

51-102F3 Material Change Report [F]

Item 1 Name and Address of Company

Valens Groworks Corp.
1400, 1040 West Georgia Street
Vancouver, BC V6E 4H1

Item 2 Date of Material Change

February 9, 2017

Item 3 News Release

The news release dated February 9, 2017 was disseminated through Canada Stockwatch and Market News under section 7.1 of National Instrument 51-102.

Item 4 Summary of Material Change

Name Change.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please refer to attached news release.

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

N/A

Item 8 Executive Officer

Robert van Santen, CEO, Valens Groworks Corp.

Item 9 Date of Report

February 9, 2017

VALENS GROWWORKS LAUNCHES EXPANSION STRATEGY WITH PROPOSED ACQUISITIONS, EXECUTIVE APPOINTMENT AND PROPOSED FINANCING

Vancouver, B.C., February 9, 2017 – Valens GroWorks Corp. (CSE: VGW) (the “**Company**”) is pleased to announce entering into two letters of intent (each, an “**LOI**”) in pursuit of its farm to pharma objectives.

Each LOI outlines the general terms and conditions of a proposed arms-length transaction pursuant to which the Company completes a corporate acquisition, the highlights of which are presented below, subject to entering into a definitive Share Exchange Agreement (“**SEA**”) between the parties.

The proposed transactions (the “**Acquisitions**”) complement the Company’s anticipated receipt of a Controlled Drugs and Substances Dealer’s Licence following last month’s final inspection by the Regional Inspectorate of the Office of Controlled Substances of Health Canada, and accelerates the Company’s path to achieve sustainable cash flow.

The Acquisitions are expected to close concurrently with a minimum \$5,000,000 funding, the terms and conditions of which will be finalized in due course.

The Acquisitions are subject to regulatory approval and standard closing conditions, including the approval of the SEAs by the directors of the respective parties and completion of due diligence investigations to the satisfaction of each of the parties, as well as the conditions highlighted below.

In conjunction with the Acquisitions, the Company is pleased to announce the appointment of Dr. Rob O’Brien as President and Chief Science Officer (CSO) of Valens Agritech Ltd., the Company’s wholly-owned subsidiary (further described below). Dr. O’Brien holds a PhD from Carleton University where he conducted research at the Chemical Metrology group of the National Research Council. He was a professor in Analytical Chemistry for more than 13 years, developing numerous graduate and undergraduate courses in Advanced Analytical Instrumentation techniques and Forensic Chemistry. Dr. O’Brien is an expert in analytical instrumentation and has set up a number of advanced analytical laboratories. Dr. O’Brien was also the founder of Supra Research and Development, the first spin off company from the UBC Okanagan campus, created to commercialize innovative biomass extraction technology. Over his career, Dr. O’Brien has secured well over \$3 million dollars in research grants and has an extensive network of research collaborators.

Trading in the common shares of the Company have been halted at the Company’s request to allow market review of the disclosure herein, and is expected to resume upon regulatory clearance.

Acquisition Highlights:

Acquisition of 80% of Island Green Cure Ltd. (“**IGC**”)

- IGC is a final stage applicant under the Access to Cannabis for Medical Purposes Regulations (“**ACMPR**”) to become a Licensed Producer of Marijuana for Medical Purposes (an “**LP**”) with a production facility located in Chemainus, British Columbia (the “**Site**”);
- IGC is scheduled for Health Canada’s pre-licensing inspection in the spring of 2017;
- IGC proposed activities under application include production of marijuana, research and development activities, sale or provision, storage, and shipping;
- Current IGC shareholders (“**IGC Vendors**”) will be issued up to 2 million Company shares at a deemed value of \$1.25 per share, subject to escrow, vesting and pooling agreements, for a minimum 80% controlling interest in IGC;
- IGC Vendors have the option to receive up to \$875,000 in cash in lieu of up to 700,000 of such shares, pro rata, at a deemed value of \$1.25 per share;
- Under the terms of the LOI, the Company will fund 100% of the remaining costs and related expenses to complete the pre-inspection readiness of the Site such that IGC becomes an LP, as well as provide financial and operational support for the start up of commercial operations until the first harvest;
- IGC Vendors may nominate one director to the Company board;
- IGC’s Master Grower will be engaged for a three-year contract, subject to Company oversight;
- Company is granted a right of first refusal over the IGC Vendors’ retained 20% minority interest.

