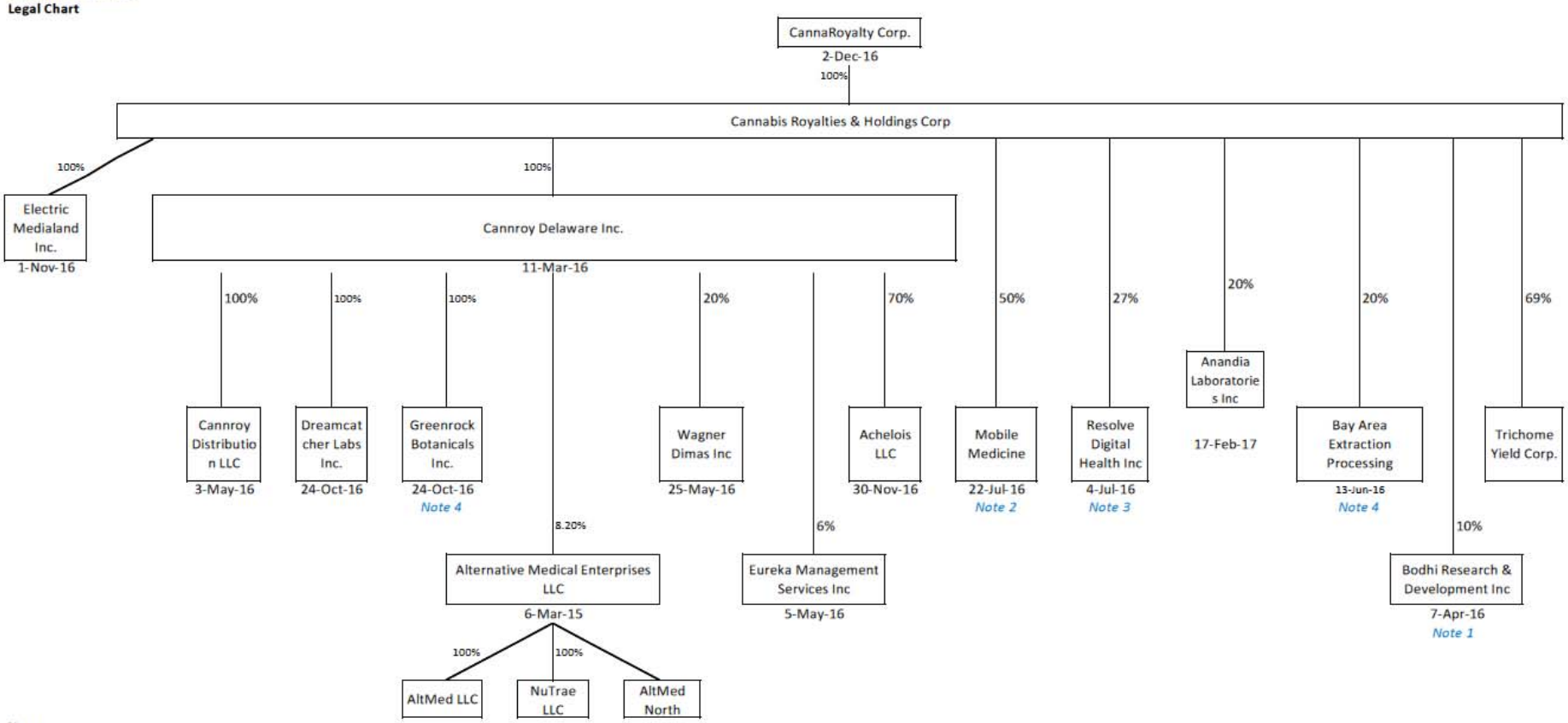
CR Subsidiaries

CannaRoyalty Corp.
Legal Chart



CR Equity Holdings

CannaRoyalty Corp.
Legal Chart



Notes:
1. Bodhi - Option to earn an additional 10% equity interest in the future
2. CannaCraft - Business is conducted under the name Mobile Medicine; currently not operational
3. Resolve - Option to have a CRHC representative on their board of directors
4.Greenrock & Bay Area - Membership interests rather than equity were acquired

Business of the Company

CannaRoyalty is an active investor and operator in the legal cannabis industry. The Company's focus is on building and supporting a diversified portfolio of branded cannabis consumer products. Currently, CannaRoyalty is focused on Phase II of its business plan: leveraging its current asset base, expertise and portfolio of branded products to build a leading cannabis consumer products business. The Company's primary focus over the next 12 months will be to continue to build, support and grow its product and brand portfolio in California, while actively pursuing opportunities to license or commercialize its broader portfolio into other key jurisdictions such as Canada.

Phase I

Since the inception of CRHC, the Company's private company predecessor, the Company has pursued investment opportunities in the cannabis industry, primarily in U.S. states where cannabis use has been legalized. Many U.S. states have had active and thriving cannabis industries for several years, which presented an opportunity for a nimble finance company to invest in a well-established, albeit historically illicit sector, that existing consumer goods companies and traditional providers of capital had difficulty entering and exploiting. In Phase I of its growth plan, the Company executed on this opportunity, investing in a basket of companies in value-added areas of the legal cannabis market in North America: manufacturing, marketing, technology, research and development, products, brands, and distribution.

Phase II

In Phase II of its plan, the Company will focus on leveraging its current asset base, expertise and portfolio to build a leading cannabis consumer products business, focused principally on California. CannaRoyalty has already begun this journey. California is a global entertainment and cultural hub, which shapes consumer perceptions for a multitude of commercial products and services. The state transitioned to a full adult-use cannabis market in January 2018. It is the largest cannabis market in the world (currently estimated to be USD$5.2 billion in 2018 according to Forbes magazine) and has a history of over 20 years of medical use. In the Company's view, only superior products and brands will be able to succeed in this market over the long term. CannaRoyalty believes that a company that wins in California will have a unique advantage competing not only in other U.S. jurisdictions, but also in Canada and across the globe.

Recent Developments

On January 1, 2018, California moved to full-adult use state legalization for cannabis products. The Company has placed an increased focus on its CR Brands division of the Company in California to prepare key products for this transition and the growth opportunity it represents for the Company. The Company is focused on:

1. Driving growth of CR Brands product portfolio and points of distribution through River Collective ("**River**") and other distribution channels;

2. Making prudent acquisitions of promising products or leading brands; and

3. Increasing commercial production and gradually driving efficiencies.

Through CR Brands, the Company recently announced the commercial manufacture and launch, through River Distribution, of two in-house brands, Soul Sugar Kitchen™ gourmet edibles and GreenRock Botanicals™ vape pens.

On January 2, 2018, Alta Supply Inc. ("**Alta Supply**") received a Temporary Cannabis Distribution License (Type 11 – Medical). Vista Distribution Inc. ("**Vista**"), an Oakland distribution company 49% owned by Alta Supply, received the same class of distribution license the date prior (collectively, the "**Licenses**"). These Licenses enable Alta Supply and Vista to engage in commercial cannabis distribution in the state of California, through facilities in Oakland, California. Alta Supply is a distributor of Bhang® vaporizer and Bhang® chocolate products, as well as products for over a dozen other third-party cannabis companies throughout California. As announced on November 28, 2017, CannaRoyalty has executed a binding term sheet to acquire Alta Supply.

On January 11, 2018, the Company announced a collaboration with Aequus Pharmaceuticals Inc. ("**Aequus**") to advance a suite of cannabis-based therapies targeting neurological disorders into clinical trials in Canada, in collaboration with Canadian doctors and key opinion leaders. The Company will contribute its position in Bodhi Research & Development Inc. to this collaboration.

On January 16, 2018, Anandia Laboratories Inc. ("**Anandia Labs**") closed a private placement financing of $13.4 million at a post-money valuation of $63 million. The Company invested $3.9 million in Anandia Labs in February 2017 at a post-money valuation of $18 million. The post-money valuation of this current financing represents a growth in value of approximately $7 million or 180% for the Company.

