

# CannaRoyalty and its Subsidiary, Trichome, Announce Joint Closing of First Tranche Investment into Leading Canadian Online and Retail Vaporizer Products Company, 180 Smoke

OTTAWA, May 11, 2018 /CNW/ - **CannaRoyalty Corp. (CSE: CRZ)(OTCQX: CNNRF)** ("**CannaRoyalty**" or the "**Company**"), a leading North American cannabis products and brands company, announced today that it and its subsidiary, Trichome Yield Corp. ("**Trichome**") have closed the initial \$500,000 investment under the [previously announced](#) credit agreement ("**Credit Agreement**") to provide up to \$2.5 million to 180 Smoke (the "**Investee**" or "**180 Smoke**"). CannaRoyalty and Trichome each invested \$250,000 under the initial tranche of the Credit Agreement, to be followed by additional investments of up to an aggregate of \$2.5 million.

Proceeds from the initial tranche will be used to support the rapid expansion of 180 Smoke's vape retail footprint, as well as working with CannaRoyalty to establish a cannabis retail business in Saskatchewan and Alberta, subject to approval and permits. To date, 180 Smoke has applied for retail permits in 7 jurisdictions in Saskatchewan and plans to apply for up to 10 in Alberta. As the Canadian cannabis industry heads towards full legalization, 180 Smoke is pursuing a hybrid vape/cannabis retail model, adding a diversified line of business to an already high growth core business; In Q1 2018, 180 Smoke reported record sales of \$2.45 million, a 51% increase from the same period in 2017.

"From CannaRoyalty's perspective, 180 Smoke represents a key piece to our growing international distribution pipeline that will allow us to collaborate with our growing portfolio of consumer cannabis brands in the Canadian marketplace," said Marc Lustig, CEO of CannaRoyalty. "Trichome elected to invest directly in 180 Smoke as it represents a very attractive credit opportunity from a number of perspectives; strong and sustained revenue growth, profitable history and an attractive balance sheet," said Michael Ruscetta, CEO of Trichome.

Ashutosh Jha, President of 180 Smoke added, "Looking ahead at adult-use cannabis legalization in Canada later this year, we are pleased to partner with CannaRoyalty and Trichome to access both product and distribution expertise as well as capital, to pursue our hybrid vape and cannabis model. 180 Smoke is already a leading vaporizer products company and with this relationship expect to secure a solid position in the Canadian cannabis retail market."

## The Financing

180 Smoke will receive up to \$2.5 million under the terms of the Credit Agreement, with an initial investment of \$500,000 to be followed by additional investments up to an aggregate of \$2.5 million. Under the terms of the Credit Agreement, the second tranche of the investment is drawable at the election of 180 Smoke for a period of 90 days post the closing of the initial tranche. The Credit Agreement is secured against the assets of 180 Smoke. Further, 180 issued warrants (the "**Warrants**") to acquire shares of 180 Smoke at a pre-determined exercise price for a three-year term. The capital for the Financing will be advanced by Trichome and/or CannaRoyalty at proportions to be determined by the respective parties. Shareholders of 180 Smoke have been granted the right to exchange up to an aggregate of 1.0% of their 180 Smoke shares in exchange for CannaRoyalty shares in certain circumstances based on the closing price on the date prior to the initial announcement of the transaction.

## About 180 Smoke

[180 Smoke](#) is a leading Canadian vape product retailer that is considered the Gold Standard for vape store operations and customer service. 180 Smoke sells [vape](#) and nicotine-related products, herbal vaporizer products and parts. With the corporate mission of "significantly reducing harm done to human health from addictive substances," 180 Smoke's vision is to become a multi-region, omni-channel, vertically integrated market leader servicing the end-to-end needs of Canadian nicotine and cannabis consumers.

## About CannaRoyalty

CannaRoyalty is an active operator and investor in the global cannabis industry, with a strong focus on California, the world's largest cannabis market. Our core mission is to become the leading global consumer product goods company for discerning cannabis consumers. We are currently focused on building a diversified portfolio of manufacturing, distribution, intellectual property, and infrastructure assets to achieve this goal. Our leadership team combines a passion and hands-on understanding of the cannabis industry, with seasoned financial and legal expertise. CannaRoyalty's shares trade on the Canadian Stock Exchange (CSE) under the symbol CRZ and internationally on the OTCQX under the symbol CNNRF.

## About Trichome

Trichome is a majority-owned subsidiary of CannaRoyalty and was formed to offer credit-based capital solutions to companies operating across the Canadian cannabis value chain. Trichome expects to offer creative credit-based capital solutions to cannabis companies in need of capital for a broad array of requirements. Trichome is focused primarily on addressing the largely underserved Canadian cannabis market and expects to expand to meet the needs of companies operating in fully legal international markets as those jurisdictions develop.

## Forward Looking Statements

*Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in CannaRoyalty's periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward-*

looking statements.

*Forward-looking statements may include, without limitation, statements relating to the Acquisitions, the execution of the Company's strategy, new opportunities, future growth and other statements.*

*Although CannaRoyalty has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects that are engaged in activities currently considered illegal under US federal law; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political change.*

*There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.*

*Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. CannaRoyalty disclaims any intention or obligation to update or revise such information, except as required by applicable law, and CannaRoyalty does not assume any liability for disclosure relating to any other company mentioned herein.*

SOURCE CannaRoyalty Corp.

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