



EMPOWER  
CLINICS

# Empower Announces Intent to Open CBD Extraction Facility

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*Fully Operational CBD Extraction Facility expected to open in Portland, Oregon in Q2 2019*

VANCOUVER, Feb. 28, 2019 /CNW/ - **EMPOWER CLINICS INC.** (CSE: EPW) (Frankfurt 8EC) ("**Empower**" or the "**Company**") today announces it intends to open a fully functioning hemp-based CBD extraction facility in greater Portland, Oregon in Q2 2019 with the first extraction system expected to have the capacity to produce 6,000 kg of extracted product per year.

Empower has entered into a non-binding term sheet with Aibeida LifeTech Ltd. ("**Aibeida**"), whereby Aibeida has agreed to: sell and license specialized extraction equipment to Empower; provide facility build-out and set-up services; complete licensing and permitting requirements; equipment set-up, testing and activation; and provide ongoing facility management and maintenance for the first Empower CBD extraction facility (the "**Proposed Transaction**").

Aibeida's director and Chief Scientist, Dr. Shuang Xie, PhD., in Canada will oversee and manage the Empower CBD extraction facility, which is expected to provide Empower with vertical integration into the CBD supply chain, producing isolates, distillates and crude oil that have shown successful third party test results in the initial test facility.

"Achieving vertical integration has been an objective of mine from the outset as we attempt to connect the science behind hemp-derived CBD based therapies and the efficacy of physician recommended treatment options made available through our clinic network, online or through retail partnerships," stated Steven McAuley, CEO of Empower.

Aibeida's extraction technology incorporates high performance liquid chromatography ("**HPLC**") which is believed to have stronger separation capability, higher extraction efficiency, and lower processing costs when compared to traditional extraction techniques. HPLC has been successfully applied to the industrial production of numerous plant-based products.

"Aibeida's technology has demonstrated the ability to produce full-spectrum hemp oil, 99% crystallized CBD isolates, and separation of individual cannabinoids from hemp", stated Dr. Xie. "HPLC is widely used as an analytical tool to support results set out in Certificates of Analysis, which are documents issued by quality assurance departments or research labs that confirm a tested product meets certain specifications."

The first Empower CBD extraction facility will be located in the foothills of Mt. Hood, Oregon, in close proximity to numerous hemp farms in a state that now has nearly 600 licensed hemp farms, second only to Colorado.

The leased facility is expected to be 5,000 sq. ft. to support the first extraction production lines with the potential to house up to four of the same production systems at industrial scale. The Company intends to allocate 1,000 sq. ft. for CBD product manufacturing for wholesale and to produce its own Sollievo product lines and that of Sun Valley Clinics, which the Company recently announced its intention to acquire.

Under the proposed terms, Empower will pay Aibeida \$1,000,000 USD cash at closing of the Proposed Transaction and a \$250,000 USD performance holdback, for an aggregate cash payment of \$1,250,000 USD. In addition, at closing, Empower will issue Aibeida common shares in the capital of Empower (each, a "**Share**" and collectively, the "**Shares**") having an aggregate value of \$1,000,000 USD, and additional Shares having an aggregate value of \$1,000,000 USD, which will vest in quarterly installments over 36 months following the closing. All Share consideration is expected to be based on a deemed price per Share equal to the 10-day volume weighted average closing price per Share on the Canadian Securities Exchange (the "**CSE**") for the period ending on the last business day prior to the closing.

## **TRANSACTION HIGHLIGHTS**

- **CBD Market Demand** The passing of the US\$867 billion *Agriculture Improvement Act* (the "**Farm Bill**") has created an opportunity for the production and sale of a variety of CBD-based products. Recent reports and studies indicate the approval of the Farm Bill could create a US\$20 billion industry by 2022 as reported by Brightfield Group.
- **Facility Specifications** A new 5,000 sq. ft. steel-framed leased facility on concrete slab with high ceilings in an industrial park located 40 minutes southeast of Portland airport. Built to specification internally to optimize CBD extraction production and expected to use 200 kg of hemp biomass per day to produce 20 kg of CBD extract. The facility is expected to meet all licensing, permit and safety standards for operating and be designed to house up to four of the HPLC extraction systems and 1,000 sq. ft. of CBD product manufacturing.
- **Effects of CBD** CBD affects the body through interactions with the body's endocannabinoid system found in all mammals. The endocannabinoid system is tasked with regulating a wide variety of bodily functions, such as mood, appetite, sleep, hormone production, and even nervous system and immune system responses.

Completion of the Proposed Transaction will be subject to various conditions, including entry into a definitive agreement, completion of due diligence, and receipt of all required shareholder, board of directors, third party and regulatory approvals, including approval of the CSE. Closing will also be conditional on Empower completing a debt or equity financing to raise minimum gross proceeds of \$3,000,000 USD. Closing of the Proposed Transaction is expected to occur on or about March 30, 2019.

The Shares to be issued in connection with the Proposed Transaction will be subject to a hold period of four months and one day under applicable Canadian Securities laws. None of the Shares to be issued in connection with the Proposed Transaction are expected to be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons" (as such term is defined in Regulation S under the 1933 Act), absent registration or an applicable exemption from such registration requirements.

## **ABOUT EMPOWER**

Empower is a leading owner/operator of a network of physician-staffed clinics focused on helping patients improve and protect their health through innovative uses of medical cannabis. Treatment solutions are focused on education, data and efficacy in combination with other modalities to support patients with serious qualifying conditions, such as chronic pain, PTSD, sleep disorders, opioid dependency, epilepsy and more. It is expected that Empower's proprietary product line "Sollievo" will offer patients a variety of delivery methods of doctor recommended cannabidiol (CBD) based product options in its clinics, online and at major retailers. With over 120,000 patients, an expanding clinic footprint, a focus on new technologies, including tele-medicine, and an expanded product development strategy, Empower is undertaking new growth initiatives to be positioned as a vertically

integrated, diverse, market-leading service provider for complex patient requirements in 2019 and beyond.

## **ON BEHALF OF THE BOARD OF DIRECTORS:**

Steven McAuley  
Chief Executive Officer

### *DISCLAIMER FOR FORWARD-LOOKING STATEMENTS*

*This news release contains certain "forward-looking statements" or "forward-looking information" (collectively "forward looking statements") within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Forward-looking statements can frequently be identified by words such as "plans", "continues", "expects", "projects", "intends", "believes", "anticipates", "estimates", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements regarding: the Company's intention to open a hemp-based CBD extraction facility, the expected benefits to the Company and its shareholders as a result of the Proposed Transaction; the Proposed Transaction terms, including the consideration to be paid to Aibeida; the expected location of the proposed CBD extraction facility; the effectiveness of the extraction technology; the size of the leased facility; the allocation of space at the leased facility; the expected timing of the closing of the Proposed Transaction; and that the Company will be positioned to be a market-leading service provider for complex patient requirements in 2019 and beyond. Such statements are only projections, are based on assumptions known to management at this time, and are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements, including: that Proposed Transaction may not be completed on the terms expected or at all; that the Company may not open a hemp-based CBD extraction facility; that the hemp-based CBD extraction facility may not be fully operation by Q2 2019 if at all; that legislative changes may have an adverse affect on the Company's business and product development; that the Company may not be able to obtain adequate financing to pursue its business plan; general business, economic, competitive, political and social uncertainties; failure to obtain any necessary approvals in connection with the Proposed Transaction; and other factors beyond the Company's control. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are cautioned not to place undue reliance on the forward-looking statements in this release, which are qualified in their entirety by these cautionary statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as expressly required by applicable laws.*

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