On January 23, 2018, the Company, together with Sprott and Stoic Advisory Inc. ("**Stoic**") announced the launch of Trichome Yield Corp. ("**Trichome**"). Trichome aspires to be the preferred lending partner to emerging and established cannabis companies operating in Canada and globally by providing flexible asset-backed debt financing. As financial and strategic partners in Trichome, the Company, Sprott and Stoic expect to work together to leverage their complementary value-add competencies to assess opportunities for accretive investments in the cannabis industry.

On February 22, 2018, the Company announced the acquisition of the exclusive statewide manufacturing and distribution rights to Bhang® edibles and Bhang® concentrates in California (the "**Distribution Agreement**"). The Distribution Agreement also includes a right of first refusal to license other future Bhang® products within the edibles and concentrates categories in California.

On March 14, 2018, the Company announced that Trichrome had signed its first binding term sheet to jointly provide up to $2.5 million to 180 Smoke ("**180 Smoke**"), to fund an expansion of its retail footprint (the "**Financing**") in anticipation of Canadian adult-use cannabis legalization. The Financing will support 180 Smoke's retail and cannabis product offering expansion and prepare 180 Smoke for entry into Canada's cannabis space, once legal, including the opening of 11 new stores and an expansion of 180 Smoke's cannabis hardware offering, as well as an increase in related inventory. 180 Smoke and the Company's subsidiary, CR Advisory, will work together to explore commercialization of innovative cannabis products in the Canadian marketplace to support and complement 180 Smokes' further expansion into the Canadian cannabis retail space.

THE PROGRAM

Reasons for the Program

As of March 20, 2018, 1,942,500 2017 Warrants were issued and outstanding. Management has reviewed the Company's capital structure and considered the possibility of the early exercise of the 2017 Warrants in order to simplify the capital structure of the Company and align the Company's capital needs with the proceeds from the exercise of the 2017 Warrants. Since the 2017 Warrants are not listed, the market for the 2017 Warrants is illiquid and management believes that it is unlikely that a liquid trading market for the 2017 Warrants will develop prior to the expiry of the 2017 Warrants. 2017 Warrants or already exercised are not eligible for the Program. The Company has been advised that no Insiders (as defined in the *Securities Act* (Ontario)) hold any 2017 Warrants.

The Program offers several benefits to CannaRoyalty and its shareholders, including, among other things, providing:

(a) a more timely and efficient means to raise capital, with less cost to the Company, less dilution to its shareholders and reduced transaction risk at the lower cost of capital compared to other means of raising capital available to the Corporation; and

(b) potential additional capital of up to $8.74 million for future acquisitions, investments and general corporate purposes.

Under the Program, each 2017 Warrant that is exercised during the Early Exercise Period will receive one Common Share and one-quarter (¼) of one Incentive Warrant. Each Incentive Warrant will entitle the holder thereof to purchase one Incentive Warrant Share until the date that is three years following the Closing Date at an exercise price of $5.50. The Incentive Warrants will be subject to a 15-day accelerated expiry provision if the Company's

daily volume weighted average share price is greater than $8.00 for 15 consecutive trading days following issuance of the Incentive Warrants. Any holders of 2017 Warrants who are U.S. Persons or who wish to exercise such warrants in the United States must provide documentation satisfactory to the Company that the exercise thereof will be exempt from the registration requirements of the U.S. Securities Act.

DIVIDENDS

The Company has not declared or paid dividends since incorporation and has no present intention to declare or pay any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings. Any decision to declare or pay dividends will be made by the Company's board of directors (the "**Board of Directors**") based upon the Company's earnings, financial requirements and other conditions existing at such future time. CannaRoyalty's ability to pay dividends may be affected by U.S. state and federal regulations.

CONSOLIDATED CAPITALIZATION

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since September 30, 2017 except in connection with the following:

(a) 1,254,816 Common Shares issued into escrow on November 28, 2017, pursuant to the term sheets relating to the acquisition of Kaya Management Inc. and Alta Supply Inc.;

(b) 3,143,993 Common Shares issued on the exercise of warrants, including 557,500 2017 Warrants;

(c) 16,075 Common shares issued on the exercise of compensation warrants;

(d) 52,545 Common Shares issued on conversion of RSU;

(e) 1,070,000 RSUs and 870,000 share options issued to new and existing directors, officers and employees; and

(f) 200,000 warrants issued on February 22, 2018 at an exercise price of $4.00.

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to, the Offering and the above noted changes, on the share and loan capital of the Company since September 30, 2017, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at September 30, 2017 before giving effect to the Offering, and the above noted changes	**Pro-Forma as at September 30, 2017 after giving effect to the above noted changes and the Offering**	**Pro-Forma as at September 30, 2017 after giving effect to the Offering and assuming exercise of all 2017 Warrants during the Early Exercise Period**
Common Shares	42,391,900 Common Shares	50,609,329 Common Shares (51,171,829 Common Shares if the Over-Allotment Option is exercised in full) [(1)]	52,551,829 Common Shares (53,114,329 Common Shares if the Over-Allotment Option is exercised in full)
Preference Shares[(2)]	Nil	Nil	Nil

Compensation Warrants	381,219 Compensation Warrants[3]	590,144 Compensation Warrants[4] (623,894 Compensation Warrants if the Over-Allotment Option is exercised in full)	590,144 Compensation Warrants (623,894 Compensation Warrants if the Over-Allotment Option is exercised in full)
Stock Options	Nil	870,000 options	870,000 options
Warrants	5,243,993 Warrants	4,175,000 Warrants[5] (4,456,250 Warrants if the Over-Allotment Option is exercised in full)	2,718,125 Warrants[6] (2,999.375 Warrants if the Over-Allotment Option is exercised in full)
RSUs[7]	3,093,150 RSUs	4,110,605 RSUs	4,110,605 RSUs
Convertible Notes[8]	750,000 Common Shares	750,000 Common Shares	750,000 Common Shares
Fully diluted issued and outstanding	51,860,262 Common Shares	61,105,578 Common Shares	61,590,703 Common Shares

Notes:

(1) 2,952,652 Common Shares are held in escrow pursuant to an escrow agreement among the Company, TSX Trust Company and certain shareholders. See "*Escrowed Securities*" in the AIF. A further 1,254,816 Common Shares were issued into, and are currently held in, escrow pursuant to term sheets with Kaya Management Inc. and Alta Supply Inc.

(2) For a description of the rights associated with the preference shares, see "*Description of Capital Structure*" in the AIF.

(3) 475,140 compensation warrants have been issued including the 175,140 compensation warrants issued to the agents in connection with the RTO's concurrent financing entitling the holder to purchase one Common Share at an exercise price of $2.00 for a period of two years from the closing date of the Company's subscription receipt financing on October 4, 2016, and 300,000 compensation warrants issuable to the underwriters under the offering on February 15, 2017, which are comprised of one Common Share and one-half of one warrant, each whole warrant entitling the holder to purchase one Common Share at an exercise price of $4.50 for a period of 24 months from the closing date of such offering, subject to adjustment in certain customary events. 93,921 of the compensation warrants issued in connection with the RTO subscription offering have since been exercised, leaving a net amount of 381,219 Compensation Warrants as of September 30, 2017.

(4) In addition to the compensation warrants noted in (3), an additional 225,000 Compensation Warrants will be issued as part of this offering with an exercise price of $4.00 per Warrant Share for a period of 24 months from the Closing Date, subject to adjustment in certain customary events.

(5) 4,175,000 Warrants includes the 1,875,000 Warrants that would be issued with this Offering as well as 2,300,000 outstanding warrants previously issued by CannaRoyalty which are exercisable to acquire Common Shares. The 2,300,000 warrants include 2,092,500 warrants issued on February 15, 2017 which expire on February 15, 2019, 200,000 warrants that were issued on February 22, 2018 and expire on February 22, 2020 and 7,500 warrants that have expired in accordance with their terms.

(6) 2,718,125 warrants includes the above mentioned 4,175,000 less the 1,942,500 warrants that would be exercised during the Early Exercise Period. Upon exercising the 1,942,500 warrants, holders would be granted additional one-quarter of an Incentive Warrant for each warrant held, totalling 485,625 Incentive Warrants.

