

FORM 7

MONTHLY PROGRESS REPORT – JANUARY 2017

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

Trading Symbol: **CRZ**

Number of Outstanding Listed Securities: **36,031,956**

Date: **February 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 January 9, 2017, CannaRoyalty signed a letter of intent to acquire a 20% equity interest 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\$4,000,000 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, \$1,500,000 in cash, and the balance in CannaRoyalty shares at a deemed price per CannaRoyalty share equal to the lesser of (a) \$3.10 being the closing price of the CannaRoyalty share on January 6, 2017, the last trading day prior to the announcement of this transaction, and (b) the volume weighted average price of the CannaRoyalty shares on the CSE for the 10 consecutive trading days immediately preceding the date of closing. The closing is expected to be on or prior to February 15, 2017. The press release related to this transaction is available on our corporate website at <http://cannaroyalty.com/cannaroyalty-to-acquire-20-of-anandia-labs-a-leader-in-cannabis-testing-extraction-and-genetics/>.

On January 19, 2017, CannaRoyalty entered into an agreement, 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, an aggregate of units (the “CR Units”) at a price of \$3.00 per CR Unit for aggregate gross proceeds to CannaRoyalty of \$15,000,000. Each Unit will be 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 will be offered by way of a short form prospectus to be filed in all provinces of Canada, except Quebec. The press release related to this transaction is available on our corporate website at <http://cannaroyalty.com/cannaroyalty-announces-15-0-million-bought-deal-financing/>.

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. A significant focus of attention during the month of January has been completing the bought deal financing and the due diligence exercise related to the Anandia acquisition.

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.

The Company entered a conditional term sheet with Anandia during the month of January. No binding acquisitions have been completed in January.

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.

The Company continued to strengthen its professional workforce by employing a General Counsel. The Company also had one employee resignation.

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.

25,000 shares were issued to a former director of Bonanza Blue Corp. as they exercised stock options which were granted to them as part of the RTO transaction.

New employees of CannaRoyalty were granted a total of 245,000 RSU's during the month which will vest in 2017, 2018, and 2019.

A consultant of CannaRoyalty was granted 50,000 RSU's during the month which will vest in 2017.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Shares	25,000	Exercise of Stock Options issued to former Directors of Bonanza Blue	Proceeds of \$25,000 were used for operating costs
RSUs forfeited on employee resignation	20,000	n/a	n/a
RSUs granted to a consultant	50,000	n/a	n/a
RSUs granted to new employees	245,00	n/a	n/a

(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: **February 6, 2017**

"Afzal Hasan" (signed)
Afzal Hasan
General Counsel

Issuer Details		
Name of Issuer CannaRoyalty Corp.	For Month End January 31, 2017	Date of Report February 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
Contact Name Eric Massie	Contact Position Director, Fin. Reporting	Contact Telephone No. (613) 694-4427
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