

# CannaRoyalty Announces Record Financial Results for the Second Quarter of 2018: Revenue of \$3.5 million, +446% Sequentially; Earnings per Share of \$0.18

- Q2-2018 Revenue of \$3.5 million compared to \$643,437 in Q1-2018 – marks the successful initiation of California distribution and manufacturing strategy.
- Net income of \$9.3 million (EPS of \$0.18) and EBITDA of \$10.4 million generated through execution of stated strategy to rationalize non-core assets and an increase in gross margin related to growing product sales.
- FloraCal (closed July 2<sup>nd</sup>) and RVR Distribution ("RVR") (closing in Q3-2018) are performing above plan and are expected to drive sequential revenue growth through the second half of 2018 and beyond.
- Premier cannabis brand development platform powered by five licensed distribution and manufacturing facilities across California, delivering several of the state's top independent branded products to the majority of licensed dispensaries in the state.<sup>1</sup>

OTTAWA, Aug. 23, 2018 /CNW/ - **CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF)** ("CannaRoyalty" or the "Company") today announced the Company's financial results for the three and six-month periods ended June 30, 2018. All figures are reported in Canadian dollars (\$), unless otherwise indicated. CannaRoyalty's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

"Q2 marked a turning point for CannaRoyalty and its shareholders as the team translated strategy and execution into record financial performance. The Company generated earnings per share of \$0.18 primarily by delivering on its stated objective of rationalizing early passive investments. The Company also generated a record adjusted EBITDA result for a Canadian-listed cannabis company<sup>2</sup>," said Marc Lustig, CEO of CannaRoyalty. "Q2 is the beginning of a multi-quarter parabolic step change in revenue, powered by sequential acquisitions and organic growth. CannaRoyalty generated a record \$3.5 million in revenue this quarter, a 446% increase from Q1 and more than the Company generated in all of 2017. These results reflect the successful initiation of the Company's strategic focus on building its Californian distribution and brands platform. This growth is expected to continue in Q3 and Q4 as FloraCal and RVR are added to the Company's financials and as our team continues to grow market share and expand the Company's supporting manufacturing and value-add services footprint. Both RVR and FloraCal are performing above expectations, and we are actively executing our plans to increase the revenue generating capacity of both companies. I thank all of our long term shareholders for their faith in this team and our plan. I am proud to say that this is truly just the beginning of the CannaRoyalty story."

"Our goal is to be the home of origin for the global cannabis brands of the future. It's a model built on trust. Trust from our brand partners that we will drive their success in California and beyond. Trust from our retail partners that we will deliver exactly what they need. Without that trust, it is not possible to build the trust we are seeking from consumers – which is what we believe a brand to be. We've been hard at work building the infrastructure and services needed to support brands in building that consumer trust," said Afzal Hasan, President and General Counsel of CannaRoyalty. "This is a highly scalable platform. We touch the majority<sup>1</sup> of licensed dispensaries in the state. We're doing this not just because we believe it will result in the formation of tomorrow's global cannabis brands, but also because we believe it will drive industry leading revenue growth in the next 12 months. We're actively pursuing distribution relationships with a number of California's leading brands, and each successful relationship that we enter into is immediately accretive to our revenue

run rate. With \$15.7 million in cash at the end of Q2, the proceeds from our recent convertible debenture issue and the combined \$26 million sale of certain non-core assets, we have the financial strength to continue to take advantage of the accretive growth opportunities we see in the California market."

## Recent Developments

For a more comprehensive overview of these recent developments, please refer to CannaRoyalty's *Management's Discussion and Analysis of the Financial Condition and Results of Operations for the Three Months Ended June 30, 2018*.

