

CannaRoyalty and Trichome Investee, 180 Smoke's Subsidiary Approved for First Cannabis Dispensary Location in the City of Calgary

- 420 Wellness Inc., a subsidiary of investee 180 Smoke, has applied for three dispensary licenses in Alberta including its recently approved Development Permit for the Calgary location.
- 15 strategically located GTA stores provide potential upside based on Ontario's private retail cannabis plans.
- 180 Smoke has recently secured 6 Tier-1 leases in Hamilton, Ontario and 1 in Niagara Falls, Ontario, which have cannabis optionality.
- 180 Smoke has grown revenues 51% YTD, to \$6.78 million as of August 2018.

All financial figures in Canadian Dollars (\$) unless otherwise noted.

TORONTO, Sept. 24, 2018 /CNW/ - **CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF)** ("CannaRoyalty" or the "Company"), a North American cannabis products and brands company, and its subsidiary, Trichome Financial Corp. ("Trichome") announced that 420 Wellness, a subsidiary of investee 180 Smoke ("180 Smoke"), has been approved by the City of Calgary to open its first cannabis dispensary in the city, pending approval from the Alberta Gaming and Liquor Commission ("AGLC").

Since CannaRoyalty and Trichome's [previously disclosed](#) initial investment in May 2018, 180 Smoke has expanded its retail footprint with a focus on increasing the company's presence outside of the Greater Toronto Area (GTA). In addition to the recently approved Calgary location, 180 Smoke is opening two vape store locations in Edmonton, AB. In the GTA, 180 Smoke recently opened a flagship location on Queen Street West, which is the fastest growing store in the network. On the back of an expanding retail footprint and continued same-store sales growth, 180 Smoke has grown revenues 51% year-over-year to \$6.78 million for the eight-month period ended August 2018, for an annualized revenue pace of roughly \$11 million.

"180 Smoke's capital-efficient retail model has enabled the company to grow store count while maintaining an authentic consumer experience. They have created a niche in the minds of discerning vape and cannabis consumers in Canada, while maintaining one of the highest trafficked vape website in Canada. We initially invested in 180 Smoke due to the strength of both the existing vape operations as well as the upside we saw with impending adult-use cannabis legalization in Canada. We expect continued growth and expansion from 180 Smoke and congratulate the team on being selected among numerous applicants to open a Calgary location. I speak for both CannaRoyalty and Trichome when I say we are confident that this investment will generate value for CannaRoyalty's shareholders both as a standalone investment and strategically as CannaRoyalty looks to build-out its Canadian operations in the near-term," said Marc Lustig, Chairman and CEO of CannaRoyalty.

Ashutosh Jha, President of 180 Smoke added, "We are pleased to announce this exciting milestone in our company's accelerating expansion in Canada. With a growing retail footprint and significant brand awareness among cannabis consumers, 180 Smoke, and soon 420 Wellness, are perfectly positioned to capture a significant portion of the Canadian cannabis and vaporizer market. With backing from CannaRoyalty and Trichome as well as interest from leading REIT's, we look forward to opening our first cannabis dispensary in Calgary and expanding both our vape and cannabis presence across Canada."

Additionally, in response to the Ontario government's recent announcement to institute a private cannabis retail model, 180 Smoke has launched an effort to establish a presence in the Ontario retail cannabis marketplace. Leveraging its portfolio of 16 locations in the GTA and a leading in-house retail team, 180 Smoke is strongly positioned to gain from the rapid expansion of a retail cannabis market, where legally permissible. 180 Smoke recently secured 6 leases in Hamilton region and 1 in Niagara Falls, Ontario, which have strong potential as cannabis retail locations.

Following the federal government's decision to legalize recreational cannabis by October 17, 2018, the City of Calgary approved amendments in April 2018 that will enable the future retail sale of legalized cannabis in Calgary. The City is currently reviewing applications and approved applications must also be approved by the Alberta Gaming and Liquor Commission.

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 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.

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 Information

This press release contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information contains statements that are not historical facts and is generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation of such terms. Forward-looking information include estimates, plans, expectations, opinions,

forecasts, projections, targets, guidance or other statements that are not statements of fact. Statements containing forward-looking information are made as of the date of this news release and include, but are not limited to, statements with respect to: timing and implementation of 180 Smoke's opening of new store locations; anticipated CannaRoyalty shareholder value generation as a result of its investment in 180 Smoke; 180 Smoke and 420 Wellness' positioning to capture a significant portion of the Canadian cannabis and vaporizer market; leading REIT investment interest in 180 Smoke; 180 Smoke's establishment of a presence in Ontario; timing with respect to certain legislative amendments, including the legalization of recreational cannabis in Canada; the execution of the Company's strategy, new opportunities, future growth; and other statements.

All forward-looking information contained is based upon management's opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management currently believes are appropriate and reasonable in the circumstances, many of which are beyond CannaRoyalty's ability to control or predict. Although the assumptions were considered reasonable by management of the Company at the time the forward-looking information was given, there can be no assurance that such underlying opinions, estimates and assumptions will prove to be accurate or correct. In particular, assumptions have been made in respect of: the expected legalization of an adult-use market for cannabis in Canada; the growth of the Company and 180 Smoke's business and expansion into new markets; the ability to retain key personnel; the ability to continue investing in infrastructure to support growth; the ability to obtain and maintain financing on acceptable terms; the impact of competition; the changes and trends in the regulated cannabis industry; and changes in laws, rules and regulations.

Forward looking information involves 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 information. 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 information, 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; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth, state adoption and provincial regulation 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 this forward-looking information may differ materially from actual results or events. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information in this news release is 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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For further information: Marc Lustig, info@cannaroyalty.com, 1-844-556-5070; Jonathan Ross, LodeRock Advisors Inc., jon.ross@loderockadvisors.com, 416-283-0178; For Trichome lending inquiries, please contact: Michael Ruschetta, CEO, Trichome Financial Corp., mruschetta@trichomefinancial.com, 416-561-2541; For 180 Smoke inquiries, please contact: Jonathan Ross, 180 Smoke, jonross@180smoke.com, 416-283-0178

CO: CannaRoyalty Corp.

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