EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)

(A CAPITAL POOL COMPANY)

Condensed Interim Financial Statements
For the Three and Nine Months Ended October 31, 2016

(Expressed in Canadian Dollars – Unaudited)

EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)
(A Capital Pool Company)
Index to Condensed Interim Financial Statements
October 31, 2016
(Expressed in Canadian Dollars – Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars – Unaudited)

	October 31, 2016	January 31, 2016
	$	$
Assets		
Current assets		
Cash	**711,049**	842,193
Restricted cash (Note 4)	**3,927,975**	-
Prepaid expense	**6,875**	875
	4,645,899	843,068
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 3 and 5)	**213,145**	29,092
Share subscription received (Note 4)	**3,927,975**	-
	4,141,120	29,092
Shareholders' equity		
Share capital (Note 4)	**1,270,173**	1,270,173
Reserves (Note 4)	**24,381**	41,211
Deficit	**(789,775)**	(497,408)
	504,779	813,976
	4,645,899	843,068

Nature of Operations and Going Concern (Note 1)

Approved and authorized by the Audit Committee of the Board on December 28, 2016.

On behalf of the Board:

"Gord Fox"
__________________________ Director

"Jeffrey Fineberg"
__________________________ Director

EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)
(A Capital Pool Company)
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended October 31,		**For the nine months ended October 31,**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Expenses				
Bank charges	**174**	158	**806**	374
Business investigation costs	**15,350**	-	**56,402**	2,182
Filing fees	**34,375**	2,288	**41,441**	7,926
Professional fees	**133,690**	1,837	**213,943**	18,270
	(183,589)	(4,283)	**(312,592)**	(28,752)
Interest income	**1,130**	1,109	**3,398**	4,077
Loss and comprehensive loss for the year	**(182,459)**	(3,174)	**(309,197)**	(24,675)
Basic and diluted loss per common share	**(0.04)**	(0.00)	**(0.07)**	(0.01)
Weighted average number of common shares outstanding	**4,416,602**	4,416,602	**4,416,602**	4,416,602

EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)
(A Capital Pool Company)
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars – Unaudited)

	Share Capital				
	Number of common shares	**Amount**	**Reserves**	**Deficit**	**Total**
		$	$	$	$
Balance, January 31, 2015	4,416,602	1,270,173	41,211	(458,702)	852,682
Loss for the period	-	-	-	(24,675)	(24,675)
Balance, October 31, 2015	4,416,602	1,270,173	41,211	(483,377)	828,007
Loss for the period	-	-	-	(14,031)	(14,031)
Balance, January 31, 2016	4,416,602	1,270,173	41,211	(497,408)	813,976
Forfeiture of stock options	-	-	(16,830)	16,830	-
Loss for the period	-	-	-	(309,197)	(309,197)
Balance, October 31, 2016	**4,416,602**	**1,270,173**	**24,381**	**(789,775)**	**504,779**

The accompanying notes are an integral part of these condensed interim financial statements.

EMBLEM CORP.
(FORMERLY SABER CAPITAL CORP.)
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars – Unaudited)

	For the nine months ended October 31,	
	2016	2015
	$	$
Cash flows used in operating activities		
Net loss for the period	**(309,197)**	24,675)
Item not involving cash		
Share-based compensation	**-**	**-**
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	**184,053**	(1,302)
Prepaid expenses	**(6,000)**	-
Increase (decrease) in cash	**(131,144)**	(25,977)
Cash, beginning of year	**842,193**	874,234
Cash, end of period	**711,049**	848,257
Non-cash transactions		
Reclassification of reserves on expired options	16,830	-
Proceeds received for share subscriptions held in trust	3,927,975	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Emblem Corp. (the "Company" or "Saber") was incorporated under the *Business Corporations Act* (British Columbia) on February 25, 2008. The Company completed its initial public offering of its common shares on July 4, 2011 and on July 6, 2011, the Company began trading its shares on the TSX Venture Exchange ("TSX-V") as a Capital Pool Company ("CPC") as defined in the TSX-V Policy 2.4. On December 5, 2016, the Company changed its name from Saber Capital Corp. to Emblem Corp.

On July 8, 2013, the TSX-V halted the Company's shares for trading and on October 1, 2013, the common shares of the Company were transferred from the TSX-V to the NEX under the symbol of SAB.H where it remained suspended until an application for a reinstatement was made by the Company and accepted by the Exchange. The Company was reinstated on the NEX effective February 20, 2014.

The principal business of the Company was to identify and evaluate assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

In May 2016, the Company entered into a letter of intent with an arm's length party in connection with its Qualifying Transaction whereby trading of the Company's shares was halted. In August 2016, pursuant to the letter of intent, the Company entered into a definitive agreement. In December 2016, the Company completed its Qualify Transaction (Note 9) and commenced trading its shares on the TSX-V under the symbol EMC as a Tier 2 Industrial issuer operating as a licensed producer of medical marihuana.