- On July 3, 2018, CannaRoyalty announced the close of the FloraCal Farms acquisition for a total consideration of US\$1 million in cash and 35,088 CannaRoyalty Class A Compressed Shares, as well as up to an additional US\$3 million in cash and 35,088 Compressed Shares to be paid over 3 years, based on completion of certain milestones and other considerations.
- On July 6, 2018, executing on its stated strategy to focus on expanding its California footprint, CannaRoyalty announced that it purchased a licensed distribution and manufacturing facility in the city of Cotati in Sonoma County, California for US\$2.4 million. The Cotati facility will serve as an additional hub for distribution, as well as supporting manufacturing infrastructure, to meet the strong demand of CannaRoyalty's distributed brand portfolio.
- On July 12, 2018, CannaRoyalty announced that it had acquired the exclusive rights to distribute and manufacture Pacific Remedy LLC's industry-leading infused pre-rolls in California.
- On July 12, 2018, the Company announced that it had closed a fully marketed private placement of unsecured convertible debentures raising aggregate gross proceeds of \$32,980,000.
- On August 9, 2018, CannaRoyalty announced the close of Aurora's acquisition of Anandia Inc. for initial consideration valued at approximately \$115 million in common shares and warrants of Aurora. CannaRoyalty's equity stake in Anandia was reported at approximately \$26.4 million<sup>3</sup> as of June 30, 2018.
- On August 9, 2018, CannaRoyalty announced its intention to commence normal course issuer bid. 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.
- On August 14, 2018, the Company's previously announced (July 11<sup>th</sup>) sale of its Canadian pre-roll technology license to Aurora for aggregate consideration of \$7 million<sup>4</sup> in Aurora common shares, had closed.

<sup>1</sup> Based on publicly available and internal CannaRoyalty statistics

<sup>2</sup> Based on publicly available financial information for Canadian publicly-traded cannabis companies

<sup>3</sup> CannaRoyalty's proceeds in Aurora equity generated through the sale of the Company's Anandia position is valued at \$19.9 million based on the closing price of Aurora common shares on August 22, 2018.

<sup>4</sup> The value of these shares based on the closing price of Aurora common shares on August 22, 2018, was approximately C\$6.1 million.

## Financial Highlights – Q2 – 2018

### Operating Results

*All comparisons below are to June 30, 2017, unless otherwise noted*

- Revenues were \$3.5 million as compared to \$960,157, an increase of 266%;
- Gross margin was \$820,935 as compared \$421,681, an increase of 95%;
- Operating expenses were \$6.3 million as compared to \$2.7 million, an increase of 129%;
- Net income of \$9.3 million as compared to a net loss of \$2.0 million;
- Net income per basic share of \$0.18 as compared to a net loss per basic share of \$0.05;
- Net income per diluted share of \$0.17 as compared to a net loss per diluted share of \$0.05;
- Adjusted EBITDA income of \$11.1 million as compared to a loss of \$1.0 million, an increase of

\$12.1 million; and

- Adjusted EBITDA per basic share of \$0.21 as compare to a loss of \$0.02, an increase of \$0.23 per basic share;
- Adjusted EBITDA income per diluted share of \$0.20 as compared to a loss of \$0.02, an increase of \$0.22 per basic share.

## Balance Sheet

All comparisons below are to December 31, 2017, unless otherwise noted

- Cash was \$15.7 million as compared to \$4.5 million, an increase of 248%;
- Total assets of \$94.8 million as compared to \$46.1 million, an increase of 105%;
- Current assets of \$23.5 million as compared to \$7.9 million, an increase of 196%;
- Current liabilities of \$5.9 million as compared to \$2.1 million, an increase of 178%; and
- Long-term debt of \$290,457 as compared to \$2.3 million, a decrease of 87%.

## Results of Operations (Summary)

The following tables set forth consolidated statements of financial information for the three and six-month periods ending June 30, 2018 and June 30, 2017. For further information regarding the Company's financial results for these periods, please refer to the Company's *Management's Discussion and Analysis for the periods ended June 30, 2018 and June 30, 2017* and the Company's Financial Statements for the periods ended June 30, 2018, published on CannaRoyalty's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.cannaroyalty.com](http://www.cannaroyalty.com).

