

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Empower Clinics Inc. (the “Company”)
1771 Robson Street, Suite 505
Vancouver, British Columbia, V6G 1C9

Item 2. Date of Material Change

The date of the material change is April 2, 2024.

Item 3. News Release

A news release with respect to the material change was disseminated through EIN Newswire on April 2, 2024.

Item 4. Summary of Material Change

The Company announced that the British Columbia Securities Commission (the “BCSC”) has issued an order dated April 2, 2024, 2024 (the “**Partial Revocation Order**”) partially revoking the failure-to-file cease trade order (the “**FFCTO**”) which was issued against the Company by the BCSC and the Ontario Securities Commission (the “**OSC**”) on August 14, 2023 due to the Company’s failure to file annual audited financial statements, management’s discussion and analysis and certifications of annual filings for the fiscal year ended March 31, 2023.

The Partial Revocation Order will allow the Company to complete:

- (i) a private placement of up to 24,400,000 units of the Company (each, a “**Unit**”), at a price of \$0.04 per Unit, for gross proceeds of up to \$976,000, with each Unit to be comprised of one common share in the capital of the Company (each, a “**Share**”) and one common share purchase warrant (each, a “**Warrant**”), and with each Warrant exercisable into one Share at a price of \$0.05 per Share for 24 months following the date of issuance (the “**Private Placement**”); and
- (ii) a shares for debt transaction, whereby the Company will settle debt in the aggregate amount of \$197,085, comprised of (a) \$100,000 owing to Steven McAuley, the CEO and a director of the Company, in settlement of advances made by Mr. McAuley to the Company to cover operating expenses of the Company and certain accrued but unpaid salary owing to Mr. McAuley, and (b) \$97,085 owing to a holder of senior secured convertible debentures of the Company for outstanding overdue interest, by the issuance of an aggregate of 4,927,125 Units (having the same terms as the Units issued pursuant to the Private Placement) at a deemed price of \$0.04 per Unit (the “**Shares for Debt Transaction**”).

Item 5. Full Description of Material Change

Item 5.1 Full Description of Material Change

The BCSC has issued the Partial Revocation Order partially revoking the FFCTO which was issued against the Company by the BCSC and the OSC on August 14, 2023 due to the Company’s failure to file annual audited financial statements, management’s discussion and analysis, and certifications of annual filings for the fiscal year ended March 31, 2023.

The Partial Revocation Order will allow the Company to complete:

- (i) the Private Placement; and
- (ii) the Shares for Debt Transaction.

Disclosure Required by MI 61-101

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”):

(a) a description of the transaction and its material terms:

Mr. McAuley is the Chief Executive Officer and a director of the Company and, as such, is a “related party” of the Company within the meaning of MI 61-101.

(b) the purpose and business reasons for the transaction:

The Shares for Debt Transaction is intended to improve the Company’s working capital position.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

The Shares for Debt Transaction is intended to reduce the Company’s outstanding liabilities and improve the Company’s working capital position.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

See Item 5.1(a).

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

The following table sets out the effect of the Shares for Debt Transaction on the percentage of Shares beneficially owned or controlled by Mr. McAuley:

Name and Position	Number and Type of Securities to be Acquired	Number of Shares Beneficially Owned prior to Shares for Debt Transaction	Percentage of Issued and Outstanding Shares Beneficially Owned prior to Shares for Debt Transaction ⁽¹⁾⁽²⁾	Number of Shares to be Beneficially Owned after Completion of Shares for Debt Transaction	Percentage of Issued and Outstanding Shares to be Beneficially Owned after Completion of Shares for Debt Transaction ⁽²⁾⁽³⁾
Steven McAuley CEO and Director	2,500,000 Shares 2,500,000 Warrants	4,488,300 ⁽⁴⁾	4.3% ⁽⁵⁾	9,488,300 ⁽⁶⁾	8.5% ⁽⁷⁾⁽⁸⁾

⁽¹⁾ Calculated based on 103,471,756 Shares issued and outstanding on an undiluted basis as at the date of this report.

⁽²⁾ The calculation of the beneficial ownership percentage of a person assumes the conversion, exercise or settlement of all options, warrants and other convertible securities of the Company held by such person that are convertible, exercisable or

may otherwise be settled within 60 days after the applicable date. Convertible securities beneficially owned by a person are counted as outstanding only for computing the beneficial ownership percentage of such person, and are not counted as outstanding for computing the beneficial ownership percentage of any other person.

- (3) Calculated based on 103,398,881 Shares expected to be issued and outstanding on an undiluted basis following the completion of the Shares for Debt Transaction but assuming no Units are issued pursuant to the Private Placement. If the Private Placement is completed in its entirety, an aggregate of 134,038,881 Shares will be issued and outstanding following completion of the Private Placement and the Shares for Debt Transaction.
- (4) Comprised of 3,748,300 Shares and 740,000 warrants currently held by Mr. McAuley.
- (5) 3.6% assuming no exercise of any warrants held by Mr. McAuley.
- (6) Comprised of 6,248,300 Shares and 3,240,000 warrants expected to be held by Mr. McAuley following completion of the Shares for Debt Transaction.
- (7) 5.8% assuming no exercise of any warrants held by Mr. McAuley.
- (8) This will be reduced to 6.9% if the Private Placement is completed in its entirety, assuming no participation by Mr. McAuley in the Private Placement (and 4.7% assuming no exercise of any warrants held by Mr. McAuley).

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

A resolution of the board of directors of the Company (the “**Board**”) approving the Shares for Debt Transaction (with Mr. McAuley abstaining with respect to his own participation) was unanimously passed on April 2, 2024. No special committee of the Board was established in connection with such approval and no contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

The Company expects to enter into a debt settlement agreement with Mr. McAuley whereby the Company will settle an aggregate of \$100,000 owing to Mr. McAuley by the issuance of 2,500,000 Units at a deemed price of \$0.04 per Unit. See Item 5.1.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

The Shares for Debt Transaction is exempt from: (a) the valuation requirements of MI 61-101 by virtue of the exemption contained in section 5.5(b) of MI 61-101 on the basis that the Shares are not listed on a specified market, and (b) the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 on the basis that the fair market value of the Units to be issued to Mr. McAuley does not exceed 25% of the Company's market capitalization.

Because the Company did not know if or when the Partial Revocation Order would be issued, and was not permitted to announce the proposed Shares for Debt Transaction until the Partial Revocation Order was issued, the completion of the Shares for Debt Transaction (which the Company intends to complete as soon as practicable) may occur less than 21 days after the filing of this Material Change Report.

All of the Company's securities, including the Shares and Warrants that will be issued in connection with the Private Placement and the Shares for Debt Transaction, will remain subject to the FFCTO until the FFCTO is fully revoked. The issuance of a full revocation of the FFCTO is not certain.

All of the securities that may be issued in connection with the Private Placement and the Shares for Debt Transaction will be subject to a hold period under applicable Canadian securities laws of four months and one day from the date of issuance. None of the securities will 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), unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration is available.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

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

Item 9. Date of Report

April 2, 2024