

**51-102F3  
MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Empower Clinics Inc. (the “Company”)  
1030 West Georgia Street, Suite 918  
Vancouver, BC V6E 2Y3

**Item 2 Date of Material Change**

April 2, 2019

**Item 3 News Release**

The news release dated April 2, 2019, was disseminated through Canada Newswire.

**Item 4 Summary of Material Change**

On April 2, 2019, the Company announced the closing of its non-brokered private placement of unsecured convertible debentures in the aggregate principal amount of \$799,500 and its non-brokered private placement of an aggregate of 21,115,000 units of the Company at a price of \$0.10 per unit for gross proceeds of \$2,115,000 for a total of \$2,914,500.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

A full description of the material changes are provided in Item 4 above and in the attached news release which was filed on SEDAR.

*5.2 Disclosure for Restructuring Transactions*

N/A

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7 Omitted Information**

None

**Item 8 Executive Officer**

Steven McAuley  
Chief Executive Officer  
Telephone: (604) 789-2146

**Item 9 Date of Report**

April 12, 2019



EMPOWER  
CLINICS

# AgraFlora Organics Makes Strategic Investment and Empower Announces Closing of Debenture and Private Placement Unit Offerings

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AgraFlora Organics International Inc. CSE: AGRA makes a \$1,000,000.00 investment to support the Empower growth plan, as Empower closes over \$2,900,000.00 in debenture and equity financing.

VANCOUVER, April 2, 2019 /CNW/ - **EMPOWER CLINICS INC.** (CSE: EPW) (Frankfurt 8EC) ("**Empower**" or the "**Company**"), a growth oriented and diversified medical cannabis company, is pleased to announce the closing of its non-brokered private placement of unsecured convertible debentures (the "**Debentures**") in the aggregate principal amount of \$799,500.00 and its non-brokered private placement of an aggregate of 21,115,000 units of the Company (each, a "**Unit**") at a price of \$0.10 per Unit for gross proceeds of \$2,115,000.00 for a total of \$2,914,500.00 (together, the "**Offerings**").

The proceeds of the Offerings are expected to be used by the Company for the completion of strategic acquisitions and for general working capital and corporate purposes.

"The strong support in our financing round demonstrates that shareholders and investors have faith in our ability to execute on initiatives, as we establish vertical integration, connecting patient efficacy in our clinics with a diverse CBD product strategy and the backing of the science of extraction, all driven by data and analysis." stated Steven McAuley, Empower Chairman and CEO.

Derek Ivany, President and CEO of AgraFlora commented, "As interest in cannabidiol (CBD) continues to expand both amongst the medical community and with retail consumers alike, we are excited to be making this strategic investment into Empower as they embark on this next phase of their growth plan. With the prospect of multiple near term revenue streams and a robust clinic and patient network the Company presents a compelling platform from which to build upon. We have been further assessing corporate synergy with Empower and look forward to collaborating on new initiatives in short order."

## RECENT HIGHLIGHTS

- **Intention to Launch CBD Extraction Facility** The Company 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 kilograms 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; perform equipment set-up, testing and activation; and provide ongoing facility management and maintenance for the first Empower CBD extraction facility. Aibeida's director and Chief Scientist, Dr. Shuang Xie, PhD, 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 Aibeida's initial test facility.

- **Proposed Acquisition of Sun Valley Clinics** Empower has entered into a non-binding term sheet to acquire the business of Sun Valley Certification Clinics Holdings LLC ("**Sun Valley**"), including its interests in certain affiliates, by way of a share or asset acquisition, subject to due diligence and customary closing conditions. Sun Valley operates a network of professional medical cannabis and pain management practices, with five clinics in Arizona, one clinic in Las Vegas, a tele-medicine platform serving California, and a fully developed franchise business model for the domestic cannabis industry. The current Sun Valley clinic locations are as follows:

4218 W Dunlap Ave, Phoenix, AZ  
12801 W Bell Rd #145, Surprise, AZ  
4015 E Bell Rd #130, Phoenix, AZ  
2011 E University Dr, Mesa, AZ  
7074 E Speedway Blvd, Tucson, AZ  
2550 S Rainbow Blvd, Las Vegas, NV