	June 30, 2018	December 31, 2017	Change
<b>Selected statement of financial position data</b>			
Cash	\$ 15,724,845	\$ 4,522,644	\$ 11,202,201
Working capital	17,558,886	5,813,705	11,745,181
Total investments (1)	44,096,031	26,674,288	17,421,743
Total assets	94,791,037	46,139,757	48,651,280
Long term and convertible debt	290,457	2,258,467	(1,968,010)
Shareholders' equity	85,244,780	40,468,344	44,776,436
Dividends, per share	-	-	-

(1) This represents the sum of investments, royalty investments, and interests in equity method investees

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Consolidated Statements of Net Income (Loss)</b>				
Revenue	\$ 3,511,466	\$ 960,157	\$ 4,154,903	\$ 1,261,268
Gross margin	820,935	421,681	791,305	666,154
Operating expenses	6,280,216	2,741,685	10,760,230	5,794,446
Loss from operations	(5,459,281)	(2,320,004)	(9,968,925)	(5,128,292)
Net income (loss)	9,298,488	(2,017,556)	4,644,015	(3,984,161)
Other income (expense)	698,464	(449,955)	1,244,069	(537,135)
Total comprehensive income (loss)	9,996,952	(2,467,511)	5,888,084	(4,521,296)
Net earnings (loss) per common share - basic	0.18	(0.05)	0.10	(0.10)
Net earnings (loss) per common share - diluted	0.17	(0.05)	0.09	(0.10)
Weighted average common shares - basic	51,560,197	41,829,704	48,536,866	40,356,024
Weighted average common shares - diluted	55,308,327	41,829,704	52,462,527	40,356,024

## Revenue by Type

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Product sales	\$ 3,110,617	\$ 372,993	\$ 3,195,390	\$ 404,328
Services	238,344	232,574	668,161	273,142
Royalties	137,189	332,630	256,247	543,094
Interest income	25,316	21,960	35,105	40,704
<b>Total</b>	<b>\$ 3,511,466</b>	<b>\$ 960,157</b>	<b>\$ 4,154,903</b>	<b>\$ 1,261,268</b>

Cost of Sales by Revenue Type

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Cost of product sales	\$ 2,378,378	\$ 360,931	\$ 2,454,052	\$ 360,931
Cost of services	60,000	25,885	269,023	37,695
Cost of royalties	252,153	151,660	640,523	196,488
<b>Total</b>	<b>\$ 2,690,531</b>	<b>\$ 538,476</b>	<b>\$ 3,363,598</b>	<b>\$ 595,114</b>

Gross Profit by Revenue Type

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Products	\$ 732,239	\$ 12,062	\$ 741,338	\$ 43,397
Services	178,344	206,689	399,138	235,447
Royalties	(114,964)	180,970	(384,276)	346,606
Interest	25,316	21,960	35,105	40,704
<b>Total</b>	<b>\$ 820,935</b>	<b>\$ 421,681</b>	<b>\$ 791,305</b>	<b>\$ 666,154</b>

Gross Margin by Revenue Type

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Products	24%	3%	23%	11%
Services	75%	89%	60%	86%
Royalties	(84%)	54%	(150%)	64%
Interest	100%	100%	100%	100%
<b>All Types</b>	<b>23%</b>	<b>44%</b>	<b>19%</b>	<b>53%</b>

Operating Expenses

	Three months ended			Six months ended		
	June 30, 2018	June 30, 2017	Change	June 30, 2018	June 30, 2017	Change
Sales and marketing	\$ 1,219,066	\$ 409,221	198%	\$ 1,697,582	\$ 646,081	163%
Research and development	75,445	148,852	(49%)	151,410	625,093	(76%)
General and administrative	4,456,638	1,977,734	125%	8,207,064	4,114,922	99%
Amortization of intangibles	529,067	205,878	157%	704,174	408,350	n/a
<b>Total</b>	<b>\$ 6,280,216</b>	<b>\$ 2,741,685</b>	<b>129%</b>	<b>\$ 10,760,230</b>	<b>\$ 5,794,446</b>	<b>86%</b>

