

CannaRoyalty Acquires Rights to Innovative Infused Pre-Roll Brand, Pacific Remedy

- CannaRoyalty will be the exclusive manufacturer and distributor of Pacific Remedy products in California, in exchange for a royalty fee
- Pacific Remedy's hand-rolled-in-California infused pre-rolls are uniquely positioned as one of the most exclusive, potent and flavourful available
- CannaRoyalty has the option to fully acquire Pacific Remedy's global brand rights
- CannaRoyalty's growing manufacturing support platform provides local entrepreneurs like Pacific Remedy the unique opportunity to cost-effectively expand through CannaRoyalty's licensed statewide distribution network

OTTAWA, July 12, 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 has acquired the exclusive rights to distribute and manufacture Pacific Remedy LLC's ("Pacific Remedy") industry-leading infused pre-rolls in California (the "Agreement"). The Agreement also provides CannaRoyalty with the option to purchase global brand rights (the "Option") for the premium infused pre-roll manufacturer.

"Brands are true value. Built through real consumer trust. They are our mission," said Marc Lustig, Chairman & CEO, CannaRoyalty.

"I founded this company over 3 years ago with a vision that brands would dominate the future of the cannabis industry. Brands represent the trust relationship formed through repeat sales to, and an ongoing conversation with, a consumer. Most jurisdictions, including our home jurisdiction of Canada, do not yet provide the right conditions for that trust to form. Conversely, I have found that there is no better place in the world than California to create that trust, which is why we are there; building the pre-eminent global cannabis brand growth platform."

Pacific Remedy is a California-based brand founded by Timothy Elze and Jon Rivera. Pacific Remedy's uniquely designed infused pre-rolls make them a differentiated manufacturer in the premium pre-roll category. In 2017, Pacific Remedy's products were carried in 13 cannabis dispensaries throughout the Bay Area and Southern California. Subsequent to this Agreement, Pacific Remedy will be able to sell its premium product through CannaRoyalty's distribution network, which covers the majority of California's approximately 500 licensed dispensaries.

"Working with entrepreneurs like Jon and Timothy is one of the privileges we enjoy as a third-party distributor and manufacturer. An authentic passion for the perfect pre-roll has driven them to build a unique commercial product. The delicate pairing of top-shelf flower sourced from FloraCal Farms (recently acquired), terpene-rich concentrate, innovative 'noodle' filter, handmade craftsmanship, and eco-conscious packaging has elevated the "joint" to a new level. Through this partnership, we are excited to help Pacific Remedy bring this hand-rolled-in-California product statewide. We are proud to call Pacific Remedy, along with almost a dozen other pre-roll brands on our distribution platform, our partners. Our doors are now officially open to the 'little guy', and we look forward to partnering with more passionate local California businesses to help bring their industry leading offerings to the world," commented Afzal Hasan, President and General Counsel, CannaRoyalty.

"As budtenders, we were focused on creating a product that offered quality and consistency when it comes to infused pre-rolls, resulting in a superior experience for our discerning consumers in California," said Timothy Elze, Founder of Pacific Remedy. "We are pleased to partner with CannaRoyalty to help share our innovation with the people it was intended for – consumers across the globe. Their reputation, manufacturing expertise and the breadth of their distribution will be vital assets for us."

With 50.21%¹ market share and \$2.35 billion¹ in sales in 2017, flower is the most popular and largest product segment in Californian dispensaries. Through 2017, pre-rolls commanded 5.41%¹ of the market, with a steady growth projection. Currently, California has issued over 410 licenses² for dispensaries since June 2018, and CannaRoyalty's distributors cover a majority of stores in the state. This Agreement will provide medical and recreational markets in California with top shelf pre-rolls and add to CannaRoyalty's global product portfolio, while giving Pacific Remedy access to an established and trusted partner network to expand their operations.

¹ BDS Analytics

² BCC License Database, State of California

About CannaRoyalty

CannaRoyalty is a North American cannabis consumer product company currently focused on building a leading distribution business in California, the world's largest regulated cannabis market. By building a world-class logistics platform and supporting contract manufacturing assets, the Company intends to support the growth of new and established cannabis brands. The Company believes California, home to some of the world's most discerning consumers and a nexus of information and trends, will be the point of inception for the global cannabis brands of the future. CannaRoyalty has developed a diversified portfolio of assets within the cannabis sector, including research, infrastructure and intellectual property to support our existing brands, partner products and distribution networks. The Company's leadership and staff combines passion and a hands-on understanding of the cannabis industry, with proven financial and legal expertise. CannaRoyalty's shares trade on the Canadian Stock Exchange (CSE) under the symbol CRZ and in the US on the OTCQX under the symbol CNNRF.

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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