FORM 5
QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **ALLIANCE GROWERS CORP.** (the "Issuer")

Trading Symbol: **ACG**

SCHEDULE A
November 30, 2018 Financial Statements

SCHEDULE B
Supplementary Information

SCHEDULE C
November 30, 2018 Management Discussion and Analysis

CERTIFICATE OF COMPLIANCE
The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **FEBRUARY 5, 2019**

DENNIS PETKE
Name of Director or Senior Officer

"Dennis Petke"
Signature

DIRECTOR AND CFO
Official Capacity

ISSUER DETAILS

Name of Issuer **ALLIANCE GROWERS CORP.**	*For Quarter Ended* **NOVEMBER 3, 2018**	*Date of Report (YY/MM/DD)* **201902/05**
Issuer Address **SUITE 500 – 666 BURRARD STREET**		
City/Province/Postal Code **VANCOUVER, BC V6C 3P6**	*Issuer Fax No.* **(778) 653-0750**	*Issuer Telephone No.* **(778) 331-4266**
Contact Name **Dennis Petke**	*Contact Position* **CEO**	*Contact Telephone No.* **(778) 558-7434**
Contact Email Address **dennispetke@alliancegrowers.com**	*Web Site Address* **www.alliancegrowers.com**	

Schedule A

ALLIANCE GROWERS CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Three Months Ended November 30, 2018

(Expressed In Canadian Dollars)

NOTICE OF NO AUDIT OR REVIEW

The accompanying financial statements for Alliance Growers Corp. (the "Company") have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at November 30, 2018 and the results of its operations and its cash flows for the three months ended November 30, 2018.

Alliance Growers Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note		November 30, 2018 (Unaudited)		August 31, 2018 (Audited)
ASSETS					
Current					
Cash		$	51,876	$	288,167
GST receivable			18,413		-
Prepaid expenses			175,333		135,083
Promissory note receivable - related party	12		55,000		40,000
Marketable securities	5		77,355		171,423
			377,977		634,673
Promissory note receivable - related party	12		250,372		192,471
Interest accrued on promissory note receivable - related party	12		1,821		-
Biotech Complex deposit	6		1,385,000		675,000
Investment in PharmaGreen Biotech, Inc.	8		300,000		300,000
Deposit for investment in New Maple Holdings Ltd.	9		300,000		200,000
Investment in New Maple Holdings Ltd.	9		918,753		918,753
Total assets		**$**	**3,533,923**	**$**	**2,920,897**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	11	$	69,593	$	217,456
Due to related parties	12		242,564		154,493
Total liabilities			312,157		371,949
Shareholders' equity					
Share capital	13		8,660,268		6,843,167
Contributed surplus			3,684,787		2,926,448
Accumulated other comprehensive income			579,327		673,395
Deficit			(9,702,616)		(7,894,062)
Total shareholders' equity			3,221,766		2,548,948
Total liabilities and shareholders' equity		**$**	**3,533,923**	**$**	**2,920,897**

Approved on behalf of the Board of Directors on January 29, 2019:

"Rupert Shore"
Rupert Shore, Director

"Dennis Petke"
Dennis Petke, Director

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian dollars)

	Note		Three Months Ended November 30, 2018		Three Months Ended November 30, 2017
Expenses					
Professional fees		$	5,252	$	657
Consulting	12		160,725		92,800
General and administrative			73,163		11,672
Shareholder communication			126,106		28,008
Management fees	12		63,000		46,575
Director fees	12		12,000		14,100
Rent and office facility			4,729		5,188
Meals, entertainment and travel			15,677		1,580
Medical cannabis facility right to build	10		415,667		-
Medical cannabis facility development	10		193,217		-
Stock based compensation	13		758,339		40,866
Loss from operations			**(1,827,875)**		**(241,446)**
Other income					
Interest income	12		1,821		-
Gain on debt settlement	13		17,500		4,413
Net loss		**$**	**(1,808,554)**	**$**	**(237,033)**
Unrealized change in fair value of marketable securities			(94,068)		621,000
Comprehensive income (loss)		**$**	**(1,902,622)**	**$**	**383,967**
Loss per share, basic and diluted		**$**	**(0.02)**	**$**	**(0.01)**
Weighted average number of common shares outstanding, basic and diluted			**75,742,609**		**36,571,321**

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian dollars)

