



Tidal Royalty Announces Letter of Intent To Finance A Palm Desert Cannabis Manufacturing and Distribution Facility

Toronto, Ontario – September 6, 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 it has signed a Letter of Intent (“**LOI**”) agreement on August 29, 2018 with a California-based licensed operator (“**Palm Desert Cannabis Company**”) to finance a new cannabis manufacturing and distribution facility in Palm Desert.

The Palm Desert Cannabis Company is led by a seasoned management team with experience across cultivation, manufacturing (including extraction) and retail distribution. The company currently has presence throughout California and holds entitlements for facilities in both Northern and Southern California. The Palm Desert Cannabis Company’s products are distributed through a network of dispensaries under their own brands, as well as multiple retail brand partnerships.

Pursuant to the LOI, Tidal Royalty will provide the Palm Desert Cannabis Company with US\$5 million to finance the build-out of the Palm Desert facility. In return, the Palm Desert Cannabis Company will pay Tidal Royalty the equivalent of 10% of all net sales generated by the Palm Desert operations in California initially and, once certain payments thresholds are met, 5% in perpetuity thereafter, along with 2,000,000 common share purchase options (representing approximately 5% of the share capital of the Palm Desert Cannabis Company).

“We are very excited by this opportunity,” said Paul Rosen, CEO & Chairman of Tidal Royalty. “The combination of existing operations, brand partnerships and the strategic foresight of this management team gives us great confidence that, with Tidal Royalty’s capital, they will expand their market share. California is one of the largest cannabis markets in the world and we are excited by the prospect of adding the strength of this group to our portfolio.”

With a population of 40MM, the state of California has the potential for its adult-use cannabis 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\$3 billion by the end of the year, according to Marijuana Business Daily.

The LOI includes an exclusivity period during which the Palm Desert 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 particulars in respect to the contemplated transaction with the Palm Desert Cannabis Company upon the execution of a definitive agreement between the parties and the receipt of necessary regulatory approvals.

To date, Tidal Royalty has consummated royalty transactions relating to operators licensed in Florida and Arizona, which operators intend to pursue licenses in Massachusetts, and has entered into letters of intent with licensed cannabis operators in California, Nevada, and Illinois. In addition, Tidal Royalty is in the process of evaluating multiple additional opportunities across the U.S., including in New York, Ohio, Pennsylvania, Texas and Michigan. Tidal Royalty intends to provide further information on the opportunities it is evaluating when the respective parties reach an agreement and execute 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 closing of a transaction in respect of which definitive documents have been executed, the operating and financial performance, including planned expansions, of any investee company to be funded by Tidal Royalty from time to time and the ability of Tidal Royalty to generate revenue or realize profit through royalty agreements or equity investments with any future investee companies. In addition, this news release contains forward-looking statements attributed to third-party 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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