

NEWS RELEASE
**Patch International Inc. and Stem Holdings, Inc. Announce the Closing of
the Plan of Arrangement**

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January 20, 2017 – CALGARY, AB – Patch International Inc. ("**Patch**") and Stem Holdings, Inc. ("**Stem**") are pleased to announce that the previously announced plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) involving Stem, Patch and the holders ("**Patch Shareholders**") of the Class "A" common voting shares of Patch (the "**Patch Common Shares**") has successfully closed following the receipt of a final order from the Court of Queen's Bench of Alberta to implement the Arrangement and the filing of the Articles of Arrangement of Patch.

Under the terms of the Arrangement, Patch Shareholders exchanged each of their Patch Common Shares for 0.02438 of a common share in the capital stock of Stem ("**Purchaser Shares**") and one contingent right value of Stem ("**CVR**"). Stem issued an aggregate of 1,048,782 Purchaser Shares and 43,016,494 CVRs to former Patch Shareholders (other than Patch Shareholders who validly exercised dissent rights).

The Arrangement was voted on and was approved by Patch Shareholders at a special meeting held on January 19, 2017 (the "**Meeting**"). The Arrangement was approved by 94.08% of the votes cast by Patch Shareholders, either in person or by proxy at the Meeting.

Registered Patch Shareholders who have not already done so should submit their certificates representing Patch Common Shares to Computershare Investor Services Inc., the depository appointed in relation to the Arrangement. Certificates should be submitted together with the applicable letters of transmittal in accordance with the instructions set out therein. Letters of transmittal were previously sent to Patch Shareholders and additional copies may be obtained by contacting Computershare Investor Services Inc. by telephone at 1-800-564-6253 or by email at corporateactions@computershare.com.

For more information, please contact:

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