		Three Months Ended November 30, 2018		Three Months Ended November 30, 2017
Cash flows used in operating activities				
Loss for the period	$	(1,808,554)	$	(237,033)
Items not involving cash:				
Gain on debt settlement		(17,500)		(4,413)
Interest income		(1,821)		-
Services compensated by common shares		-		43,100
Stock based compensation		758,339		40,866
Shares issued for operation of BioCannaTech		415,667		-
Changes in non-cash working capital items:				
Cheque in excess of funds available		-		(875)
Prepaid expense		(40,250)		(56,750)
GST receivable		(18,413)		(8,468)
Accounts payable and accrued liabilities		27,137		17,324
Related parties		15,170		56,629
Net cash used in operating activities		(670,225)		(149,620)
Cash flows used in investing activities				
Investment in Pharmagreen		-		-
Investment in Biotech Complex		(710,000)		-
Investment in New Maple Holdings Ltd.		(100,000)		(12,500)
Net cash used in investing activities		(810,000)		(12,500)
Cash flows provided by financing activities				
Shares issued for private placements, net of issuance costs		1,196,434		126,500
Subscriptions received in advance		-		131,000
Net sale of treasury shares		-		930
Shares issued for warrants exercised		47,500		-
Net cash provided by financing activities		1,243,934		258,430
Change in cash		(236,291)		96,310
Cash, beginning		288,167		12,667
Cash, ending	**$**	**51,876**	**$**	**108,977**
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Supplemental non-cash investing and financing transactions:				
Shares issued for debt settlement	$	157,500	$	88,588

The accompanying notes are an integral part of these financial statements

Alliance Growers Corp.
Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)
(Unaudited)

	Number of Shares #	Share Capital $	Subscription Received $	Obligation to Issue Shares $	Contributed Surplus $	Deficit $	Accumulated Other Comprehensive Income $	Total $
Balance, August 31, 2017 (Audited)	**41,547,268**	**2,433,767**	**37,400**	**51,850**	**723,416**	**(3,205,593)**	**125,550**	**166,390**
Shares issued for services	455,000	43,225	-	(11,050)	6,175	-	-	38,350
Shares issued for settlement of debt	932,500	88,588	-	-	-	-	-	88,588
Shares issued for private placement (net of issuance costs)	1,490,000	163,900	(37,400)	-	-	-	-	126,500
Subscriptions received in advance	-	-	131,000	-	-	-	-	131,000
Sale of treasury shares	10,000	930	-	-	-	-	-	930
Stock based compensation	-	-	-	-	40,866	-	-	40,866
Net loss for the period	-	-	-	-	-	(237,033)	-	(237,033)
Other comprehensive income	-	-	-	-	-	-	621,000	621,000
Balance, November 30, 2017 (Unaudited)	**44,434,768**	**2,730,410**	**131,000**	**40,800**	**770,457**	**(3,442,626)**	**746,550**	**976,591**
Shares issued for services	345,000	69,038	-	(40,800)	(6,175)	-	-	22,063
Shares issued for private placement (net of issuance costs)	12,774,495	1,689,256	(131,000)	-	-	-	-	1,558,256
Shares issued for option exercise	3,625,000	962,045	-	-	(453,795)	-	-	508,250
Shares issued for warrant exercise	6,392,178	1,122,641	-	-	-	-	-	1,122,641
Shares issued for investment in BioCannaTech	1,369,491	390,305	-	-	-	-	-	390,305
Sale of treasury shares	40,000	11,442	-	-	-	-	-	11,442
Purchase of treasury shares	(295,000)	(131,969)	-	-	-	-	-	(131,969)
Stock based compensation	-	-	-	-	2,615,961	-	-	2,615,961
Net loss for the year	-	-	-	-	-	(4,451,436)	-	(4,451,436)
Other comprehensive income	-	-	-	-	-	-	(73,155)	(73,155)
Balance, August 31, 2018 (Audited)	**68,685,932**	**6,843,167**	-	-	**2,926,448**	**(7,894,062)**	**673,395**	**2,548,948**
Shares issued for private placement (including issuance costs)	9,303,763	1,196,434	-	-	-	-	-	1,196,434
Shares issued for settlement of debt	875,000	157,500	-	-	-	-	-	157,500
Shares issued for warrant exercise	425,000	47,500	-	-	-	-	-	47,500
Shares issued for investment in BioCannaTech	2,866,666	415,667	-	-	-	-	-	415,667
Stock based compensation	-	-	-	-	758,339	-	-	758,339
Net loss for the year	-	-	-	-	-	(1,808,554)	-	(1,808,554)
Other comprehensive income	-	-	-	-	-	-	(94,068)	(94,068)
Balance, November 30, 2018 (Unaudited)	**82,156,361**	**8,660,268**	-	-	**3,684,787**	**(9,702,616)**	**579,327**	**3,221,766**

The accompanying notes are an integral part of these financial statements

NATURE OF OPERATIONS AND GOING CONCERN

Alliance Growers Corp. (the "Company") was incorporated under the British Columbia *Business Corporation Act* on June 19, 2014.

