



## Tidal Royalty Takes Strategic Position and Leads Lighthouse Strategies Private Placement

Toronto, Ontario – November 5, 2018. Tidal Royalty Corp. ([CSE: RLTY.U](#)) (“**Tidal Royalty**”), a leading provider of royalty financing to licensed U.S. cannabis operators, is pleased to announce that it has entered into a binding letter of intent with Lighthouse Strategies, LLC (“**Lighthouse**”) to make a strategic subscription, by way of private placement, for US \$5,000,000 of Lighthouse’s Series A membership units (the “**Subscription**”).

Lighthouse is a finance, research & technology, and portfolio management company. It operates 11 companies and 150,000 ft<sup>2</sup> serving both traditional and regulated markets, including vertically-integrated cannabis assets licensed in California and Nevada. Lighthouse is renowned for developing the world’s first non-alcoholic cannabis-infused craft beer and liquor brand. Cannabiniers, a Lighthouse company, debuted Two Roots Brewing Co. in Las Vegas, Nevada earlier this year. Lighthouse’s brands include:

- [Cannabiniers](#): a “Beverage & Technology” company servicing the regulated cannabis markets, offering equipment, financial, distribution and marketing, and brand management services.
- [Two Roots Brewing Co.](#): a microdosed non-alcoholic cannabis-infused craft beer, developed to emulate the rapid onset of alcohol, as well as its rapid dissipation from the body.
- [Just Society Coffee & Tea Co.](#): a combination of responsibly-sourced whole tea leaves and single origin coffee and high-quality cannabis flower to create exhilarating blends that delight the senses. These responsibly-formulated microdosed coffees and teas utilize Lighthouse’s rapid onset and dissipation technology.
- [Brewbudz](#)<sup>TM</sup>: the world’s first 100% compostable and patented line of cannabis-infused single-serve coffee pods that are compatible with all K-Cup® and K-Cup® 2.0 style brewers.
- [Creative Waters Beverage Company](#): a line of non-alcoholic adult beverages crafted to emulate the rapid onset and dissipation of alcohol, and provide an alcohol-like bite in the finish.

Concurrently with the Subscription, the parties have entered into a financing arrangement with respect to certain Lighthouse beverage lines. The parties will negotiate in good faith to draft and execute definitive agreements in respect of the transaction and will release additional particulars upon closing. The closing of the transaction is subject to, among other things, the satisfactory completion of due diligence, which is currently underway, the receipt of all corporate and regulatory approvals, and the closing of a financing transaction by Lighthouse.

The cannabis-infused beverage sector has experienced significant momentum this year. Fortune 500 alcohol company Constellation Brand purchased a controlling interest in Canadian licensed producer Canopy Growth Corporation. Molson Coors Canada entered into a joint venture with licensed producer Hexo Corp. to develop cannabis-infused beverages. In addition, Heineken-owned Lagunitas launched a THC-infused sparkling water in California.

“Infused beverages are one of the most exciting verticals in the entire cannabis industry,” stated Paul Rosen, Tidal Royalty’s CEO and Chairman. “Consumption of alcoholic beverages in social settings provides an analogue to how big this market can be. Lighthouse’s beverage portfolio is a market leader that we only see strengthening over time.”

Founded in 2016, Lighthouse has launched or acquired 11 operating businesses. The company employs 160 full and part-time employees and is led by a seasoned management team with executive experience from different industries, including financial services, pharma, manufacturing and advertising. Lighthouse’s beverages are currently distributed in Nevada and are scheduled to be released in California in November, with agreements to distribute in an additional 5 states.

“We are extremely excited to work with Tidal Royalty, given their extensive industry experience and insight. They intimately understand the needs of cannabis entrepreneurs and have a very sophisticated perspective on the trends driving growth in the global regulated cannabis industry,” said Michael Hayford, Lighthouse’s CEO. “With almost three years of research and development invested in our beverage product lines, we have been working tirelessly to educate both retailers and the capital markets as to the future of cannabis consumption. The Tidal Royalty team *‘got it’* and - most importantly - they got it quickly. We see this as a long-term strategic relationship wherein Tidal Royalty’s North American experience across the cannabis industry will bring unique insights north and south of the border.”

This transaction continues to grow Tidal Royalty’s portfolio of licensed cannabis operators. Tidal Royalty previously announced an agreement to finance Diem’s expansion into Massachusetts, and a binding letter of intent to purchase equity in, and assume a royalty agreement with, AltMed (a vertically-integrated license holder with operations in Arizona and Florida). Tidal Royalty is currently in the process of evaluating multiple additional opportunities across the U.S., including in California, New York, Illinois, Ohio, Pennsylvania, Texas and Michigan. Tidal Royalty intends to provide further information on those opportunities 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 closing of the transaction and satisfaction of the closing conditions; Tidal Royalty's entitlements under the financing arrangement; Tidal Royalty's entitlements as a holder of units in Lighthouse; 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 and the ability of Tidal Royalty to generate revenue or realize profit through royalty agreements or equity investments with any future investee companies. Further, this news release contains information provided by third-party sources, including information regarding the properties, characteristics and relative timing of the development of Lighthouse's beverages and topical products, that have 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: the conclusions of Tidal Royalty's due diligence investigations, the 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 licenses 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](http://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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