Adjusted EBITDA<sup>1</sup>

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<i>Add (Subtract)</i>				
<b>Net loss for the period</b>	<b>\$ 9,298,488</b>	<b>\$ (2,017,556)</b>	<b>\$ 4,644,015</b>	<b>\$ (3,984,161)</b>
Amortization of property and equipment	80,530	49,456	125,798	91,198
Amortization of intangible assets	537,306	205,878	704,174	408,350
Amortization of royalty investments	252,153	144,271	640,523	165,392
Interest expense	341,293	18,499	661,283	36,119
Interest income	(25,316)	(21,960)	(35,105)	(40,704)
Current income taxes	115,898	-	116,332	-
Deferred income tax recovery	(176,090)	(78,681)	(7,277)	(157,053)
<b>EBITDA</b>	<b>10,424,262</b>	<b>(1,700,093)</b>	<b>6,849,743</b>	<b>(3,480,859)</b>
Listing expense	-	-	-	38,193
Penalties from non-completion of transactions	-	37,578	-	221,053
Gain on sale of equipment	-	10,000	-	(88,674)
Recovery on Achelois Inventory	(441,370)	-	(441,370)	-
Share based compensation	1,092,235	645,816	3,032,278	1,804,212
Transaction costs on acquisitions	-	-	282,126	-
<b>TOTAL ADJUSTED EBITDA</b>	<b>\$ 11,075,127</b>	<b>\$ (1,006,699)</b>	<b>\$ 9,722,777</b>	<b>\$ (1,506,075)</b>
Weighted average number of common shares outstanding - basic	51,560,197	41,829,704	48,536,866	40,356,024
Weighted average number of common shares outstanding - diluted	55,308,327	41,829,704	52,462,527	40,356,024
<b>ADJUSTED EBITDA per share - basic</b>	<b>0.21</b>	<b>(0.02)</b>	<b>0.20</b>	<b>(0.04)</b>
<b>ADJUSTED EBITDA per share - diluted</b>	<b>0.20</b>	<b>(0.02)</b>	<b>0.19</b>	<b>(0.04)</b>

<sup>1</sup> EBITDA and Adjusted EBITDA are non-GAAP financial measures and accordingly they are not earnings measures recognized by IFRS and do not carry standard prescribed significance. Moreover, our method for calculating Adjusted EBITDA may differ from that used by other companies using the same designation. Accordingly, we caution readers that Adjusted EBITDA should not be substituted for determining net income (loss) as an indicator of operating results or as a substitute for cash flows from operating and investing activities.

## Share Capital

The Company's authorized share capital is an unlimited number of common shares of which 53,694,947 were issued and outstanding as at June 30, 2018 (December 31, 2017 – 43,898,445 common shares). The Company has issued 3,842,990 RSUs that have not been exercised as at June 30, 2018 including 2,203,345 that have vested (December 31, 2017 – 4,153,150 including 1,933,587 that had vested). As of June 30, 2018, there are share purchase warrants and broker warrants outstanding that can potentially be converted to 4,491,866 shares (December 31, 2017 – 4,112,712). The Company has issued 967,500 share options that have not been exercised as at June 30, 2018 including 308,250 that have vested (December 31, 2017 – 850,000 including 212,500 that had vested).

## Conference Call

CannaRoyalty will host a conference call on, Thursday, August 23, 2018 at 8:30 a.m. (Eastern Time) to discuss its 2018 second quarter financial results. The call will be chaired by Marc Lustig, Chief Executive Officer, Afzal Hasan, President and General Counsel and François Perrault, Chief Financial Officer.

	Participant Dial-in	Webcast	Reference Number
Conference Call	416-764-8688 or 1-888-390-0541	<a href="https://bit.ly/2ntS4sS">https://bit.ly/2ntS4sS</a>	
Replay (available for 2 weeks)	416-764-8677 or 1-888-390-0541		597811

## 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 including the Company's expectations with respect to pursuing new opportunities, anticipated timing for release of the*

Company's financial results and filing of its final prospectus, and its future growth and other statements of fact.

