



Tidal Royalty Announces Letter of Intent To Finance California Expansion and Extraction Facility

Toronto – July 5, 2018. Tidal Royalty Corp. (CSE:RLTY.U) (“Tidal Royalty” or “the Company”), a leading provider of royalty financing to licensed US cannabis operators, is pleased to announce that it has entered into a Letter of Intent (“LOI”) as of June 11, 2018 with an established licensed operator based in Monterey, California (“**Monterey Cannabis Company**”) to finance the expansion of the company’s operations in the state.

The Monterey Cannabis Company is led by a seasoned management team with experience across cultivation, extraction and retail distribution. The company currently operates on a 21-acre property located in Monterey County, California, consisting of ~240,000 sq. ft. of commercial greenhouse space. The Monterey Cannabis Company’s products are distributed through a network of dispensaries under a retail brand partnership.

Pursuant to the LOI, Tidal Royalty will provide the Monterey Cannabis Company with up to US \$15.0MM to finance the expansion of the company’s cultivation capacity and to establish a new processing facility that will enable it to bring a broader range of products to market. In return, the Monterey Cannabis Company will pay Tidal Royalty 15% of all net sales generated by the financed operations in California in perpetuity.

“We are very excited by this opportunity,” said Paul Rosen, CEO & Chairman of Tidal Royalty. “This group has the combination of operational ability and pragmatism around capital allocation that we find is an essential hallmark of a sustainable cannabis business. Their core competencies, which include combining low-cost premium cultivation with advanced processing and developing proven go-to-market strategies, makes us believe that they will be a strong player in the key state of California for years to come. We are very impressed with what this established group had accomplished to date, and we are even more excited about what they will be able to do with Tidal Royalty’s financial support.”

With a population of 40MM, the state of California has the potential for its adult-use marijuana market to be one of the largest in the world. California legalized adult-use cannabis on January 1, 2018, and the market is expected to grow to US\$3B by the end of the year, according to Marijuana Business Daily.

The LOI includes an exclusivity period during which the Monterey Cannabis Company will not negotiate with any other party. It further provides Tidal Royalty with a right of first negotiation on any future financing with respect to the company or any of its affiliates. Closing of the transaction contemplated by the LOI is subject to, among other things, the satisfactory completion of Tidal Royalty’s diligence investigation, which is currently underway. Tidal Royalty expects to announce further particulars in respect to the contemplated transaction with the Monterey Cannabis Company upon the execution of a definitive agreement between the parties and the receipt of necessary regulatory approvals.

In addition to the LOI with the Monterey Cannabis Company, Tidal Royalty has entered into 2 additional letters of intent and is in the process of evaluating multiple opportunities across the U.S. The company is currently engaged in advanced discussion with counterparties in California, Florida, Arizona, Ohio,



Michigan, New York and Nevada. Tidal Royalty intends to provide further particulars on those discussions, as the parties get closer to reaching agreement on definitive terms.

Tidal Royalty has raised approximately \$40MM to date by way of private placements, which it intends to use primarily for royalty financings and for general corporate purposes. The company was founded by experienced cannabis industry executives and provides expansion financing to licensed U.S. operators across multiple verticals, including cultivation, processing and manufacturing, dispensing, and ancillary services. Tidal Royalty directs interested stakeholders to visit its website at www.tidalroyalty.com to view the company's Corporate Presentation for more details, and the CSE's website to view the company's Listing Statement.

About Tidal Royalty

Tidal Royalty provides royalty financing to the U.S. regulated cannabis industry. Led by an executive team with extensive industry experience in Canada and the U.S., Tidal Royalty provides operators with the funding they need to grow their business. Operators benefit from non-dilutive capital and investors get top-line access to a diversified portfolio of companies that will form the future of this transformative industry.

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This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. Readers are cautioned that forward-looking information contained in this new release is not based on historical facts but instead is based on reasonable assumptions and estimates of management. Forward-looking information contained in this news release includes, but is not limited to: the ability to enter into definitive documentation in respect of letters of intent currently entered into by the company, the ability of the company to enter into additional letters of intent and associated definitive documentation with current or further proposed investee companies, the operating and financial performance of any investee company to be funded by Tidal Royalty from time to time, the ability of the company to generate revenue or realize profit through royalty agreements with any future investee companies, the anticipated use of proceeds from private placements completed by the company and the effectiveness of the company's Advisory Board in providing strategic advice. Forward-looking information contained herein is based on the opinions and reasonable assumptions and estimates of management as at the date hereof, and is subject to a variety of known and unknown risks and uncertainties and other factors that could cause actual events or results of the company to differ



materially from those expressed or implied in the forward-looking information. Such factors include: U.S. regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change, risks relating to anti-money laundering laws and regulation, other governmental and environmental regulation, public opinion and perception of the cannabis industry, risks related to the enforceability of contracts, the requirement by the company to obtain additional financing, the limited operating history of the company, timeliness of government approvals for granting of permits and licences needed by any future investee companies, including licences to cultivate cannabis, the actual operating and financial performance of any future investee company may differ materially from that anticipated by the company, competition and other risks affecting the company in particular and the U.S. cannabis industry generally and the risk factors effecting the company disclosed in the listing statement of the company available at www.sedar.com. Because of such risks, uncertainties and other factors, investors should not place undue reliance on the forward-looking information contained herein. The company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. The foregoing statements expressly qualify the forward-looking information contained herein. **This release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States.**