(7) All RSUs, with the exception of 1,060,000 RSU's, vest as to one-third on a date determined by the Board (the "Initial Vesting Date"), one-third on the first anniversary of the Initial Vesting Date and one-third on the second anniversary of the Initial Vesting Date. The 1,060,000 RSU's, issued on or subsequent to December 29, 2017, vest as to one-quarter on a date determined by the Board (the "Initial Vesting Date"), one-quarter on the first anniversary of the Initial Vesting Date, one-quarter on the second anniversary of the Initial Vesting Date, and one-quarter on the third anniversary of the Initial Vesting Date.

(8) On October 19, 2016, CRHC issued and sold a secured convertible debenture to Aphria Inc. for $1,500,000. This debenture matures on October 19, 2019, bears interest at 5% per annum payable annually and is convertible by Aphria Inc., in whole or in part, into Common Shares at a conversion rate of $2.00 per Common Share at any time prior to maturity.

USE OF PROCEEDS

The estimated net proceeds of the Offering, after deducting the Underwriters' Fee and the estimated expenses of the Offering, will be $13,850,000. In the ordinary course, the Company is involved in discussions with various strategic partners and needs to be able to execute and rapidly deploy capital when these opportunities present themselves. The net proceeds of the Offering are currently intended to be used for debt repayment obligations, acquisition financing, continued funding of the development of the Company's existing holdings and other general corporate and working capital purposes, as outlined below:

Project	Allocation of Net Proceeds
Repayment of Debt Obligations[(1)]	$3,000,000
Acquisition Financing	$5,000,000
Development of Existing Holdings[(2)]	$5,000,000
General Corporate and Working Capital Purposes	$2,850,000
Total	$13,850,000

Notes:

(1) Pursuant to a credit agreement dated as of August 23, 2017 between, among others, the Company and Sprott Canna Holdco Corp. (the "**Credit Agreement**"), proceeds from the Offering are required to be applied on account of the outstanding balance of the facility advanced to the Company under the Credit Agreement. The Company drew $3,000,000 on November 23, 2017 from the Sprott Facility, to be used for general corporate purposes, related to Canadian operations and/or investments.

(2) Expected to be primarily comprised of two activities: (i) additional financial investment (through equity, debt or otherwise) into the Company's existing investments (although the Company has not yet committed to any specific investment); and (ii) expenditures on sales, marketing and promotional efforts for the Company's existing investments.

If the Over-Allotment Option is exercised in full for Over-Allotment Units, the Company will receive additional net proceeds of $2,115,000 after deducting the Underwriters' Fee and estimated expenses of the Offering. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be used for general corporate and working capital purposes.

During the fiscal year ended December 31, 2016 and the nine-month period ended September 30, 2017, the Company and CRHC had negative operating cash flows. If the Company continues to have negative cash flow in the future, the net proceeds of the Offering may be allocated to fund this negative cash flow in conjunction with the operational expenses listed above.

Assuming that all of the outstanding 2017 Warrants are exercised during the Early Exercise Period, and that no adjustment based on the anti-dilution provisions contained in the 2017 Warrant Indenture has taken place, the net proceeds to the Company will be approximately $8.74 million. The net proceeds to the Company from the early exercise of the 2017 Warrants will be used by the Company for general corporate purposes and future acquisitions. The Company's actual use of the net proceeds may vary depending on the Corporation's operating and capital needs from time to time.

With respect to the proceeds allocated for "Future Asset Acquisitions", there are no specific assets or opportunities identified as at the date of this Prospectus. See "*Risks Associated with Acquisitions*".

While the Company currently anticipates that it will use the net proceeds of the Offering and resulting from the Program as set forth above, the Company may re-allocate the net proceeds of the Offering and the Program, as applicable from time to time, giving consideration to its strategy relative to the market, development and changes in the industry and regulatory landscape, as well as other conditions relevant at the applicable time. Until utilized, the net proceeds of the Offering and the Program, as applicable, will be held in cash balances in the Company's bank account or invested at the discretion of the Board of Directors. Management will have discretion concerning the use of the net proceeds of the Offering and the Program, as applicable, as well as the timing of their expenditure. See "Risk Factors".

PLAN OF DISTRIBUTION

Unit Shares and Warrants

General

In accordance with the Underwriting Agreement, the Company has agreed to issue and sell an aggregate of 3,750,000 Units at the Offering Price and the Underwriters have severally, and not jointly or jointly and severally, agreed to purchase such Units on the Closing Date, payable in cash to the Company against delivery of the Units and subject to compliance with all necessary legal requirements and terms and conditions of the Underwriting Agreement.

The Underwriters have been granted the Over-Allotment Option exercisable, in whole or in part, at any time on or before the Over-Allotment Deadline, to purchase up to an additional 562,500 Over-Allotment Units at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised to acquire: (i) up to an additional 562,500 Over-Allotment Units at the Offering Price; (ii) up to 562,500 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 281,250 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 562,500 and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 281,250. The Over-Allotment Option is exercisable by the Lead Underwriter giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Company has given notice to list the Unit Shares, the Warrants and Warrant Shares, including those Unit Shares, Warrants and Warrant Shares that may be issued upon exercise of the Compensation Warrants and the Incentive Warrants that may be issued upon exercise of the 2017 Warrants during the Early Exercise Period, on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. There is currently no market through which the Warrants may be sold, see "*Risk Factors*".

The obligations of the Underwriters under the Underwriting Agreement are several and not joint or joint and several, and may be terminated at their discretion upon the occurrence of certain stated events including, in the event that: (a) there shall be any material change (actual, anticipated, contemplated, threatened, financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects, capital or control of the Company and its subsidiaries taken as a whole, or there should be discovered any previously undisclosed material fact or new material fact, in each case which, in the reasonable opinion of the Underwriters, which has or would reasonably be expected to have a significant effect on the market price, value or marketability of the Units; (b) any inquiry, action, suit, investigation or other proceeding (whether formal or informal), including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened or any order is made or issued under or pursuant to any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including without limitation the CSE or any securities regulatory authority) or there is any enactment or change in any law, rule or regulation, or the interpretation or administration thereof, which, in the reasonable opinion of the Underwriters (or any of them), could operate to prevent, restrict or otherwise seriously adversely affect the distribution or trading of the Units or the market price or value of the Common Shares; (c) there should develop, occur or come into effect or existence any event, action, state, or condition or any action, law or regulation, inquiry, including, without limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other occurrence of any nature, which, in the reasonable opinion of the Underwriters (or any of them), seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Company and its

subsidiaries, taken as a whole, or the marketability of the Units; (d) the Company is in breach of any term, condition or covenant of the Underwriting Agreement or any representation or warranty given by the Company in the Underwriting Agreement becomes or is false; or (e) the Company fails to obtain a receipt for the (final) short form prospectus relating to the Offering on or before 5:00 p.m. (Toronto time) on March 28, 2018, or such other date as may be agreed to between the Company and the Lead Underwriter, acting reasonably. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

The Underwriters may form a selling group with other registered investment dealers to market a portion of the Offering. Any fees payable to members of such selling group will be paid by the Underwriters out of the Underwriters' Fee.

The Company has agreed, subject to certain limited exceptions, not to directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or any securities convertible into or exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 90 days after the Closing Date, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld, except in conjunction with: (i) the exercise of the Over-Allotment Option; (ii) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements, provided such options and other similar securities are granted or issued with an exercise price not less than the Offering Price; (iii) the exercise of outstanding warrants; (iv) obligations of the Company in respect of existing agreements; or (v) the issuance of securities by the Company in connection with acquisitions in the normal course of business.

As a condition of closing of the Offering, each of the senior officers and directors of the Company will enter into agreements in favour of the Underwriters pursuant to which each will agree not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or other securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 90 days after the Closing Date, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld.

The Offering is being made in all of the provinces of Canada, except Québec. The Units will be offered in all of the provinces of Canada, except Québec through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Units outside of Canada.