Acquisition of 100% of Supra THC Services Inc. (“**SUPRA**”)

- SUPRA is a Kelowna, British Columbia-based Health Canada licensed cannabis testing lab with equipment and an established scientific team supporting its operations;
- SUPRA holds a dealer's license from Health Canada for the possession of cannabis and related active ingredients as well as the production of extracts for the purpose of analysis;
- SUPRA's vision includes leading edge scientific research and development of products and services related to the medical cannabis industry, and supplying a superior line of products while creating a standard of excellence;
- SUPRA will establish toll processing for LPs using a variety of processes including a proprietary process that generates oil that is 100% Cannabis without the addition of any solvents;
- Dr. Rob O'Brien, principal shareholder of SUPRA, will be engaged as the President and Chief Scientific Officer of Valens Agritech Ltd. in addition to his role with SUPRA;
- SUPRA scientific team has extensive in-house expertise relating to chemical analysis, chemometrics, and analytical instrumentation, especially mass spectrometry-based approaches;
- Existing SUPRA shareholders ("**SUPRA Vendors**") will be issued 3 million Company shares at a deemed value of \$1.25 per share, subject to escrow and pooling agreements, for 100% of SUPRA;
- SUPRA scientific team has co-developed innovative new approaches to extraction of biomass and new approaches to chemical characterization of cannabis;
- SUPRA brings experience securing research grants from a variety of government sources, including NSERC, MITACS and SR&ED;
- Under the terms of the LOI, the Company will provide initial funding for corporate expansion purposes to SUPRA for a minimum \$750,000;
- SUPRA Vendors may nominate one director to the Company's board;

Proceeds of a proposed minimum \$5,000,000 funding are expected to be allocated as follows:

• Valens Agritech Ltd.	
- CO2 extraction machine (45L)	\$ 350,000
- LP application expansion	\$ 500,000
- Operating capital	\$ 500,000
	<u>\$ 1,350,000</u>
• Island Green Cure Ltd.	
- Buildout, security & equipment	\$ 1,500,000
- Operating capital & starter material	\$ 120,000
	<u>\$ 1,720,000</u>
• Supra THC Services Inc.	
- Analytical testing equipment	\$ 340,000
- Expansion & operating capital	\$ 750,000
	<u>\$1,090,000</u>
• Valens GroWorks Corp.	
- Reserve and operating capital	\$ 840,000
TOTALS	<u>\$5,000,000</u>

There can be no assurance that the Acquisitions or the proposed financing will be completed as proposed or at all. Further details about the Acquisitions, the proposed financing, and the combined entity will be provided in a comprehensive press release when the parties enter into a SEA.

The Canadian Securities Exchange has in no way passed upon the merits of the Acquisitions and has neither approved nor disapproved the contents of this press release.

About Valens GroWorks Corp.

Valens GroWorks Corp is a Canadian Securities Exchange listed company. Its wholly owned subsidiary, Valens Agritech Ltd. ("**VAL**"), is a post-inspection applicant awaiting the granting of a Controlled Drugs and Substances Dealer's Licence for the cultivation and processing of marijuana (such as creating extracts or derivatives) for the purpose of research, for processing manufacturing derivatives, and for transporting product to other locations (including related packaging, possession, sale, delivery and research activities).

VAL is based in the Okanagan Valley of British Columbia, focused on cannabis cultivation and research, with assets and improvements that include a state-of-the-art 17,000 square foot R&D facility. Post-licensing, VAL anticipates participation in clinical trial programs researching the efficacy of medical cannabis for certain indications, and seeks to capture a broad spectrum of medical marijuana users, as well as recreational users once legalized, in pursuit of its ambitious farm to pharma objectives.

**On behalf of the Board of Directors,
VALENS GROWORKS CORP.**

(signed) "Robert van Santen"

Chief Executive Officer

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Notice regarding Forward Looking Statements

This news release contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include statements regarding the use of proceeds from a proposed funding. Information pertaining to SUPRA was prepared and provided by SUPRA for inclusion in this press release. Information pertaining to IGC was prepared and provided by IGC for inclusion in this press release. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability to obtain any necessary financing; the economy generally; competition; regulation and anticipated and unanticipated costs and delays. The forward-looking statements included in this news release are made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation. Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release. We seek safe harbor.