

FORM 7

MONTHLY PROGRESS REPORT – FEBRUARY 2017

Name of Listed Issuer: **CannaRoyalty Corp. (the “Issuer”)**.

Trading Symbol: **CRZ**

Number of Outstanding Listed Securities: **41,741,024**

Date: **March 6, 2017**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On February 9, 2017, CannaRoyalty announced that it entered into a binding term sheet (the “Term Sheet”) regarding a royalty financing arrangement with Rich Extracts LLC (“Rich Extracts”) whereby CannaRoyalty will receive a 30% royalty on Rich Extracts gross revenues in

perpetuity. Rich Extracts has constructed a 30,000 square foot facility in Oregon to produce cannabis extract products using a variety of extraction processes. The facility houses equipment including extractors capable of processing up to 60,000 grams per month and short path distillation units that can process up to 4,000 grams per week. Commercial operations will commence, and are subject to, the facility obtaining the necessary permits from the Oregon Liquor Control Commission, which are expected to be received in the first half of 2017. The Term Sheet replaces the Company's existing term sheet with Rich Ventures, and contemplates the grant of a 30% royalty on the gross revenues generated by Rich Extracts, in exchange for the advances made by CannaRoyalty to Rich Extracts (approximately US\$2 million to date, subject to further advances). The press release related to this transaction is available on our corporate website at <http://cannaroyalty.com/cannaroyalty-reaches-30-revenue-royalty-with-oregon-processor-rich-extract/>.

On February 15, 2017, CannaRoyalty announced that it closed its previously announced offering of an aggregate of 5,000,000 units ("CR Unit") at a price of \$3.00 per CR Unit, for aggregate gross proceeds of to CannaRoyalty of \$15,000,000. The offering was closed with a syndicate of underwriters, led by Canaccord Genuity Corp. (the "Underwriters"), pursuant to which the Underwriters agreed to purchase, on a bought deal basis pursuant to a short form prospectus the above noted CR Units. Each CR Unit was comprised of one CannaRoyalty Share and half of one CannaRoyalty Share purchase warrant (each whole common share purchase warrant, (a "Warrant"). Each Warrant will be exercisable to acquire one common share (a "Warrant Share") for a period of two years following the closing date of the offering, at an exercise price of \$4.50 per Warrant Share. The Warrants will be subject to a 21-day forced exercise provision if CannaRoyalty's daily volume weighted average share price is greater than \$6.00 for 15 consecutive trading days following the closing date. The Units were offered by way of a short form prospectus filed in all provinces of Canada, except Quebec. The press release for this transaction is on our corporate website at <http://cannaroyalty.com/cannaroyalty-closes-15-million-bought-deal-offering/>.

On February 17, 2017, CannaRoyalty closed its previously announced acquisition of a 20% entity stake in Anandia Laboratories Inc. ("Anandia"), a biotechnology company with a focus on providing leading analytical testing services and developing cannabis strains for safe and effective medical applications. CannaRoyalty has agreed to provide aggregate consideration of C\$4,042,435 in exchange for a 20% equity interest in Anandia, which will be satisfied through a combination of \$500,000 in equipment and services to be provided by CannaRoyalty in the second quarter of fiscal 2017, \$1,521,218 in cash, and 689,568 CannaRoyalty shares ("CR Shares"). CannaRoyalty has received 5,079,441 shares of Anandia and

a further 716,941 shares of Anandia will be issued to CannaRoyalty on delivery of certain equipment and services expected to be occur in Q2 2017. The press release related to this transaction is available on our corporate website at <http://cannaroyalty.com/cannaroyalty-completes-20-acquisition-of-anandia-labs-a-leader-in-cannabis-testing-extraction-and-genetics/>.

