

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

January 23, 2020

Item 3 News Release

The news release dated January 23, 2020, was disseminated through ACCESSWIRE.

Item 4 Summary of Material Change

The Company has entered into debt settlement agreements with creditors for the settlement of debt in the aggregate amount of \$240,000 CAD, which is to be settled through the issuance of an aggregate of 4,800,000 common shares in the capital of the Company (each, a “Share”) at a deemed issue price of \$0.05 per Share (the “Debt Settlement”). As the Company’s Chairman and Chief Executive Officer and SVP, Business Development and Board member both participated in the Debt Settlement, it is considered to be a “related party transaction” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”).

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

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

Item 7 Omitted Information

Item 8 Executive Officer

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

Item 9 Date of Report

January 23, 2020

EMPOWER CLINICS ANNOUNCES SUN VALLEY HEALTH HAS SOLD ITS FIRST FRANCHISE TERRITORY AND PROVIDES A CORPORATE UPDATE

VANCOUVER B.C. January 23rd, 2020 – EMPOWER CLINICS INC. (CSE: CBDT) (OTC: EPWCF) (Frankfurt 8EC) (“**Empower**” or the “**Company**”), a vertically integrated and growth-oriented CBD life sciences company is pleased to announce that its Sun Valley Health division has sold its first franchise territory in the United States.

The first Sun Valley Health Franchise territory has been sold in Tulsa, Oklahoma, to a highly skilled entrepreneurial couple, with an extensive professional background that includes 20 years of owning and operating a health & wellness center.

“The Sun Valley Health team have developed a robust pipeline of strong franchise candidates in multiple states across the U.S., who are all advocates of the medical cannabis clinic model.” said Steven McAuley, Chairman & CEO of Empower. “Completing the sale of our first franchise sets the stage for our next phase of growth, introducing our turnkey business model to likeminded people throughout the country.”

The state of Oklahoma is a medical cannabis state that has gone from non-existent to one of the largest and most valuable cannabis markets in the nation. Oklahoma’s launch far outpaces that of other medical cannabis markets including Illinois, Maryland and Ohio with sales figures more akin to a recreational launch.

Marijuana Business Daily indicates that patient counts have skyrocketed throughout 2019 with nearly 210,000 as of November 1st with more than 5% of Oklahoma’s population now registered as medical cannabis patients, exceeding any other program in the nation. Under State Question 788, the bill legalizing medical cannabis in Oklahoma:

- There are no caps on the number of business licenses that can be awarded.
- Doctors are allowed to recommend the product for any condition they deem fit.
- Municipalities are prohibited from enacting zoning restrictions to prevent dispensaries from opening.

<https://mjbizdaily.com/oklahoma-medical-marijuana-industry-on-pace-to-hit-350-million/>

A Sun Valley Health Franchise provides a franchisee “A Scientific Approach To Alternative Medicine” with a protected territory and access to potential patients and consumers with a geo-fenced population zone.

Franchisees pay an upfront franchise fee to Sun Valley Health based on the territory location and population index, plus an ongoing monthly royalty based on franchisee revenue, they pay a variable monthly technology and marketing support fee plus they are required to purchase the various Sun Valley Health CBD product lines for their clinic location.

Sun Valley Health provides a fully turnkey business plan with complete technical and marketing support, based on over six years of successful operating experience.

“Oklahoma is now the fastest growing medical marijuana market in the country and we are fortunate to find such great partners who believe in our vision, and are in a position to take advantage of such a robust market,” said Dustin Klein, SVP Business Development.

The Company also announces that it has entered into debt settlement agreements with creditors for the settlement of debt in the aggregate amount of \$240,000 CAD, which is to be settled through the issuance of an aggregate of 4,800,000 common shares in the capital of the Company (each, a "Share") at a deemed issue price of \$0.05 per Share (the "Debt Settlement"). As the Company's Chairman and Chief Executive Officer and SVP, Business Development and Board member both participated in the Debt Settlement, it is considered to be a "related party transaction" under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101").

The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61- 101, based on a determination that the securities of the Company are only listed on the CSE and that the fair market value of the Shares issued in connection with the Debt Settlement does not exceed \$2,500,000 or 25% of the market capitalization of the Company. As the material change report disclosing the Debt Settlement is being filed less than 21 days before the transaction, there is a requirement under MI 61 101 to explain why the shorter period was reasonable or necessary in the circumstances.

In the view of the Company it was necessary to immediately close the Debt Settlement and therefore, such shorter period was reasonable in the circumstances.

All Shares issued pursuant to the Debt Settlement will be subject to a statutory four month and one day hold period from the date of issue in accordance with applicable Canadian securities laws. None of the Shares will be registered under the United States Securities Act of 1933, as amended, and none may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT EMPOWER

Empower is a vertically-integrated health & wellness brand with it's first hemp-derived CBD extraction facility under development, the Company produces its proprietary line of cannabidiol (CBD) based products and distributes products through company owned and franchised clinics, with wholesale partnerships, online channels and with new retail opportunities nationwide in the U.S. The company is a leading multi-state operator of a network of physician-staffed wellness clinics, focused on helping patients improve and protect their health, through innovative physician recommended treatment options. The company has commenced activity on how to connect its significant data, to the potential of the efficacy of alternative treatment options related to hemp-derived cannabidiol (CBD) therapies.

ON BEHALF OF THE BOARD OF DIRECTORS:

Steven McAuley
Chief Executive Officer

CONTACTS:

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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 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 effectiveness of the extraction technology; the expected benefits for Empower's patient base and customers; 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 Company may not open a hemp-based CBD extraction facility; 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.