

CannaRoyalty Announces Operational Merger of RVR Distribution and Definitive Agreement for Closing of RVR Distribution Acquisition

- *RVR Distribution ("RVR") generated US\$25.3 million of revenue in 2017.*
- *RVR and CannaRoyalty's subsidiary Alta Supply Inc. ("Alta Supply") have merged operations through appointment of Sadie Reyes, President of Alta, as President of RVR.*
- *CannaRoyalty obtained control of RVR at close of business on August 31, 2018 and has therefore began consolidation of RVR's financial statements with CannaRoyalty's effective September 1, 2018.*
- *Adding RVR revenue to CannaRoyalty's top line will position CannaRoyalty to exit Q4 with a revenue run rate comparable to the largest public North American cannabis companies.*
- *The merger of RVR with Alta Supply creates a major cross-state distributor in the California market with an ability to accelerate the growth of brands.*
- *Through RVR and Alta Supply, CannaRoyalty delivers over 130 branded products to the majority of licensed dispensaries in California.*

OTTAWA, Sept. 20, 2018 /CNW/ - **CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF)** ("CannaRoyalty" or the "Company"), a North American cannabis products and brands company, announced today that it has merged the operations of its subsidiary Alta Supply with RVR Distribution. Effective August 31, 2018, Sadie Reyes, President of Alta Supply, was appointed to the position of President of RVR to lead the Company's state-wide distribution efforts. Alta Supply has begun to leverage RVR's distribution infrastructure, through transfer of inventory and accounts.

Today, CannaRoyalty has signed a definitive agreement to close the [previously announced](#) merger of RVR with Alta Supply (the "Merger"), subject to customary closing conditions. Pursuant to the close, RVR will receive exchangeable shares as consideration, which will allow RVR shareholders to acquire 70,000 CannaRoyalty Class A shares, over the next 24 months.

"CannaRoyalty identified early on that distributors would be critical gatekeepers and growth catalysts in California's regulated cannabis marketplace," said Marc Lustig, Chairman and CEO of CannaRoyalty. "With this Merger, CannaRoyalty is leveraging two prominent California-grown distributors to build the pre-eminent third party distributor in the state. We already reach into the vast majority of licensed dispensaries and distribute a growing number of the world's top legal cannabis consumer brands and products. And since California's transition into a full adult-use market on January 1st, RVR and Alta have consistently broken monthly revenue records. Adding RVR revenue to CannaRoyalty's top line will position the Company to exit Q4 with a revenue run rate comparable to the largest public North American cannabis companies."

"The functional merger of Alta Supply and RVR provides the framework for the platform we're building in California: The home of origin for the future's global cannabis brands. These acquisitions have provided us with a growth engine that we are feeding with more business, through the injection of growth capital and revenue-catalyzing support services to our brand and retail partners. A few of these innovative partnerships, such as Pacific Remedy and Utopia, have already been disclosed, and we are in the process of negotiating a multitude of others," commented Afzal Hasan, President and General Counsel at CannaRoyalty.

The closing of the acquisition of RVR, and the [previously disclosed](#) acquisition of Alta Supply Inc., will merge the strengths of both companies, and position CannaRoyalty as the largest third party distribution platform in the California cannabis marketplace.

Transaction Summary

- All consideration will be in CannaRoyalty Shares and issued in installments.
- RVR will receive exchangeable shares that will enable the recipients to acquire 70,000 Class A CannaRoyalty Shares (17,500 shares at close and 52,500 shares over the next 24 months) for no additional consideration.
- Each Class A Compressed Share shall be convertible into 100 Common Shares¹
- On closing, it is anticipated that CannaRoyalty will have 54,801,068 common shares outstanding and 83,294,904 shares outstanding on a fully diluted basis.
- Closing of the Acquisition remains subject to finalization of definitive closing documentation and, requisite Board approvals.

1. Management Informational Circular dated May 8, 2018

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 Common 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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