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Emblem Announces \$50 Million Bought Deal

TORONTO, Ontario, January 12, 2018 -- Emblem Corp. (TSXV:EMC) (EMC.WT) (“Emblem” or the “Company”) is pleased to announce that it has entered into a letter of engagement with Eight Capital pursuant to which Eight Capital has agreed to purchase 12,195,123 units (the “Units”) and 25,000 convertible unsecured debentures (the “**Convertible Debentures**”) of the Company (together, the “**Offered Securities**”), on a “bought deal” basis pursuant to a short form prospectus to be filed, subject to all required regulatory approvals, at a price per Unit of \$2.05 (the “**Unit Issue Price**”) for gross proceeds of \$25,000,002 and a price per Convertible Debenture of \$1,000.00 for gross proceeds of \$25,000,000, for total gross proceeds of \$50,000,002 (the “**Offering**”). Prior to closing the Offering, Eight Capital and the Company may agree to form a syndicate of underwriters.

The Company has agreed to grant Eight Capital an over-allotment option to purchase up to an additional 15% of the Units at the Unit Issue Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If this option is exercised in full, an additional \$3,750,001 will be raised pursuant to the Offering and the aggregate proceeds of the Offering will be \$53,750,003.

Each Unit will be comprised of one common share of the Company (a “**Common Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant shall entitle the holder thereof to purchase one additional Common Share at an exercise price of \$2.70, for a period of 24 months following the closing of the Offering.

The Convertible Debentures shall bear interest at a rate of 8.0% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The Convertible Debentures will have a maturity date of 36 months from the closing date of the Offering (the “**Maturity Date**”).

The Convertible Debentures will be convertible at the option of the holder into common shares of the Company (the “**Conversion Shares**”) at any time prior to the close of business on the Maturity Date at a conversion price of \$2.30 per share (the “**Conversion Price**”). Beginning on the date following the closing date, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Conversion Shares be greater than \$3.45, for any 10 consecutive trading days.

Upon a change of control of the Company, holders of the Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the change of control, at a price equal to 100% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the “**Offer Price**”). If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the change of control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

As consideration for its services, Eight Capital and a syndicate of underwriters to be formed in connection with the Offering will receive a cash commission equal to 6.0% of the gross proceeds of the Offering, other than in respect of Offered Securities sold to the Company’s president’s list for which the a cash commission equal to 3.0% will be paid. The Company will also issue non-transferrable compensation warrants to the underwriters in an amount equal to 3.0% of the gross proceeds of the Offering divided by the Unit Issue Price. Each compensation warrant will be exercisable into one Unit at the Unit Issue Price for a period of 24 months following the closing of the Offering.

The Company intends to use the proceeds of the Offering to fund strategic growth opportunities and for general and corporate purposes.

The closing date of the Offering is scheduled to be on or about February 2, 2018 and is subject to certain customary conditions, including the receipt of all necessary approvals, the approval of the TSX Venture Exchange and the approval of applicable securities regulatory authorities.

The Offered Securities will be offered by way of a short form prospectus to be filed in all of the provinces of Canada, except Quebec, pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions*. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

About Emblem

Emblem is licensed under the *Access to Cannabis for Medical Purposes Regulations* (the “**ACMPR**”) to cultivate and sell medical marihuana. Emblem carries out its principal activities producing marihuana from its facilities in Paris, Ontario pursuant to the provisions of the ACMPR and the *Controlled Drugs and Substances Act* (Canada) and its regulations.

Forward-looking statements

This news release may contain “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that may cause actual financial results, performance or achievements to be materially

different from the estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Except as required by law, the Company disclaims any obligation to update or revise any forward-looking statements. Readers are cautioned not to put undue reliance on these forward-looking statements. This news release contains information obtained by the Company from third parties and believes such information to be accurate but has not independently verified such information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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