



***CannaRoyalty Increases its Exposure to Investee Wagner Dimas, an Industry-Leading Cannabis Pre-Roll Technology Company***

- *Increases ownership stake to 22%*
- *Acquires exclusive Canadian technology license*
- *CR Advisory engaged as exclusive strategic advisor*

**Ottawa, Canada – September 27, 2017 – CannaRoyalty Corp. (CSE: CRZ) (OTCQX: CNNRF)** (“CannaRoyalty” or the “Company”), an active investor and operator in the legal cannabis industry, is pleased to announce that it has executed a binding term sheet with its investee, Wagner Dimas Inc. (“Wagner Dimas”), that will significantly increase CannaRoyalty’s exposure to the entire Wagner Dimas business. CannaRoyalty has increased its ownership in Wagner Dimas to 22% of the company, acquired an exclusive Canadian license for the entire portfolio of Wagner Dimas technology and been engaged as Wagner Dimas’ exclusive strategic advisor. CannaRoyalty intends to commercialize Wagner Dimas’ patent-pending cannabis pre-roll technology in Canada, subject to Health Canada approval.

“The pre-roll segment is one of the fastest growing, most sizeable market opportunities in the cannabis sector and Wagner Dimas is currently generating strong sequential revenue growth across all business lines,” said Marc Lustig, CEO of CannaRoyalty. “We’re thrilled to increase our ownership in this high growth, value-add cannabis business while at the same time continuing to grow our Canadian portfolio of assets. We anticipate this will be a valuable category in the Canadian cannabis market heading into the launch of the recreational market next year.”

CannaRoyalty has increased its equity position in Wagner Dimas to 22%, through a US\$200,000 equity purchase from an existing shareholder at a valuation of US\$10 million. In addition, CannaRoyalty has agreed to advance up to US\$200,000 to Wagner Dimas as an operating loan at 12% interest with a three-month maturity. US\$100,000 has been advanced to Wagner Dimas today. CannaRoyalty has also received a right of first refusal to invest in certain Wagner Dimas financings over the next two years.

The Company has also acquired an exclusive Canadian license for the entire portfolio of Wagner Dimas technology for large-scale manufacturing of pre-rolls, and all of Wagner Dimas’ intellectual property, equipment, processes, formulation and fulfillment solutions. This is aligned with CannaRoyalty’s Canadian strategy, which is to leverage and commercialize its existing and developing portfolio of innovative cannabis technologies in the United States, for the Canadian market. The Canadian license, as well as certain equipment, was purchased in exchange for cash consideration, past services, and a royalty on Canadian license revenues.

In addition, Wagner Dimas has formally engaged CR Advisory Services Inc. (“CR Advisory”) as its exclusive strategic advisor. CR Advisory has rendered consulting services to Wagner Dimas in the past under an informal arrangement, which formed part of the consideration for the licensing transaction described above. Under the new engagement, CR Advisory will provide consulting services to support Wagner Dimas in the execution of its corporate strategy. In consideration for the services provided by CR Advisory, Wagner Dimas has agreed to pay CR Advisory a fee of US\$150,000. This engagement is the second mandate the Company has announced since the formation of its CR Advisory division in July

2017, further validating its unique approach to the cannabis industry, which combines intelligent capital and substantial corporate experience with its significant cannabis expertise. With this announcement, CR Advisory is well-positioned to support Wagner Dimas as it expands its footprint in the US market and commercializes its technology within the Canadian market.

### **About Wagner Dimas**

Wagner Dimas is an Intellectual Property company focused on engineering and developing 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 has assumed a leadership position in pre-roll manufacturing equipment and process. The company's licensees have experienced significant demand for both its co-packing and contract manufacturing services with over 20 cannabis brands, dispensaries, and cultivators, who are now able to provide their patients and customers with an unparalleled quantity and quality of finished product.

Wagner Dimas completed its first out-of-state licensing agreement in Nevada and anticipates more licensing deals in other states and countries moving forward. The company is currently generating strong sequential revenue growth through its brand and technology licensing, along with packaging and paper product sales.

Pre-rolls accounted for approximately 6%<sup>1</sup> of Q4-2016 cannabis sales in certain US adult use markets, with segment leading growth of 121%<sup>1</sup> (legal US cannabis market was US\$6.7 billion<sup>2</sup> in 2016). Wagner Dimas' equipment drives dramatically higher output, compared with the current industry standard utilizing current pre-roll solutions available on the market. Wagner Dimas is investing significantly in Research and Development for next generation equipment that is anticipated to significantly increase production capacity, further distancing itself from current market competition. Accordingly, Wagner Dimas is the only solutions provider in the market with the technical capability to scale into new markets with the flexibility and significant production capacity required for mass production of cannabis pre-rolls.

<sup>1</sup>Source: ArcView Market Research. Based on sales in: Colorado, Washington and Oregon.

<sup>2</sup>Source: ArcView Market Research.

### **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.

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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 including the Company'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.*