United States

The Unit Shares and Warrants comprising the Units and the Incentive Warrants and the Incentive Warrant Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. Accordingly, the Units and Incentive Warrants and Incentive Warrant Shares being distributed pursuant to the Offering may not be offered, sold or delivered, directly or indirectly, in the United States or to or for the account or benefit of a U.S. Person or a person in the United States, except in accordance with the Underwriting Agreement and pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable United States state securities laws. The Underwriting Agreement permits the Underwriters, through their United States registered broker-dealer affiliates, to offer and sell Units in the United States or to or for the account or benefit of U.S. Persons or persons in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) pursuant to Rule 144A and similar exemptions under applicable United States state securities laws. The Underwriting Agreement also provides that the Underwriters will offer the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the Units within the United States.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Unit Shares and Warrants comprising the Units within the United States by any dealer (whether or not participating in the Offering)

may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. The Unit Shares and Warrants comprising the Units and the Incentive Warrants sold in the United States will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act.

Certificates

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part. It is anticipated that the Unit Shares and Warrants comprising the Units will be registered in the name of CDS or its nominee, and will be deposited with CDS at the closing of the Offering on the Closing Date, which is expected to occur on or about April 4, 2018 or such other date as the Underwriters and the Company may agree, but in any case no later than 42 days after the date a receipt is issued for the (final) prospectus to be filed in respect of the Offering. A purchaser of Units pursuant to the Offering will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS participant. No definitive certificates will be issued unless specifically requested or required.

Pricing of the Offering

The Offering Price was negotiated among the Company and the Lead Underwriter, on behalf of the Underwriters. Among the factors considered in determining the Offering Price were the following:

- the market price of the Common Shares;
- prevailing market conditions;
- historical performance and capital structure of the Company;
- estimates of the business potential and earnings prospects of the Company;
- availability of comparable investments;
- an overall assessment of management of the Company; and
- the consideration of these factors in relation to market valuation of companies in related businesses.

Price Stabilization and Passive Market-Making

In connection with the Offering and subject to applicable laws, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the CSE, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

Commissions and Expenses

The Company has agreed to pay to the Underwriters the Underwriting Fee which is equal to 6% of the Offering Price per Unit (including any gross proceeds raised on exercise of the Over-Allotment Option). As additional compensation, the Company has also agreed to issue to the Underwriters the Compensation Warrants on the Closing Date. The Compensation Warrants will entitle the Underwriters to acquire that number of Units as is equal to 6% of the number of Units sold pursuant to the Offering (including any Units issued on exercise of the Over-Allotment Option).

The Company has also agreed to reimburse the Underwriters for their reasonable out-of-pocket fees and expenses, including the fees and expenses of their legal counsel (subject to a maximum amount), whether or not the Offering is completed. All amounts payable to the Underwriters will be paid from the proceeds of the Offering.

The Compensation Warrants will be exercisable at the Offering Price for a period of 24 months from the Closing Date. This Prospectus qualifies the grant of the Compensation Warrants.

The Underwriters propose to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to purchasers from time to time in order to sell any of the Units remaining unsold. In the event the selling price of the Units is reduced, the compensation received by the Underwriters will be decreased by the amount of the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company for the Units. Any such reduction will not affect the net proceeds received by the Company pursuant to the Offering.

The Program

General

This Prospectus is being filed to qualify the distribution of up to 485,625 Incentive Warrants issuable to holders of 2017 Warrants upon the exercise of 2017 Warrants during the Early Exercise Period. The Incentive Warrants qualified by this Prospectus will only be issued to a holder of 2017 Warrants if such holder exercises its 2017 Warrants during the Early Exercise Period. This Prospectus also qualifies the distribution of the rights to acquire the Incentive Warrants to the holders of 2017 Warrants in each of the provinces of Canada, other than Quebec, and the distribution of the Incentive Warrant Shares underlying the Incentive Warrants. Any holders of 2017 Warrants who are U.S. Persons or who wish to exercise such warrants in the United States must provide documentation satisfactory to the Company that the exercise thereof will be exempt from the registration requirements of the U.S. Securities Act.

Fractional Incentive Warrants

The Company will not be obliged to issue any fractional Incentive Warrants or any cash or other consideration in lieu thereof upon the exercise of one or more 2017 Warrants. To the extent that the holder of one or more 2017 Warrants would otherwise have been entitled to receive upon the exercise of a 2017 Warrant a fraction of an Incentive Warrant, that holder may exercise that right in respect of the fraction only in combination with another 2017 Warrant or 2017 Warrants that in the aggregate entitle the holder to acquire a whole number of Incentive Warrants.

Certificates Representing Incentive Warrants

Subscriptions for the Incentive Warrants will be received subject to rejection or allotment in whole or in part. It is anticipated that the Incentive Warrants will be registered in the name of CDS or its nominee, and that all Incentive Warrants to be issued under the Program will be deposited with CDS within five business days following expiry of the Early Exercise Period. A holder of Incentive Warrants obtained pursuant to the Program will receive only a customer confirmation from the registered dealer from or through which the Incentive Warrants are held and who is a CDS participant. No definitive certificates will be issued unless specifically requested or required.

Listing of Incentive Warrants

The Company has given notice to list the Incentive Warrants and the Incentive Warrant Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. There is currently no market through which the Incentive Warrants may be sold, see "*Risk Factors*".

No commission or other fee will be paid to the Underwriters in connection with the distribution of the Incentive Warrants. The Underwriters are not involved, directly or indirectly, in the issuance, offer and sale of the Incentive Warrants being distributed pursuant to this Prospectus.

Relationship between the Company and Sprott

Sprott Private Wealth is an affiliate of Sprott, which, through a subsidiary, has provided the Sprott Facility. The Sprott Facility has a three-year term and is secured against the Canadian assets of the Company. Any outstanding principal amount will bear interest at an annual rate of 10%, payable quarterly in cash or Common Shares. If the interest is repaid in Common Shares, the share price will be determined based on a 10% discount of the volume-weighted average price in the five trading days immediately prior to the second last business day of the quarter. As of the date of this Prospectus, $3.0 million is outstanding on the Sprott Facility. The Company is in compliance with the terms of the Sprott Facility in all material respects and no breach of the terms of the Sprott Facility has been waived by Sprott. The financial position of the Company has changed over the period of the indebtedness set out herein as set out in its publically filed financial statements.

In connection with the Sprott Facility, on June 19, 2017 the Company issued Sprott 1,800,000 non-transferable Common Share purchase warrants (the "**Sprott Warrants**"), which were valued at $1,922,400. The Sprott Warrants were exercised by Sprott and are no longer outstanding. See "*Prior Sales*".

A portion of the net proceeds of the Offering will be applied to the repayment of amounts currently outstanding under the Sprott Facility. See "*Use of Proceeds*".

The Company may be considered a "connected issuer" of Sprott Private Wealth under applicable Canadian securities legislation. The decision to issue the Units and the determination of the terms of the Offering were made through negotiation between the Company and the Underwriters. The Underwriters have advised that the decision to underwrite the Offering was made independently of Sprott and its affiliates (other than Sprott Private Wealth) and neither Sprott nor any of its affiliates (other than Sprott Private Wealth) had any involvement in such decision or determination. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' Fee.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Units

Each Unit will be comprised of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder to purchase, subject to adjustment in certain circumstances, one Warrant Share at a price of $5.50 for a period of 24 months following the Closing Date. The Units will separate into Unit Shares and Warrants immediately upon issue.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. Each Common Share carries the right to attend and vote at all general meetings of shareholders. As at March 20, 2018, 46,873,475 Common Shares were issued and outstanding. Holders of Common Shares are entitled to dividends, if any, as and when declared by the directors, to one vote per Common Share at meetings of shareholders. In the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, subject to prior rights of the holders of the preference shares, holders of Common Shares are entitled to receive the remaining property and assets of the Company. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Warrants and Incentive Warrants

Each Warrant and Incentive Warrant entitles the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share or one Incentive Warrant Share, as applicable, at an exercise price of $5.50 on or before 5:00 p.m. (Toronto time) on the date that is three years following the Closing Date, after which time the Warrants and Incentive Warrants will be void and of no value. In the event that the volume weighted average closing price of the Common Shares is greater than $8.00 per Common Share for a period of 15 consecutive trading days after the Closing Date, the Company may accelerate the expiry date of the Warrants and the Incentive Warrants by giving notice to the holders thereof and by issuing a press release, and in such case, the Warrants and the Incentive Warrants will expire on the date that is not less than 21 days after the occurrence of the Acceleration Trigger.