- **Focus on CBD Product Sales** Empower has commenced selling its proprietary line of CBD-based products called SOLLIEVO, through its network of company-owned clinics in the United States. Empower's patient base and customers are expected to benefit from access to high margin derivative products, including CBD lotion, tinctures, spectrum oils, capsules, lozenges, patches, e-drinks, topical lotions, gel caps, hemp extract drops and pet elixir hemp extract drops. Patients and customers will be able to access Empower's home delivery and e-commerce platform.
- **CBD Market Demand** The passing in the United States of the US\$867 billion *Agriculture Improvement Act* (the "**Farm Bill**") has legalized hemp and hemp-based products. This has created an opportunity for the production and sale of a variety of CBD-based products that can provide genuine help and effective relief to millions of people suffering from a variety of qualifying conditions. Recent reports and studies indicate the approval of the Farm Bill could create a US\$20 billion industry by 2022.
- **Increased Patient Access** With a rapidly expanding company-owned clinic network and significant expansion opportunity assuming the successful acquisition of the Sun Valley franchise model, Empower anticipates it will grow its total patient list substantially in the years ahead. This is expected to provide greater opportunity for treatment analysis using artificial intelligence (AI).
- **Market Leading Technology** Empower utilizes a market-leading patient electronic management and POS system that is HIPAA compliant and provides insight to patient care. The Company supports remote patients using its tele-medicine portal, enabling patients who are unable to come to a location to benefit from a doctor consultation.

The Debentures bear interest at the rate of 6.0% per annum and mature on April 2nd, 2020, being 12 months from the closing of the Offerings (the "**Closing**"). The Debentures are convertible, at the option of the Company or the holder, into units of the Company (each, a "**Debenture Unit**") at a conversion price of \$0.11 per Debenture Unit, with each Debenture Unit consisting of one common share in the capital of the Company (each, a "**Share**") and one share purchase warrant (each, a "**Warrant**"), with each Warrant exercisable into one Share (each, a "**Warrant Share**") at a price of \$0.16 per Warrant Share for a period of two years following the Closing, provided that the Company will have the right to accelerate the expiry date of the Warrants in the event that the closing sale price of the Shares on the Canadian Securities Exchange (the "**CSE**") (or such other stock exchange

as the Shares are then principally traded) is greater than \$0.40 per Share for a period of 10 consecutive trading days at any time after the issuance of the Warrants.

Each Unit is comprised of one Share and one Warrant, with each Warrant exercisable into one Warrant Share at an exercise price of \$0.16 per Warrant Share for a period of two years following the Closing, provided that the Company will have the right to accelerate the expiry date of the Warrants in the event that the closing sale price of the Shares on the CSE (or such other stock exchange as the Shares are then principally traded) is greater than \$0.40 per Share for a period of 10 consecutive trading days at any time after the issuance of the Warrants.

The Debentures and the Units, and the underlying Shares, Warrants and Warrant Shares (collectively, the "**Securities**"), are subject to restrictions on resale under applicable Canadian securities laws for a period of four months and one day from the closing of the Offerings. None of the Securities have been or will 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. This news 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 jurisdiction in which such offer, solicitation or sale would require registration or otherwise be unlawful.

## **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. 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.

## **ABOUT AGRAFLORA**

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It owns an indoor cultivation operation in London, ON and is a joint venture partner in Propagation Service Canada and its large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC. The Company has a successful record of creating shareholder value and is actively pursuing other opportunities within the cannabis industry. For more information please visit: [www.agraflora.com](http://www.agraflora.com)

For French inquiries: Remy Scalabrini, Maricom Inc., E: [rs@maricom.ca](mailto:rs@maricom.ca), T: (888) 585-MARI

## **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 statements regarding: the proposed acquisition of Sun Valley; 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 acquisitions and partnerships; the terms of the proposed acquisitions and partnerships; the expected location of the proposed CBD extraction facility; the effectiveness of the extraction technology; the size of the leased facility; the expected benefits for Empower's patient base and customers; access to Empower's home delivery and e-commerce platform; the benefits of CBD based products; the effect of the approval of the Farm Bill; the growth of the Company's patient list 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: the proposed acquisitions and partnerships, including the Sun Valley and Aibeida transactions, 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 effect 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 acquisitions and partnerships; 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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CO: Empower Clinics Inc.

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