In December 2016, the Company completed a share consolidation on the basis of one new post-consolidation common share for every four pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

As at December 27, 2016, the registered head office and principal address of the Company is located at Suite 207, 1366 Yonge Street, Toronto, ON, M4T 3A7. As at October 31, 2016, the Company's registered and records office was located at #1500 - 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3.

Going concern

These condensed interim financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at October 31, 2016, the Company has not yet achieved profitable operations and has accumulated losses of $789,775 (January 31, 2016 - $497,408) since its inception. The Company will need to raise additional equity capital to finance its working capital requirements until its revenues exceed its expenses and it generates sufficient cash flows, as well as to fund the capital expenditures necessary under its business plan. As a result, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. Although the Company has been successful in the past in obtaining financing and believes it will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company. These material uncertainties may cast significant doubt as to the Company's ability to continue to operate as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended January 31, 2016.

These condensed interim financial statements of the Company for the three and nine months ended October 31, 2016 were approved and authorized for issue by the Audit Committee of the Board of Directors on December 28, 2016.

Basis of preparation

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars which is the functional currency of the Company.

Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based compensation and other equity-based payments and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

<u>Valuation of share-based compensation</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company’s equity reserves.

(Expressed in Canadian Dollars – Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended October 31, 2016 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending January 31, 2019 or later:

a) IAS 12 – Income Taxes: The amendments clarify the recognition of deferred tax assets for unrealized losses on debt instruments. It is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

b) IFRS 2 – Share Based Payments: The amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. The Company is currently assessing the impact of this amendment to its financial statements.

c) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The amendments are effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2016	January 31, 2016
	$	$
Accounts payable	**5,447**	19,092
Accrued liabilities	**207,698**	10,000
	213,145	29,092

4. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

In December 2016, the Company completed a share consolidation on the basis of one new post-consolidation common share for every four pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

Issued share capital

The Company did not have any share capital activity during the year ended January 31, 2016 or the nine months ended October 31, 2016.

Escrow shares

During fiscal 2011, the Company issued 2,000,000 pre-consolidation common shares at a price of $0.05 per common share for total proceeds of $100,000 and cancelled the initial incorporation share which had been issued for $1.00. These common shares are to be held in escrow and released pro-rata to the holders thereof as follows: 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. As the Company did not complete a Qualifying Transaction by the required deadline, 1,000,000 pre-consolidation escrow shares were cancelled in September 2013.

As of October 31, 2016, the Company has 250,000 shares remaining in escrow.

Share subscriptions

As of October 31, 2016, the Company received share subscriptions of $3,927,975 in relation to its brokered private placement undertaken to complete the Qualifying Transaction (Note 9). As the private placement is dependent on the completion of the Qualifying Transaction, these funds are being held in trust and will be released to the Company upon completion of the Qualifying Transaction.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended October 31, 2016 was based on the loss attributable to common shareholders of $299,507 (October 31, 2015 - $24,675) and a weighted average number of common shares outstanding of 4,416,602 (October 31, 2015 – 4,416,602).

Basic and diluted loss per share does not include the effect of the 250,000 escrow shares which are contingently returnable.

(Expressed in Canadian Dollars – Unaudited)

4. SHARE CAPITAL AND RESERVES (continued)

Stock options

The Company has an incentive stock option plan in place whereby, the maximum number of shares reserved for issue under the plan shall not exceed 400,000 shares of the Company until completion of the Company's Qualifying Transaction and thereafter up to 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any individual director or officer under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to all technical consultants cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of ten years from the date of the grant, (five years if the Company is a Tier 2 Issuer on the TSX-V), are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire by the earlier of within one year thereafter or the expiry date of the option. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a Qualifying Transaction will be subject to escrow restrictions.

In addition, the Company may grant stock options to Eligible Charitable Organizations to a maximum of 1% of the outstanding common shares of the Company.

The Company's stock option grants are summarized as follows:

	Number of options	Weighted average exercise price
		$
Outstanding and exercisable at January 31, 2015 and 2016	110,000	0.40
Forfeited	(50,000)	0.40
Outstanding and exercisable at October 31, 2016	60,000	0.40

The following table summarizes the options outstanding and exercisable at October 31, 2016:

Exercise price	Options outstanding	Options exercisable	Expiry date
$			
0.40	50,000	50,000	January 5, 2020
0.40	10,000	10,000	July 6, 2021

5. RELATED PARTY TRANSACTIONS

As at October 31, 2016, $nil (January 31, 2016 - $2,625) was owing to a related party for unpaid rent and was included in accounts payable and accrued liabilities.

6. SEGMENTED INFORMATION

The Company has one geographic segment, being Canada, and one operating segment, being to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with its bank from which management believes the risk of loss is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

8. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Currency risk:
The Company's operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the Exchange.