Both the Warrants and the Incentive Warrants will be governed by a warrant indenture to be entered into on the Closing Date (the "**Warrant Indenture**") between the Company and AST (the "**Warrant Agent**"), as warrant agent. The Company will designate the Warrant Agent, in its Toronto office, as agent for the Warrants and the Incentive Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants or the Incentive Warrants.

The following is a summary of the principal attributes of the Warrants and the Incentive Warrants to be issued pursuant to the Offering and certain anticipated provisions of the Warrant Indenture. The summary does not purport to be complete and is qualified in its entirety by the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company's General Counsel and will be available electronically at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants and the Incentive Warrants.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares and Incentive Warrant Shares issuable upon the exercise of the Warrants and Incentive Warrants, respectively, and/or the exercise price per Warrant Share or Incentive Warrant Share, as applicable, upon the occurrence of certain events, including:

(i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);

(ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;

(iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants or Incentive Warrants, as applicable, and/or exercise price per security in the event of the following additional events:

(i) the reclassification of the Common Shares;

(ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or

(iii) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares or Incentive Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares or Incentive Warrant Shares, respectively, purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants and the Incentive Warrants are exercisable, the Company will give notice to Warrant and Incentive Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants and the Incentive Warrants or the number of Warrant Shares and Incentive Warrant Shares issuable upon exercise of the Warrants and Incentive Warrants, respectively, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share or Incentive Warrant Share will be issued upon the exercise of a Warrant or Incentive Warrant, respectively, and no cash payment will be made in lieu thereof. Warrant and Incentive Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants or Incentive Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants or Incentive Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants or Incentive Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants and Incentive Warrants at which there are holders of Warrants or Incentive Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and Incentive Warrants, cumulatively, and passed by the affirmative vote of holders of Warrants or Incentive Warrants, as applicable, representing not less than $66^{2/3}$% of the aggregate number of all the then outstanding Warrants and Incentive Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than $66^{2/3}$% of the aggregate number of all then outstanding Warrants and Incentive Warrants.

The Warrants and the Incentive Warrants will not be exercisable in the United States or by or on behalf of a "U.S. Person", nor will certificates representing the Warrant Shares or Incentive Warrant Shares, as applicable, issuable upon exercise of the Warrants and Incentive Warrants, respectively, be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities convertible into Common Shares:

Date of Issuance	Number of Common Shares Issued	Issue/Exercise Price
March 2017	15,400 Common Shares[(1)]	N/A
April 2017	93,921 Common Shares[(2)]	$2.00
June 2017	50,000 Common Shares[(3)]	$1.50
June 2017	48,150 Common Shares[(1)]	N/A
July 2017	75,000 Common Shares[(3)]	$1.50
July 10, 2017	11,765 Common Shares[(4)]	$2.55
August 24, 2017	243,902 Common Shares[(5)]	$2.05
August 24, 2017	89,500 Common Shares[(6)]	$2.28
September 2017	23,238 Common Shares[(1)]	N/A
October 2017	15,000 Common Shares[(3)]	$1.50
November 2017	230,000 Common Shares[(3)]	$1.50
November 28, 2017	1,254,816 Common Shares[(7)]	$3.02
December 2017	360,000 Common Shares[(3)]	$1.50
December 2017	1,545 Common Shares[(1)]	N/A
December 6, 2017	900,000 Common Shares[(8)]	$2.05
January 2018	16,075 Common Shares[(2)]	$2.00
January 2018	181,493 Common Shares[(3)]	$1.50
January 2018	51,000 Common Shares[(1)]	N/A
January 2018	557,500 Common Shares[(9)]	$4.50
January 3, 2018	900,000 Common Shares[(8)]	$2.05
February 2018	11,646 Common Shares[(10)]	$3.10

Notes:

(1) Issued pursuant to the conversion of RSUs by employees, consultants and former Board of Director members.
(2) Issued pursuant to the exercise of broker warrants.
(3) Issued pursuant to the exercise of common share purchase warrants issued under private placements completed in June 2016 and July 2016.
(4) Issued to a consultant in satisfaction of services performed for the Company.
(5) Issued to Zenabis Limited Partnership in relation to shares that were subscribed for in November 2016.
(6) Issued to Zenabis Limited Partnership in relation to the termination of a letter of intent.
(7) Issued to Kaya Management Inc. and Alta Supply Inc. in relation to a term sheet for a proposed asset purchase. These shares will be returned to CannaRoyalty if a transaction is not completed and are currently held in escrow.
(8) Issued to Sprott upon Sprott's exercise of 900,000 common share purchase warrants.
(9) Issued pursuant to the exercise of common share purchase warrants issued as part of a brokered offering completed in February 2017.
(10) Issued to Sprott in connection with line of credit interest incurred during the fourth quarter of fiscal 2017.

Date of Issuance	Number of Common Shares Issued	Issue/Exercise Price
June 19, 2017	1,800,000 warrants[(1)]	$2.05

February 22, 2018	200,000 warrants[2]	$4.00

Notes:

(1) Issued to Sprott in conjunction with a term sheet to provide line of credit financing to the Company.
(2) Issued to an advisor in satisfaction of a prior commitment.

Date of Issuance	Number of Options Issued[1]	Issue/Exercise Price
October 13, 2017	50,000 Options[2]	$2.80
December 28, 2017	800,000 Options[2]	$3.73
February 21, 2018	20,000 Options[3]	$4.15

Notes:

(1) Granted pursuant to the Company's Share Option Plan. Each option entitles the holder thereof to one Common Share on exercise.
(2) Issued to a consultant for the Company.
(3) Issued to members of the Board of Directors.
(4) Issued to a consultant/new employee of the Company.

Date of Issuance	Number of RSUs Issued[1]	Issue/Exercise Price
March 2017	200,000 RSUs	N/A
April 2017	18,093 RSUs	N/A
May 2017	5,000 RSUs	N/A
June 2017	3,090 RSUs	N/A
August 2017	45,000 RSUs	N/A
September 2017	20,000 RSUs	N/A
November 2017	10,000 RSUs	N/A
December 2017	1,050,000 RSUs	N/A
January 2018	10,000 RSUs	N/A

Notes:

(1) Granted pursuant to the Company's Share Unit Plan. Each RSU entitles the holder to one Common Share on vesting. The Share Unit Plan does not permit cash settlement of RSUs.

TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the trading symbol "CRZ". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated.

	CSE Price Range		
Month	High	Low	Total Volume
March 1 - 20, 2018	$4.40	$3.85	3,232,294
February 2018	$4.70	$3.32	6,505,096
January 2018	$5.75	$3.60	20,016,638
December 2017	$3.88	$2.36	10,798,571
November 2017	$3.62	$2.57	8,707,350
October 2017	$3.13	$2.47	4,215,645

September 2017	$2.57	$2.09	2,813,597
August 2017	$2.79	$1.86	2,032,217
July 2017	$2.88	$2.20	1,227,355
June 2017	$2.45	$1.55	4,125,230
May 2017	$2.60	$1..50	3,520,953
April 2017	$3.05	$2.12	4,409,105
March 2017	$3.33	$2.40	3,032,087

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, the following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering or who acquires Incentive Warrants pursuant to the Program and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with the Company and the Underwriters, (ii) is not affiliated with the Company or the Underwriters, and (iii) acquires and holds the Unit Shares, Warrants and/or Incentive Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants and the Incentive Warrant Shares issuable on the exercise of the Incentive Warrants (the Unit Shares, Warrant Shares and Incentive Warrant Shares hereinafter collectively referred to as "**Shares**" and the Incentive Warrants and Warrants, for the purposes of this summary only, collectively referred to as "**Warrants**") as capital property (a "**Holder**"). Generally, the Shares and Warrants will be considered to be capital property of a Holder thereof provided that the Holder does not use the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii), an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; (v) that has or will enter into a "derivative forward agreement", as that term is defined in the Tax Act, with respect to the Shares or Warrants; or (vi) that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Units or participation in the Program

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal or any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the one-half Warrant to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate $3.70 of the Offering Price of each Unit as consideration for the issue of each Unit Share and $0.30 of the Offering Price of each Unit for the one-half Warrant comprising part of the Unit. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Share. When a Warrant is exercised, the Holder's cost of the Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Share. The Holder's adjusted cost base of the Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Resident Holders

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times ("**Resident Holders**"). Certain investors who are resident in Canada for purposes of the Tax Act and whose Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other "Canadian security" as defined in the Tax Act, held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Investors should consult their own tax advisors regarding this election.

