

CannaRoyalty Finalizes Agreement with Australis Cannabis for Sale of its Equity Interest in Wagner Dimas

OTTAWA, Oct. 3, 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 finalized a definitive agreement (the "Agreement") with Australis Capital Inc. ("Australis") whereby Australis will purchase 2,200,000 common shares (the "Share Purchase") in the capital of Wagner Dimas Inc. ("Wagner Dimas") from Cannroy Delaware Inc. ("Cannroy Delaware"), a wholly-owned subsidiary of CannaRoyalty. The Agreement replaces the [letter of intent](#) signed by the parties on September 17, 2018.

"As CannaRoyalty continues to grow and build a solid presence in California as a cannabis brands company and a major third-party distributor, our focus has been concentrated on realizing value from assets that are non-core to our business. This Agreement cements this stated strategy. The approximately 182% return on investment from the sale of our equity stake in Wagner Dimas reinforces our commitment to generate significant returns for shareholders and fund accretive growth in our key markets in North America," commented Marc Lustig, Chairman and CEO of CannaRoyalty.

Transaction Summary:

Pursuant to the Agreement, Australis has agreed to purchase Cannroy Delaware's 22% equity interest in Wagner Dimas. As consideration for the Share Purchase, Australis shall pay C\$3,000,000, as follows:

- (a) C\$1,500,000 in cash; and
- (b) C\$1,500,000 of the Purchase Price will be paid by Australis issuing 738,916 units ("Units") at a deemed price of CAD\$2.03 per Unit. Each Unit will consist of one common share in the capital of Australis (each, a "Australis Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase an additional Australis Share at a price of CAD\$2.64 per Australis Share for a period of two years.

The Agreement is subject to customary closing conditions.

About Wagner Dimas

Wagner Dimas is a Nevada corporation which develops technology for large scale manufacturing in a variety of applications including production scale rolling machines to mass manufacture hemp and cannabis pre-rolls and cones. Wagner Dimas licensees have experienced significant demand for both its co-packing and contract manufacturing services with over 40 of the largest cannabis brands, dispensaries and cultivators, tapping Wagner Dimas' propriety hardware to produce unparalleled quantity and quality of finished product.

About Australis Capital Inc.

Australis Capital identifies and invests in the cannabis industry predominately in the United States, a highly regulated, fragmented, rapidly expanding and evolving industry. Investments may include and are not limited to equity, debt or other securities of both public and private companies, financings in exchange for royalties or other distribution streams, and control stake acquisitions. Australis Capital adheres to stringent investment criteria and will focus on significant near and mid-term high-quality

opportunities with strong return potentials while maintaining a steadfast commitment to governance and community. Australis Capital's Board, Management and Advisory Committee members have material experience with, and knowledge of, the cannabis space in the U.S., extensive backgrounds in highly regulated industries, adherence to stringent regulatory compliance, public company and operational expertise. Australis' Common Shares trade on CSE under the symbol "AUSA". For further information, please contact Australis by e-mail at ir@ausacap.com or visit www.ausacap.com

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 completion of the transactions contemplated under the Agreement, the execution of the Company's strategy, new opportunities, future growth and other statements. There is no assurance that the Share Sale will be completed as proposed or at all.

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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