As a company listed on the NEX, the Company was subject to externally imposed capital requirements as outlined in Exchange Policy 2.4 as summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate Qualifying Transactions;

4) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

9. SUBSEQUENT EVENTS

On December 6, 2016, the Emblem completed its Plan of Arrangement upon the terms and subject to the conditions set out in the Agreement dated August 23, 2016, by way of a Business Combination pursuant to a statutory plan of arrangement under Section 192 of the CBCA on the terms set out in the Plan of Arrangement on the basis of the following:

9045538 Canada Corp, formerly Emblem Corp. and Saber Acquisition Corp., a wholly own subsidiary of Saber, amalgamated and continue as one corporation ("Amalco") under Section 181 of the CBCA (the "Amalgamation"):

Pursuant to and as a consequent of the Amalgamation:

(a) the property and liabilities of each of the Saber subsidiary and Emblem became the property and liabilities of Amalco, which will own and hold all property and liabilities that each of the Saber subsidiary and Emblem holds before the Arrangement becomes effective;
(b) each common share of Emblem was cancelled and in consideration therefore each holder of such common shares received one fully paid and non-assessable Post-Consolidation Saber Share;
(c) each common share of the Saber subsidiary was cancelled and in consideration therefore Saber received one fully paid and non-assessable common share in the capital of Amalco; and
(d) Saber became the holder of all of the outstanding securities of Amalco.

The completion of the Arrangement Agreement resulted in 37,298,937 common shares of 9045538 being cancelled in exchange for Emblem Shares on a 1:1 basis and the common shares of the Saber Sub being cancelled in exchange for common shares of ECC on a 1:1 basis. The Company holds all of the outstanding common shares of ECC. The business combination transaction is structured as a reverse takeover ("RTO") and constitutes the Company's Qualifying Transaction.

On December 6, 2016, subsequent to the amalgamation under the Plan of Arrangement ECC, KindCann Realty and 9845992 Canada Limited, were amalgamated into Amalco. On December 6, 2016, Amalco was renamed Emblem Cannabis Corp.

On December 9, 2016, the TSX Venture Exchange (the "Exchange") provided final acceptance of Emblem's filing statement qualifying Emblem to trade on the Exchange (the "Qualifying Transaction"). Emblem began trading on the Exchange under the symbol EMC on December 12, 2016.

On December 9, 2016, in association with the Qualifying Transaction, the Company closed a brokered and non-brokered offering (the "Offering") of subscription receipts (the "Subscription Receipts") to raise an aggregate of $21,599,283. Each Subscription Receipt was exchanged into units consisting of one common share and one-half of one common share purchase warrant of the Company (each whole warrant being a "Warrant"). Each Warrant will be exercisable into one common share at the exercise price of $1.75 per common share for a period of three (3) years from the closing of the Qualifying Transaction. A total of 18,781,895 common shares were issued to investors and an additional 1,060,244 common shares were issued as fees with respect to the Offering. A total of 9,390,904 Warrants were issued to investors and an additional 530,122 Warrants were issued as fees with respect to the Offering.

In connection with the Qualifying Transaction, the Company also completed financing of 1,739,130 units (each, a "Unit") at $1.15 per Unit pursuant to a short form offering document dated December 2, 2016 for

9. SUBSEQUENT EVENTS (continued)

gross proceeds of $1.999,999 (the "SFOD Financing"). Each Unit consist of one common share and one-half of one common share purchase warrant of the Company (each a "SFOD Warrant"), with each whole SFOD Warrant entitling the holder to purchase a common share at a price of $1.75 per common share for a period of 36 months from the closing date of the SFOD Financing. The agent received a commission equal to 8% of the gross proceeds for the Units sold under the Offering, which has been satisfied by issuing units ("Commission Units") at a deemed price equal to the offering price of the Units, being $1.15 per Unit. Each Commission Unit consists of one common share and one-half of one Common Share purchase warrant with each whole warrant exercisable at a price of $1.75 per Common Share (an "Agent Warrant"). The Agent's Warrants are on the same terms as the SFOD Warrants.

On December 12 and December 13, 2016, the Company completed a non-brokered private placement of 684,782 units for gross proceeds of $787,499 (the "Private Placements"). Each unit will be comprised of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder thereof to acquire one common share for a period of thirty-six months from the date of issuance at an exercise price of $1.75 per share. Closing of the Private Placement remains subject to approval of the Exchange and other standard closing conditions.

With the completion of the Qualifying Transaction, the Offering, the SFOD Financing and the Private Placements the Company had 65,620,811 common shares issued and outstanding.

The proceeds from the Offering, SFOD Financing and Private Placements will be used to expand production capacity of Emblem, to advance pharmaceutical formulation developments of Emblem and for general corporate purposes of the Company and its subsidiaries

On December 12, 2016, Emblem completed a $5,500,000 three year 8% mortgage, primarily to refinance its mortgage payable and note payable outstanding as at September 30, 2016. After fees and the repayment of $5,225,000 of debt, Emblem expects the proceeds from this financing will also provide approximately $150,000 of working capital.