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 which have limited or no operating history and are engaged in activities currently considered illegal under US Federal Laws; 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.

## Condensed Interim Consolidated Statements of Net Income (loss) (Unaudited)

In Canadian dollars

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Revenue</b>	\$ 3,511,466	\$ 960,157	\$ 4,154,903	\$ 1,261,268
<b>Cost of sales</b>	(2,690,531)	(538,476)	(3,363,598)	(595,114)
<b>Gross margin</b>	820,935	421,681	791,305	666,154
<b>Operating expenses</b>				
Sales and marketing	1,219,066	409,221	1,697,582	646,081
Research and development	75,445	148,852	151,410	625,093
General and administrative	4,456,638	1,977,734	8,207,064	4,114,922
Amortization of brands and technologies	529,067	205,878	704,174	408,350
<b>Loss from operations</b>	(5,459,281)	(2,320,004)	(9,968,925)	(5,128,292)
<b>Other income (expenses)</b>				
Changes in fair value of investments	15,222,971	-	15,565,077	-
Impairment of convertible notes receivable	-	-	(375,472)	-
Profit (loss) from equity accounted investees	(295,246)	(98,483)	158,558	843,914
Foreign exchange gain	111,145	388,327	35,115	349,855
Interest expense	(341,293)	(18,499)	(661,283)	(36,119)
Penalties from non-completed transaction	-	(37,578)	-	(221,053)
Listing expense	-	-	-	(38,193)
Gain (loss) on disposal of equipment	-	(10,000)	-	88,674
Interest income	-	-	-	-
<b>Net income (loss) before tax</b>	9,238,296	(2,096,237)	4,753,070	(4,141,214)
Current tax expense	(115,898)	-	(116,332)	-
Deferred tax recovery	176,090	78,681	7,277	157,053
<b>Net income (loss) for the period</b>	\$ 9,298,488	\$ (2,017,556)	\$ 4,644,015	\$ (3,984,161)
<b>Net income (loss) per common share - basic</b>	0.18	(0.05)	0.10	(0.10)
<b>Net income (loss) per common share - diluted</b>	0.17	(0.05)	0.09	(0.10)

Weighted average number of common shares outstanding - basic	51,560,197	41,829,704	48,536,866	40,356,024
Weighted average number of common shares outstanding - diluted	55,308,327	41,829,704	52,462,527	40,356,024

**Total net income (loss) for the period attributable to:**

Owners of the company	9,200,127	(2,005,754)	4,571,124	(3,956,544)
Attributable to non-controlling interest	98,361	(11,802)	72,891	(27,617)
	<u>\$ 9,298,488</u>	<u>\$ (2,017,556)</u>	<u>\$ 4,644,015</u>	<u>\$ (3,984,161)</u>

## Condensed Interim Consolidated Statements of Financial Position (Unaudited)

In Canadian dollars

	June 30, 2018	December 31, 2017
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### ASSETS

#### Current

Cash	\$ 15,724,845	\$ 4,522,644
Amounts receivable	763,166	1,429,123
Inventory	3,754,328	270,169
Prepaid and other assets	1,356,299	250,744
Loans receivable - current	1,902,913	1,102,168
Convertible notes - current	-	373,127
	<u>23,501,551</u>	<u>7,947,975</u>

#### Non-Current

Loans receivable	-	66,421
Interest in equity accounted investees	3,803,045	3,596,333
Investments	33,379,709	17,243,342
Royalty investments	6,913,277	5,834,613
Property and equipment	1,555,987	1,084,098
Intangible assets	12,204,871	5,607,598
Goodwill	13,432,597	4,759,377
	<u>71,289,486</u>	<u>38,191,782</u>

<b>Total Assets</b>	<b>\$ 94,791,037</b>	<b>\$ 46,139,757</b>
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### LIABILITIES

#### Current

Amounts payable and accrued liabilities	\$ 5,374,501	\$ 1,606,689
Loan payable	90,166	425,345
Current tax liability	477,998	102,236
	<u>5,942,665</u>	<u>2,134,270</u>

