



Tidal Royalty Corp. Announces Letter of Intent To Finance Illinois Expansion

Toronto, Ontario – August 15, 2018. Tidal Royalty Corp. ([CSE: RLTY.U](#)) ([OTC: TDRYF](#)) (“**Tidal Royalty**”), a leading provider of royalty financing to licensed U.S. cannabis operators, is pleased to announce that it has entered into a Letter of Intent (“**LOI**”) with an established licensed operator in Illinois (the “**Illinois Cannabis Company**”) to finance the expansion of the Illinois Cannabis Company’s operations and strategic acquisitions.

The Illinois Cannabis Company LOI

The Illinois Cannabis Company is led by a seasoned management team with years of cannabis industry experience. The Illinois Cannabis Company currently operates a state-of-the-art 75,000 sq. ft. facility that uses highly-advanced plant monitoring technologies to precisely track plant inputs and other critical control factors in order to achieve optimal production yield and consistency. The Illinois Cannabis Company will use proceeds from the financing to expand their existing cultivation and manufacturing facility, as well as pursue acquisition of additional strategic assets that will increase market share.

Pursuant to the LOI, Tidal Royalty will provide the Illinois Cannabis Company with up to US\$41MM, in the form of both a royalty financing and equity investment. The royalty financing and equity investment will be staged over specific milestones set by Tidal Royalty management:

- **Royalty Financing:** Tidal Royalty will receive a 15% net sales royalty on all the Illinois Cannabis Company’s Illinois operations. This includes both net sales generated from existing cultivation and dispensary sales, as well as incremental sales generated by the planned expansion.
- **Equity Investment:** Tidal Royalty will purchase the Illinois Cannabis Company’s common shares at an agreed-upon valuation.

“As Tidal Royalty looks forward to where the U.S. cannabis market is headed, we are excited to broaden our investment strategy,” said Paul Rosen, CEO & Chairman of Tidal Royalty. “We are very excited to count the Illinois Cannabis Company among our portfolio constituents. Between the near-term cash flow generated by their existing operations, management’s vision and drive to grow their market share, and the ability to accelerate their growth with Tidal Royalty capital, we feel this is going to be the beginning of a great long-term relationship between our companies.”

Illinois is the sixth most populous state in the United States with nearly 13MM residents. According to Marijuana Business Daily, the state’s medical market is expected to grow to US\$150MM by the end of 2018 with significant opportunity for upside as the market develops.



The LOI includes an exclusivity period during which the Illinois Cannabis Company will not negotiate with any other party. 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 details in respect to the contemplated transaction with the Illinois Cannabis Company upon the execution of a definitive agreement between the parties and the receipt of all necessary regulatory approvals.

With the execution of this LOI, Tidal Royalty has now entered into letters of intent for expansion projects in California, Nevada, Massachusetts and Illinois. In addition, Tidal Royalty is in the process of evaluating multiple additional opportunities across the U.S., including in Florida, New York, Arizona, Ohio and Michigan. Tidal Royalty intends to provide further information on those discussions when the parties reach an agreement and execute respective letters of intent.

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 Tidal Royalty, the ability of Tidal Royalty 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 Tidal Royalty to generate revenue or realize profit through royalty agreements with any future investee



companies, the ability of Tidal Royalty to maintain DTC eligibility and the effect of such eligibility on the clearing and settlement of Tidal Royalty's common shares and the effectiveness of Tidal Royalty's Advisory Board in providing strategic advice. In addition, this news release contains forward-looking statements attributed to third-party industry sources, the accuracy of which has not been independently verified by Tidal Royalty. 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, many of which are beyond the control of Tidal Royalty, that could cause actual events or results of Tidal Royalty 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 Tidal Royalty to obtain additional financing, the limited operating history of Tidal Royalty, 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, competition and other risks affecting Tidal Royalty in particular and the U.S. cannabis industry generally, and the risk factors effecting Tidal Royalty disclosed in the listing statement of Tidal Royalty 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. Tidal Royalty 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.**

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