On February 21, 2017, CannaRoyalty announced that it had received approval for trading on the OTCQB Venture Market. The Company commenced trading under the symbol “CNNRF” as markets opened on February 21. This approval provides U.S. investors better access to invest in CannaRoyalty. The press release related to this is available on our corporate website at <http://cannaroyalty.com/cannaroyalty-to-begin-trading-today-on-otcqb-marketplace/>.

2. Provide a general overview and discussion of the activities of management.

Management has continued to explore new strategic opportunities and business relationships as well as to build on and actively manage its current investments. The ability to explore these opportunities and build on its current investments was enhanced by the closing of the bought deal financing of \$15,000,000 on February 15. A significant focus of attention during the month of February has been completing a 20% equity deal with Anandia for approximately \$4 million of consideration and entering a binding term sheet for a royalty financing arrangement of 30% with Rich Extracts.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None to report

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None to report

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None to report

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None to report

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

CannaRoyalty completed the two following transactions during the month of February. Neither involved a Related Person.

On February 9, 2017, CannaRoyalty announced that it entered into a binding Term Sheet regarding a royalty financing arrangement with Rich Extracts whereby CannaRoyalty will receive a 30% royalty on Rich Extracts gross revenues in perpetuity. The Term Sheet replaces the Company's existing term sheet with Rich Ventures, and contemplates the grant of a 30% royalty on the gross revenues generated by Rich Extracts, in exchange for the extinguishment of advances made by CannaRoyalty to Rich Extracts (approximately US\$2 million to date, subject to further advances).

On February 17, 2017, CannaRoyalty closed its previously announced acquisition of a 20% entity stake, in Anandia. CannaRoyalty has agreed to provide aggregate consideration of C\$4,042,435 in exchange for a 20% equity interest in Anandia, which will be satisfied through a combination of \$500,000 in equipment and services to be provided by CannaRoyalty in the second quarter of fiscal 2017, \$1,521,218 in cash, and 689,568 CannaRoyalty shares ("CR Shares"). 682,097 CR Shares were issued at a deemed price of \$2.93214, which represented the 10 days volume weighted average price prior to the closing date, and 7,471 CR Shares were issued at a deemed price of \$2.84 based on the closing price on the last day of trading prior to the deal closing. CannaRoyalty has received 5,079,441 shares and a further 716,941 shares of Anandia will be issued to CannaRoyalty on delivery of certain equipment and services expected to be occur in Q2 2017.

8. Describe the acquisition of new customers or loss of customers.

No significant items to report

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None to report

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None to report

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None to Report

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None to report

13. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Issued Common Shares + Warrants	5,000,000 Common Shares & 2,500,000 full share purchase warrants	Bought Deal Financing of 5,000,000 Units	Proceeds of \$15,000,000 used for Acquisitions, investments in current interests, deal costs and operations.
Issued Common Shares	689,058	Partial consideration for 20% equity interest in Anandia	Anandia equity stake
RSUs granted to an employee and consultant	25,000	n/a	n/a
Warrants Exercised	19,500	Exercise of 19.500 warrants at \$1.50	Proceeds of \$29,250 used for operational need

(1) State aggregate proceeds and intended allocation of proceeds.

14. Provide details of any loans to or by Related Persons.

None to report

15. Provide details of any changes in directors, officers or committee members.

None to report

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None to report

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **March 6, 2017**

Afzal Hasan

Name of Director or Senior
Officer

Signature

General Counsel

Official Capacity

Issuer Details Name of Issuer CannaRoyalty Corp.	For Month End February 28, 2017	Date of Report YY/MM/D March 6, 2017
Issuer Address 333 Preston St, Suite 610		
City/Province/Postal Code Ottawa, Ontario, K1S 5N4	Issuer Fax No. ()	Issuer Telephone No. (613) 680-5070 or 1-844-556-5070
Contact Name Eric Massie	Contact Position Director, Fin. Reporting	Contact Telephone No. (613) 694-4427
Contact Email Address emassie@CannaRoyalty.com	Web Site Address www.CannaRoyalty.com	

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