#### Non-Current

Convertible debt	-	1,431,950
Line of credit	290,457	826,517
Deferred tax liability	3,313,135	1,278,676

<b>Total Liabilities</b>	<b>\$ 9,546,257</b>	<b>\$ 5,671,413</b>
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### SHAREHOLDERS' EQUITY

Share capital	\$ 81,377,459	\$ 50,007,891
Share subscription and contingent shares	3,824,094	-
Warrants reserve	5,625,652	4,149,703
Contributed surplus	12,050,171	9,902,292
Accumulated other comprehensive income (loss)	211,350	(1,032,719)
Accumulated deficit	(17,919,831)	(22,381,817)
Non-controlling interest	75,885	(177,006)
<b>Shareholders' Equity</b>	<b>85,244,780</b>	<b>40,468,344</b>

<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 94,791,037</b>	<b>\$ 46,139,757</b>
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# Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

In Canadian dollars

	Six months ended	
	June 30, 2018	June 30, 2017
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ 4,644,015	\$ (4,521,296)
Items not affecting cash:		
Bad debts recovery	(63,183)	(13,219)
Income from equity accounted investees	(158,558)	(843,914)
Amortization of property and equipment	125,798	91,198
Amortization of intangibles	704,174	408,350
Amortization of royalties	640,523	165,392
Amortization of fees related to line of credit	403,753	-
Share based compensation	3,032,278	1,804,212
Deferred tax recovery	(7,277)	(157,053)
Loss on impairment of convertible notes receivable	375,472	-
Recovery on previously impaired inventory	(441,370)	-
Accretion of derivative assets and liabilities	34,146	-
Gain on disposal of equipment	-	(88,674)
Fair value gain on investments	(15,565,077)	-
	<u>(6,275,306)</u>	<u>(3,155,004)</u>
Changes in non-cash items relating to operations:		
Decrease (Increase) in amounts receivable	389,738	(747,099)
Increase in inventory	(725,391)	(72,508)
Increase in prepaid and other assets	(436,653)	(96,020)
Increase (Decrease) in accounts payable and accruals	707,975	(794,122)
Increase in current tax liability	(11,239)	-
	<u>(6,350,876)</u>	<u>(4,864,753)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(295,223)	(132,014)
Purchase of Kaya and Alta, net of cash received	(1,018,428)	-
Purchase of interests in equity accounted investments	-	(1,601,218)
Royalty financing arrangement	(1,290,000)	(2,750,631)
Loans advanced to debtors, including costs, net of repayment	(2,163,234)	(1,140,800)
	<u>(4,766,885)</u>	<u>(5,624,663)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares in bought deal financing, net of issuance costs	11,888,206	10,958,243
Proceeds from issuance of warrants, net of issuance costs	3,756,734	2,787,000
Proceeds from exercise of warrants	7,444,895	292,092
Repayment on line of credit	(1,000,000)	-
Repayment of loans payable	(7,702)	-
Proceeds from shares issued to minority holders of Trichome	180,000	-
Proceeds from issuance of stock options	-	25,000
Tax withholding paid on exercise of restricted share units	-	(77,511)
	<u>22,262,133</u>	<u>13,984,824</u>
Effect of movement of exchange rates on cash held	57,829	-
<b>INCREASE (DECREASE) IN CASH</b>	<b>\$ 11,202,201</b>	<b>\$ 3,495,408</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>4,522,644</b>	<b>2,945,895</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 15,724,845</b>	<b>\$ 6,441,303</b>

SOURCE CannaRoyalty Corp.

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**For further information:** please contact: Marc Lustig, CEO, [info@cannaroyalty.com](mailto:info@cannaroyalty.com), 1-844-556-5070, [www.cannaroyalty.com](http://www.cannaroyalty.com); Jonathan Ross, LodeRock Advisors Inc., [jon.ross@loderockadvisors.com](mailto:jon.ross@loderockadvisors.com), 416-283-0178

CO: CannaRoyalty Corp.

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