Receipt of Incentive Warrants upon the Early Exercise of the 2017 Warrants

Although the matter is not free from doubt, the receipt of the Incentive Warrants by a Resident Holder of the 2017 Warrants ("**2017 Warrantholder**") who exercises the 2017 Warrants during the Early Exercise Period should not constitute the receipt of an inducement payment within the meaning of paragraph 12(1)(x) of the Tax Act by the 2017 Warrantholder or otherwise be included in the income of a 2017 Warrantholder. As a result, the cost of any Incentive Warrants to a 2017 Warrantholder should be nil. Subject to the comments below, if the receipt of the Incentive Warrants were considered to be such an inducement payment, then 2017 Warrantholders generally would be required to include in income for the year an amount equal to the fair market value of the Incentive Warrants received. Generally, the amount of this income inclusion would be added to the adjusted cost base of the Incentive Warrants held by the 2017 Warrantholder. A 2017 Warrantholder may be entitled to make an election under subsection 53(2.1) of the Tax Act to reduce the adjusted cost base of their Common Shares rather than have an income inclusion under paragraph 12(1)(x). **2017 Warrantholders should consult with their own tax advisors regarding the treatment of the receipt of the Incentive Warrants upon the early exercise of the 2017 Warrants and the possibility of making this tax election.**

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Dividends

Dividends received or deemed to be received on the Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced dividend tax credit in respect of "eligible dividends", if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act.

Dividends received or deemed to be received by a corporation that is a Resident Holder on the Shares must be included in computing its income but generally will be deductible in computing its taxable income, subject to

special rules under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay an additional refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income.

Dispositions of Shares and Warrants

Upon a disposition (or a deemed disposition) of a Share or a Warrant (other than on the exercise thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in that year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstance specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year which will include taxable capital gains.

Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Non-Resident Holders

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act, (i) have not been and will not be resident or deemed to be resident in Canada at any time while they hold the Shares or Warrants, and (ii) do not use or hold the Shares or Warrants in carrying on a business in Canada ("**Non-Resident Holders**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Receipt of Incentive Warrants upon the Early Exercise of the 2017 Warrants

A Non-Resident Holder of the 2017 Warrants should not be subject to tax under the Tax Act in respect of the receipt of the Incentive Warrants as consideration for the exercise of the 2017 Warrants during the Early Exercise Period.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend, unless such rate is reduced by the terms of an applicable tax treaty. Under the *Canada-United States Tax Convention (1980)* (the "**Treaty**") as amended, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company's voting shares). Non-Resident Holders should consult their own tax advisors.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant constitutes "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder's capital gain (or capital loss) in respect of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "Resident Holders – Dispositions of Shares and Warrants".

Non-Resident Holders whose Shares or Warrants are taxable Canadian property should consult their own tax advisors.

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective purchasers should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the AIF, which may be accessed on the Company's SEDAR profile at

www.sedar.com, and the information contained in the section entitled “Caution Regarding Forward-Looking Information”, before deciding to purchase the Units.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company’s business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and purchasers could lose all or part of their investment. Additionally, purchasers should consider the following risk factors:

Risks Related to the Offering

Discretion in the Use of Proceeds

The Company intends to use the net proceeds from the Offering as set forth under “Use of Proceeds”; however, the Company maintains broad discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditure. The Company may re-allocate the net proceeds of the Offering other than as described under the heading “Use of Proceeds” if management of the Company believes it would be in the Company’s best interest to do so and in ways that a purchaser may not consider desirable. Until utilized, the net proceeds of the Offering will be held in cash balances in the Company’s bank account or invested at the discretion of the Board of Directors. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company’s results of operations may suffer, which could adversely affect the price of the Common Shares on the open market.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its future business activities by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Company and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company will require additional financing to fund its operations until positive cash flow is achieved. See "*Risk Factors – Negative Cash Flow from Operations*".

No Current Market for Warrants or Incentive Warrants

The Company has given notice to list the Warrants on the CSE. However, there is currently no market through which the Warrants or the Incentive Warrants may be sold. The purchasers may not be able to resell the securities purchased under this short form prospectus. This may affect the pricing of the Warrants and the Incentive Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and Incentive Warrants, and the extent of issuer regulation..

The Market Price of the Common Shares is Volatile and May Not Accurately Reflect the Long-Term Value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company’s operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts’ estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its

competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and 2,000,000 special redeemable, voting, non-participating preference shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan, upon the exercise of outstanding warrants, and upon issuances under the Company's Share Unit Plan.

Negative Cash Flow from Operations

During the fiscal year ended December 31, 2016 and the nine-month period ended September 30, 2017, the Company and CRHC had negative cash flows from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Risks Related to the Business of the Company

Regulatory Risks

The Company's investments operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company's investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company's investments and, therefore, on the Company's prospective returns. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company's investments and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's investments' earnings and could make future capital investments or the Company's investments' operations uneconomic. The industry is also subject to numerous

legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

This prospectus involves an entity that is expected to continue to derive a portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. CannaRoyalty is involved in the cannabis industry in the United States where local and state laws permit such activities or provide limited defenses to criminal prosecutions. Currently, the Company is indirectly (and in the future, is expected to be directly) engaged in the manufacture and possession of cannabis in the medical and recreational cannabis marketplace in the United States. **The enforcement of relevant laws is a significant risk.**

Over half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("**THC**"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the United States Controlled Substances Act of 1970. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Because of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation, regulation, and enforcement. Unless and until the United States Congress amends the United States Controlled Substances Act with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the current and future investments of the Company in the United States. As a result of the tension between state and federal law, there are a number of risks associated with the Company's existing and future investments in the United States.

For the reasons set forth above, the Company's existing interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators ("**CSA**") and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. The Company has obtained

eligibility with the Depository Trust Company ("**DTC**") for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

The activities of CannaRoyalty's investments are, and will continue to be, subject to evolving regulation by governmental authorities. The Company's investments are directly or indirectly engaged in the medical and recreational cannabis industry in Canada and the United States where local and state law permits such activities. The legality of the production, extraction, distribution and use of cannabis differs among North American jurisdictions.

CannaRoyalty's investments have been focused in states that have legalized the recreational use of cannabis. Currently, the states of Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized recreational use of cannabis. Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulated the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation. As such, the cultivation, manufacture, distribution, sale and use of cannabis remains illegal under U.S. federal law.

Further, on January 4, 2018, U.S. Attorney General Jeff Sessions formally rescinded the standing U.S. Department of Justice federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the August 2013 memorandum from Deputy Attorney General James Cole to U.S. Attorneys (the "**Cole Memorandum**"). The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

Additionally, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that could make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company's investments in such businesses would be materially and adversely affected notwithstanding the fact that the Company is not directly engaged in the sale or distribution of cannabis. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company, its business and its investments.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the CSA published a staff notice (Staff Notice 51-352) setting out the CSA's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Company views this staff notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Company's ability to pursue further investment and opportunities in the United States.

