

CannaRoyalty Investee Company, Anandia Labs, Closes Sale to Aurora Cannabis; CannaRoyalty Announces Intention to Commence Normal Course Issuer Bid

- *Sale of CannaRoyalty's stake in Anandia aligned with stated commitment to create shareholder value by realizing gains on non-core assets*
- *CannaRoyalty's equity stake is currently valued at approximately \$17 million based on the closing price of Aurora shares on August 8, 2018¹, representing an approximately 315% return on investment for CannaRoyalty's shareholders*
- *Under the proposed normal course issuer bid, CannaRoyalty may purchase up to 5% of CannaRoyalty's issued and outstanding common shares over a 12-month period using proceeds from asset divestitures*

All financial figures in Canadian dollars (\$) unless otherwise indicated

OTTAWA, Aug. 9, 2018 /CNW/ - **CannaRoyalty Corp. (CSE:CRZ) (OTCQX:CNNRF)** ("CannaRoyalty" or the "Company"), a leading North American cannabis products and brands company, today announced the close of the [previously announced](#) acquisition (the "Acquisition") of its investee company Anandia Laboratories Inc. ("Anandia") by Aurora Cannabis Inc. ("Aurora") for approximately \$115 million.

Under CannaRoyalty's [formerly disclosed](#) investment relationship with Anandia, CannaRoyalty initially invested approximately \$4 million in Anandia, in February 2017. With the close of the Acquisition, CannaRoyalty's equity stake in Anandia is valued at approximately \$17 million based on the closing price of Aurora shares on August 8, 2018¹, representing a return on investment of approximately 315% for the Company's shareholders.

Pursuant to the acquisition agreement signed by Anandia and Aurora, Aurora purchased 100% of the issued and outstanding shares from Anandia's shareholders in exchange for common shares of Aurora based on the 20-day VWAP (to the Effective Date) equivalent to approximately \$115 million. In addition, each Aurora share was accompanied with a warrant exercisable for 1/2 of an Aurora common share at an exercise price equal to the issue price¹ plus 10% with a term of 5 years.

"Early on, we saw the long-term potential in Anandia to be a leader in the analytics, testing and genetics verticals. This acquisition, by one of Canada's largest cannabis companies, validates our ability to identify attractive investment opportunities in strategically important segments of the North American cannabis value chain. The Acquisition advances our stated strategy of rationalizing assets that are non-core to the Company's distribution and brands business and California. We look forward to directing the significant return on investment to fund our business without dilution to shareholders," commented Marc Lustig, Chairman and CEO of CannaRoyalty.

Commencement of Normal Course Issuer Bid

The Company also announced its intention to commence a normal course issuer bid (the "Bid"). "In the view of Management and the Board of Directors, the significant growth the Company is experiencing has created a substantial gap between its market capitalization and the value of the business. We have raised sufficient capital from supportive investors to address our foreseeable needs. As we generate more liquid resources from asset divestitures, we believe that one of the most attractive current investment opportunities for excess capital is our own stock, through a

normal course issuer bid," Mr. Lustig added.

Under the Bid, the Company may purchase up to 5% of the Company's issued and outstanding common shares. The Bid is expected to commence on August 14, 2018 and will terminate on the earlier of August 13, 2019 and the date on which the maximum number of common shares that can be acquired pursuant to the Bid have been purchased. The Company has appointed Haywood Securities as its broker to conduct the Bid on its behalf and intends to execute the Bid in a manner that is consistent with its continued commitment to capital discipline. The actual number of common shares that may be purchased under the Bid and the timing of any such purchases will be determined by the Company. CannaRoyalty believes that depending on the trading price of its common shares and other relevant factors, purchasing its own shares represents an attractive investment opportunity and is in the best interests of the Company and its shareholders.

The Company reserves the right to revoke the Bid earlier if it determines that it is appropriate to do so. All common shares will be purchased under the Bid on the open market through the facilities of the CSE and payment for the common shares will be made in accordance with CSE policies. The price paid for the common shares will be the prevailing market price at the time of purchase and all common shares acquired by the Company will be cancelled. The Company has 53,764,820 common shares issued and outstanding as of July 31, 2018. Purchases may be suspended at any time, and no purchases will be made other than by means of open market transactions during the term of the Bid.

¹ Aurora Cannabis Inc. stock closed at C\$6.18 on August 8, 2018. The approximate value of \$17 million includes a \$3 million Black-Scholes valuation for the warrants CannaRoyalty will receive as part of the Acquisition at an issue price of \$8.52. Assumptions: Aurora's per share closing price of \$6.18 on August 8th; annualized volatility of 78.3%; and a risk-free rate of 2.07%

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, anticipated timing for the Company's release of financial results, the execution of the Company's strategy, new opportunities, future growth and other statements.

Forward looking statements involve known and unknown risks, uncertainties and other factors

which may cause the actual results, performance or achievements of CannaRoyalty, its subsidiaries, or its affiliates to be materially different from any future results, performance or achievements expressed or implied by the forward-looking 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 and assumptions 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; use of proceeds from divesting of non-core assets; timing for commencement and completion of the Bid, if at all; the number of common shares to be purchased under the Bid; 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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