



CannaRoyalty Announces Sprott as Investor and Joint Venture Partner and New Director Nominee

Ottawa, Canada – July 5, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF) (“CannaRoyalty”) is pleased to provide an update from its previous announcement on June 19, 2017, which outlined a \$12 million debenture financing and the formation of a joint venture (the “JV”). CannaRoyalty’s institutional investor and JV partner is Sprott Inc. (“Sprott”), a leader in resource investing. CannaRoyalty’s board of directors (the “Board”) has also received the nomination of Mr. Peter Gundy as a director, pursuant to Sprott’s exercise of its director nomination right.

“As Canada continues moving towards full-adult use cannabis legalization, we are beginning to see an increased quantity and quality of true value-add domestic investment opportunities. We believe this JV will be an accretive vehicle for CannaRoyalty to leverage its extensive experience in the global value-add cannabis sector to gain additional exposure to those high-growth opportunities. Target investments will gain not only CannaRoyalty’s deep experience in the value-add cannabis sector, but also, access to a credible and highly respected institutional lender in Sprott, whose access to capital, strategic expertise investing in emerging sectors, and extensive corporate finance experience truly differentiates it from competitors in the space. We are pleased with how the relationship has already advanced and provided an immediate contribution in terms of valuable Board experience with the nomination of Mr. Gundy,” said Marc Lustig, CEO of CannaRoyalty.

“We look forward to helping CannaRoyalty continue expanding its footprint in Canada and leveraging our expertise and relationships in the natural resource sector to advance new investment opportunities,” said Peter Grosskopf, CEO of Sprott.

Joint Venture

The JV is expected to be launched following the closing of the debenture financing and will focus on debt investment opportunities in the rapidly growing legal Canadian cannabis sector. The types of assets that the JV may target include licensed producers, licensed producer applicants, and production assets.

CannaRoyalty will leverage its cannabis sector experience, deep industry relationships and investment pipeline to identify and refer attractive Canadian opportunities to the JV. Additionally, CannaRoyalty will assist Sprott in completing due diligence and providing strategic support to JV investments, as well as the structuring, negotiation, and monitoring of those investments. Sprott will provide the JV with its significant expertise and experience as a provider of asset backed investment capital in specialized areas that are not fully served by traditional credit providers. Financing for each investment, expected to include both debt and equity upside, will be arranged by Sprott and include participation by

CannaRoyalty, if desired by CannaRoyalty. As partner in the JV, CannaRoyalty will participate in realized returns from investments made, following a customary private equity style waterfall. CannaRoyalty will also have the opportunity to directly enter into royalty, streams, offtake agreements or other business relationships with JV borrowers.

Debenture Financing

The debenture financing is expected to be comprised of a revolving \$12 million secured credit facility with a three-year term, of which \$6 million will be advanced on closing. The facility will bear interest at an annual rate of 10%, payable quarterly in cash or CannaRoyalty shares at a 10% discount. In addition, CannaRoyalty warrants were issued to Sprott on June 19, 2017 which entitle Sprott to purchase 1.8 million CannaRoyalty shares at an exercise price of \$2.05 per share for a period of three years after closing. The warrants and the debt facility are non-transferable, other than to certain permitted transferees. The proceeds from the financing are expected to be used for specific opportunities that CannaRoyalty is pursuing for production and/or processing assets, as well as general corporate purposes.

Closing is expected to occur by July 31, 2017 and is subject to stock exchange approval, execution of definitive documents, completion of satisfactory due diligence, and other conditions. Sprott Capital Partners acted as strategic advisor to the foregoing transactions.

Board Nominee

In consultation with CannaRoyalty and its Board, Sprott has exercised its Board nomination right to Mr. Peter Gundy as its Board nominee. Mr. Gundy graduated from the London School of Economics with a Master's of Science, Economics degree, McGill University with a Bachelor of Civil Law degree, and the University of Western Ontario with a Bachelor of Arts degree. Mr. Gundy began his career as a mergers and acquisitions lawyer in Montreal. He subsequently co-founded Potash Corporation (now PotashCorp), where he served as Executive Vice President, Finance and Chief Financial Officer. Mr. Gundy went on to become Vice President, Corporate Finance, at Dominion Securities, before founding Neo Material Technologies Inc., a high-tech magnet manufacturing company in China and Southeast Asia, which was subsequently acquired by Molycorp for \$1.3 billion. Mr. Gundy currently acts as chairman of Alexandria Minerals Corporation and has served on a number of other boards. He is also a certified Director of the Institute of Corporate Directors and resident in Toronto, where he is a co-owner of Veritprop Ltd. It is expected that the CannaRoyalty Board will appoint Mr. Gundy on closing of the financing, as a director and the chair of the CannaRoyalty Audit Committee.

About CannaRoyalty

CannaRoyalty is a fully integrated, active investor and operator in the legal cannabis sector. Our focus is building and supporting a diversified portfolio of growth-ready assets in high-value segments of the cannabis sector, including research, consumer brands, devices and intellectual property. Our management team combines a hands-on understanding of the cannabis industry with seasoned financial know-how, assembling a platform of holdings via royalty agreements, equity interests, secured convertible debt, licensing agreements and its own branded portfolio.

For further inquiries, please contact:

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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 regarding the completion of the debenture financing and JV, and CannaRoyalty's expectations with respect to pursuing new opportunities and its future growth and other statements of fact.

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 which have limited or no operating history and are engaged in activities currently considered illegal under US Federal Laws; 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.