CannaRoyalty's funding of the activities of investments involved in the medical and recreational cannabis industry through loans, royalties or other forms of investment, may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States

or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

The concepts of "medical cannabis" and "retail cannabis" do not exist under United States federal law because the U.S. Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remain illegal under United States federal law. Although the Company's activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

There is still uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.

Many factors could cause the Company's actual results, performances and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail in the annual information form filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- The Company has several investments into businesses that operate in the U.S., where cannabis is federally illegal;
- The activities of the Company are subject to evolving regulation that is subject to changes by governmental authorities in Canada and the US.;
- Third parties with which the Company does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities;
- The Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws;
- Under Section 280E of the Internal Revenue Code, normal business expenses incurred in the business of selling marijuana and its derivatives are not deductible in calculating income tax liability. Therefore, the Company will be precluded from claiming certain deductions otherwise available to non-marijuana businesses. As a result, an otherwise profitable, business may in fact operate at a loss after taking into account its income tax. expenses. There is no certainty that the Company will not be subject to 280E in the future, and accordingly, there is no certainty that the impact that 280E has on the Company's margins will ever be reduced.

- Federal prohibitions result in marijuana businesses being potentially restricted from accessing the U.S. federal banking system, and the Company and its subsidiaries may have difficulty depositing funds in federally insured and licensed banking institutions. This may lead to further related issues, such as the potential that a bank will freeze the Company's accounts and risks associated with uninsured deposit accounts. There is no certainty that Company will be able to maintain its existing accounts or obtain new accounts in the future;

- CDS may be considering a policy change with respect to issuers with U.S. cannabis assets. A policy change, if implemented, could affect the Company's current operations and/or disqualify its ability to settle its securities with CDS.

The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations.

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar treaties, rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the U.S. Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities (the "**FinCEN Memorandum**").The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the United States Controlled Substances Act on the same day (the "**2014 Cole Memo**"). The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

The Company's investments, and any proceeds thereof, are considered proceeds of crime due to the fact that cannabis remains illegal federally in the United States. This restricts the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Company's investments in the United States may be subject to heightened scrutiny.

For the reasons set forth above, the Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United. States or any other jurisdiction, in addition to those described herein.

Given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the United States. It is not certain whether CDS will decide to enact such measures, nor whether it has the authority to do so unilaterally. However, if CDS were to decide that it will not handle trades in our securities, it could have a material adverse effect on the ability of investors to make and settle trades and on the liquidity of the Company's securities generally. In particular, the Common Shares would become highly illiquid because, until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. While there can be no assurance that this would occur, and while it would be subject to regulatory approval, a third party has publicly expressed interest in providing clearing services should CDS decide not to do so.

The Company has obtained eligibility with DTC for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations, investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Company’s knowledge, there are to date a total of 48 states, plus the District of Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the United States and as such, may be in violation of federal law in the United States.

As previously stated, the United States Congress has passed appropriations bills (currently the “**Rohrabacher-Farr Amendment**”) each of the last three years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The 2017 Consolidated Appropriations Act has been extended until March 23, 2018 under a continuing budget resolution, and as such, the Rohrabacher-Farr Amendment is still in effect as of today’s date. It will continue to be re-authorized if the 2017 Consolidated Appropriations Act is again extended with a continuing resolution. Should Congress pass a budget resolution for FY 2018, some version of the Rohrabacher-Farr Amendment may or may not be included in its final form.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the U.S. Controlled Substances Act, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Farr Amendment in the 2018 budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations

applicable to non-capital Controlled Substances Act violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations, and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The approach to the enforcement of cannabis laws may be subject to change, or may not proceed as previously outlined.

Change in Laws, Regulations and Guidelines

Each investment's current and proposed operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Company, the Company may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a material adverse effect on certain aspects of its planned operations.

Investments May be Pre-Revenue

The Company may make investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Company's investments are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Company's investments will not be able to:

- implement or execute their current business plan, or create a business plan that is sound;
- maintain their anticipated management team; and/or
- raise sufficient funds in the capital markets or otherwise to effectuate their business plan.

If the Company's investments cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Company.

Lack of Control Over Operations of Investments

The Company relies on the Company's investments to execute on their business plans and produce medical and/or recreational cannabis products, and holds contractual rights and minority equity interest relating to the operation of the Company's investments. The operators of the Company's investments have significant influence over the results of operations of the Company's investments. Further, the interests of the Company and the operators of the Company's investments may not always be aligned. As a result, the cash flows of the Company are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the

Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. In addition, payments may flow through the Company's investments, and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Company is entitled may have a material adverse effect on the Company. In addition, the Company must rely, in part, on the accuracy and timeliness of the information it receives from the Company's investments, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by investment entities to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Private Companies and Illiquid Securities

The Company may invest in securities of private companies. In some cases, the Company may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate.

Unfavourable Publicity or Consumer Perception

The legal cannabis industry in the United States and Canada is at an early stage of its development. The Company believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consumer such products legally, appropriately or as directed.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Legalization of medical and recreational cannabis remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, legalization of medical marijuana as opposed to legalization in general).

Each of CannaRoyalty's investment's ability to gain and increase market acceptance of its products may require it, and/or CannaRoyalty, to establish and maintain brand names and reputation. In order to do so, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful and their failure may have an adverse effect on the Company.

Limited Operating History

CannaRoyalty and its investments have varying and limited operating histories, which can make it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with investment into the Company.

CannaRoyalty has not generated significant profits or revenues in the periods covered by its financial statements included herein, and, as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. Although the Company expects to generate some revenues from its investments during the three months ended December 31, 2017, many of the investments will only start generating revenues in

future periods and accordingly, the Company is therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Competition

The Company competes with other companies for financing and investment opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Company. Such competition may result in the Company being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments. Existing or future competition in the cannabis industry could materially adversely affect the Company's prospects for entering into additional agreements in the future. In addition, the Company currently competes with other cannabis streaming and royalty companies, some of which may possess greater financial resources than the Company.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors, including competitors to the Company's investments, could materially and adversely affect the business, financial condition and results of operations of the Company.

It is possible that larger competitors could establish price setting and cost controls which would effectively "price out" certain of the Company's investments operating within and in support of the medical and recreational cannabis industry.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. CannaRoyalty may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company.

Banking

Since the production and possession of cannabis is currently illegal under U.S. federal law, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Company.

Additional Financing

CannaRoyalty may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially viable. CannaRoyalty's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Currency Fluctuations

CannaRoyalty's revenues and expenses are expected to be primarily denominated in US dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. CannaRoyalty may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements; however, there can be no assurance that such a program will effectively mitigate currency risks.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The success of any such acquisitions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies into the businesses of the Company. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; and (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

While the Company intends to conduct reasonable due diligence in connection with such strategic acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisition. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the CannaRoyalty Shares.

The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such strategic acquisition with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Bankruptcy or Insolvency of Investments

There is no guarantee that the Company will be able to effectively enforce any interests it may have in the Company's investments. A bankruptcy or other similar event related to an investment of CannaRoyalty that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Company. Further, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Company. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Company.

Research and Market Development

Although the Company, itself and through its investments, is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry domestically in Canada and in other international jurisdictions.

The Company is operating its business in a relatively new medical cannabis industry and market. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on the Company's business, financial condition and results of operations. Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products by the Company's investments are inherently difficult to prepare with a high degree of accuracy and reliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company's investments, and consequently, the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's lean management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of such individuals or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

CannaRoyalty's future success depends substantially on the continued services of its executive officers, its key research and development personnel and its key growth and extraction personnel. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away.

Operation Permits and Authorizations

The Company's investments may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Company's investments may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on an investment's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Liability, Enforcement Complaints, etc.

CannaRoyalty's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Company or its investments. Litigation, complaints, and enforcement actions involving either of the Company or its investments could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Product Liability

Certain of the Company's investments manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against an investment entity of CannaRoyalty

could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company's investments. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant investment might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an investment, and consequently, the Company.

Resale of Shares

Although the Common Shares are listed on the CSE, there can be no assurance that, an active and liquid market for the Company Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company's shares would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of CannaRoyalty will be subject to market trends generally, notwithstanding any potential success of CannaRoyalty in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility. An active public market for the Company's shares might not develop or be sustained. If an active public market for the Company's shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Management of Growth

CannaRoyalty may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. CannaRoyalty's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends

CannaRoyalty has not paid dividends in the past, and the Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Company's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their shares of the Company for a price greater than that which such investors paid for them.

Passive Foreign Investment Company

There is a risk that the Company may, in the future, be construed as a passive foreign investment company ("**PFIC**"). If the Company is a passive foreign investment company, its shareholders in the U.S. are likely subject to adverse U.S. tax consequences. Under U.S. federal income tax laws, if a company is a PFIC for any year, it could have adverse U.S. federal income tax consequences to a U.S. shareholder with respect to its investment in the Company's shares. The Company earns significant royalty and franchise revenue which may be treated as passive income unless the royalty and franchise revenue is derived in the active conduct of a trade or business. Assessing whether royalty or franchise revenue received by the Company and its subsidiaries is derived in the active conduct of a trade or business involves substantial factual and legal ambiguity. Therefore, whether the Company is a PFIC is unclear, and the Company believes there is a significant risk that the Company will be considered a PFIC currently or in the future. The Company has not yet made a determination as to whether the Company is a PFIC, and even if the Company were to make determinations of its PFIC status, there can be no assurances that the U.S. Internal Revenue Service will agree with such determinations. Furthermore, because PFIC determinations are made annually, it is possible that the Company will meet the requirements to be treated as a PFIC in one or more years, but not meet such requirements in other years. U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning PFIC stock, and whether they are able to and should make any elections or take other actions to mitigate such potential adverse tax consequences.

Intellectual Property

The success of the Company will depend, in part, on the ability of the Company's investments to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Company's investments. The Company's investments may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company's investments. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

In addition, other parties may claim that an investment's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Insurance Coverage

CannaRoyalty will require insurance coverage for a number of risks. Although the management of the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE and the OTC require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. CannaRoyalty may also elect to devote greater resources than it otherwise would have as a private company on communication and other activities typically considered important by publicly traded companies.

Litigation

CannaRoyalty may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for CannaRoyalty Shares and could use significant resources. Even if the Company is involved in

litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Company's brand.

Operational Risks

CannaRoyalty and its investments may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's investments' properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Company's investments' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company's investments may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Holding Company

CannaRoyalty is a holding company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in CannaRoyalty are subject to the risks attributable to its subsidiaries. Consequently, CannaRoyalty's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and investments and the distribution of those earnings to CannaRoyalty. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of CannaRoyalty's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before CannaRoyalty.

Difficulty Implementing Business Strategy

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Conflicts of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in, among other things, corporations, partnerships, joint ventures, that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who are parties to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Available Talent Pool

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of medical marijuana research and development, growing marijuana and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or

affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

Risk that we will not succeed in securing or transferring the Rich Extracts license.

After Mr. R. Wilkinson, the principal of Rich Extracts, was arrested, the Oregon Liquor Control Commission (OLCC) suspended the Rich Extracts license. Although CannaRoyalty has contacted the OLCC and state authorities to ensure the license is not permanently revoked, there is no certainty that the license suspension will be lifted and/or that CannaRoyalty will be successful in acquiring control or direction over the license.

Risk of criminal charges against CRZ

Mr. Wilkinson, the principal of Rich Extracts, was arrested in Nebraska for possession of marijuana with intent to distribute. The possession and distribution of marijuana are illegal in Nebraska. Although CannaRoyalty was unaware of Mr. Wilkinson's criminal activities, there is a risk that CannaRoyalty could face allegations, criminally or otherwise, in connection with Mr. Wilkinson actions.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The following directors and legal counsel of the Company reside outside of Canada. Such directors and legal counsel named below have appointed the following agent for service of process:

Name of Director	Name and Address of Agent
Dr. Jim Young	Cassels, Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2
Oskar Lewnowski	Cassels, Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2
Vicente Sederberg LLC	Cassels, Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is MNP LLP at 800-1600 Carling Ave., Ottawa, Ontario K1Z 1G3. MNP LLP has advised that they are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Company's Common Shares is TSX Trust Company at 301-100 Adelaide Street West, Toronto ON M5H 4H1.

The Warrant Agent in respect of the Warrants and Incentive Warrants is AST Trust Company (Canada) at 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by Cassels Brock & Blackwell LLP and Vicente Sederberg LLC, on behalf of the Company, and by DLA Piper (Canada) LLP, on behalf of the Underwriters. As at the date hereof, the partners and associates of Cassels Brock & Blackwell LLP, as a group, the partners and associates of Vicente Sederberg LLC, as a group, and the partners and associates of DLA Piper

(Canada) LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

PROMOTER

AJKNJ Corp. ("**Lustig Holdco**"), a corporation wholly-owned and controlled by Marc Lustig, director and Chief Executive Officer of the Company, may be considered a promoter of the Company for the purposes of applicable securities laws, as Lustig Holdco has taken the initiative in reorganizing and financing the Company.

Lustig Holdco owns or controls, directly or indirectly, 171,335 Common Shares, representing approximately 0.37% of the outstanding Common Shares, and Marc Lustig owns or controls, directly or indirectly, 3,199,750 Common Shares, representing approximately 6.83% of the outstanding Common Shares, assuming no exercise of convertible securities held.

Marc Lustig holds 1,416,500 RSUs, of which 812,750 have vested. Assuming full exercise of the vested RSUs, Marc Lustig owns or controls, directly or indirectly, 4,012,500 Common Shares, representing approximately 8.56% of the outstanding Common Shares. Marc Lustig has entered into a conversion blocker with respect to his RSUs, which restricts him from converting any RSUs into Common Shares if such conversion would result in Mr. Lustig holding 10% or more of the issued and outstanding Common Shares.

To the best of the knowledge of the Company, other than as disclosed in this section or elsewhere in this Prospectus (or in the AIF), no person who was a promoter of the Company within the last two years:

1. received anything of value directly or indirectly from the Company or a subsidiary;

2. sold or otherwise transferred any asset to the Company or a subsidiary within the last two years;

3. has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days (an "**order**") that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer;

4. has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in the capacity as director, chief executive officer or chief financial officer;

5. is or has been, within the past 10 years, a director or executive officer of any person or company that, while the such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

6. has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person;

7. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

8. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

INTERESTS OF EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

1. Cassels Brock & Blackwell LLP is the Company's counsel with respect to Canadian legal matters herein;
2. Vicente Sederberg LLC is the Company's counsel with respect to certain U.S. federal and state legal matters described herein;
3. DLA Piper (Canada) LLP is the Underwriters' counsel with respect to Canadian legal matters herein; and
4. Jackson & Company is the former auditor of the Company and reported on the Company's Annual Financial Statements.

To the knowledge of management, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of the Company or of an associate or affiliate of any of them, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than 1% of the outstanding securities of the Company and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate thereof.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible, exchangeable, or exercisable securities, such as the Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained herein is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right or action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal adviser.

CERTIFICATE OF CANNAROYALTY CORP.

Dated: March 21, 2018

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

(Signed) *Marc Lustig*
Chief Executive Officer

(Signed) *Francois Perrault*
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) *Jim Young*
Director

(Signed) *Rob Harris*
Director

CERTIFICATE OF THE PROMOTER

Dated: March 21, 2018

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

AJKNJ CORP.

By: (Signed) *Marc Lustig*

CERTIFICATE OF THE UNDERWRITERS

Dated: March 21, 2018

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

CANACCORD GENUITY CORP.

By: (Signed) *Steve Winokur*

BEACON SECURITIES LIMITED

By: (Signed) *Mario Maruzzo*

SPROTT PRIVATE WEALTH LP

By: (Signed) *Tim Sorensen*

MACKIE RESEARCH CAPITAL CORPORATION

By: (Signed) *Jeff Reymer*

ALTACORP CAPITAL INC.

By: (Signed) *Jeff Fallows*

INFOR FINANCIAL INC.

By: (Signed) *Ben Goldstein*