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "ACG". Alliance Growers Corp. is in the business of acquiring investments in and developing projects in the Medical Cannabis sector of British Columbia, Canada.

The registered and records office of the Company is located at Suite 500 - 666 Burrard Street, Vancouver, British Columbia.

Going Concern
These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception and has no current source of operating cash flow. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to acquire projects and develop them as well as fund ongoing administration expenses. There are no assurances that sufficient funding will be available to further develop its projects. These uncertainties indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in the future. If the going concern assumption were not appropriate for these consolidated financial statements, liquidation accounting would apply and adjustments would be necessary to the carrying values and classification of assets, liabilities, the reported income and expenses, and such adjustments could be material.

2. BASIS OF PRESENTATION

Basis of Presentation

These unaudited interim financial statements ("interim financial statements") are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2018.

These interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 29, 2019.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, the functional currency of the Company and its subsidiaries.

Reclassifications

Certain comparative figures have been reclassified to conform to the current period's presentation.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

		Percentage owned	
	Country of incorporation	**November 30, 2018**	**August 31, 2018**
Alliance Biotech Corp. ("Biotech")	Canada	100%	100%
BiocannaTech Inc. ("BiocannaTech")	Canada	99%	99%

2. BASIS OF PRESENTATION (continued)

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include, fair value measurements for financial instruments, stock-based compensation, recoverability and measurement of deferred tax assets, and contingent liabilities.

Significant judgments

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Company's financial assets and liabilities (financial instruments) include cash, promissory note receivable, marketable securities, available-for-sale securities, accounts payable and accrued liabilities and due to related parties. All financial instruments are recorded at fair value at recognition.

Available-for-sale Securities

The Company's marketable securities, and its investment in PharmaGreen Biotech, Inc. and investment in New Maple Holdings Ltd. are classified as available-for-sale securities. (Notes 5, 8 and 9). Investments are designated as available-for-sale based on the criteria that the Company does not hold these for trading purposes. The cost basis of available-for-sale securities is determined using the average cost method and they are carried at fair value. Unrealized gains and losses recorded to measure available-for-sale securities at fair value are recognized in other comprehensive income.

In the event that a decline in the fair value of an investment in available-for-sale securities occurs and the decline in value is considered to be significant or prolonged, an impairment charge is recorded in the consolidated statements of income and comprehensive income. The Company assesses whether a decline in value is considered to be significant or prolonged by considering available evidence, including changes in general market conditions, specific industry and investee data, the length of time and the extent to which the fair value has been less than cost and the financial condition of the investee.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortized cost.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

New accounting standards and interpretations not yet effective

Revenue Recognition

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of this standard does not impact the Company’s financial statements, as currently the Company does not earn revenues.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of this standard does not impact the Company’s financial statements as currently the Company does not hold any financial instruments for which the underlying accounting will be impacted.

Leases

In January 2016, the IASB published a new accounting standard, IFRS 16 – Leases ("IFRS 16") which supersedes IAS 17 – Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its consolidated financial statements.

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at November 30, 2018 are summarized below. The board of directors reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

Foreign currency risk

The Company’s functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and other receivables.

Credit risk associated with cash is minimized by ensuring these financial assets are maintained with financial institutions of reputable credit and may be redeemed upon demand.

Management measures the expected credit loss based upon historic default rate of receivables and estimates the credit loss over the expected life of the receivables. As at November, 2018, the impairment allowance relating to the receivables was $nil. At November 30, 2018, the Company had a promissory note receivable balance of $305,372 from a related party.

Liquidity Risk

The Company intends to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at November 30, 2018, the Company had a cash balance of $51,876 to settle current liabilities of $312,157. The Company will need to source additional financing to pay its obligations as they come due (note 1).

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity (deficiency), net of cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint arrangements, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes in the Company's approach to capital management during the year.

Fair Value

The carrying value of the Company's financial instruments including cash, marketable securities, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the immediate or short-term maturity of these financial instruments. The Company's marketable securities are based on the quoted market price of the shares.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's marketable securities is determined using Level 1 fair value measure. The fair values of the Company's shares in PharmaGreen Biotech, Inc. and New Maple Holdings Ltd. are determined using Level 2 fair value measure.

5. MARKETABLE SECURITIES

During the year ended August 31, 2018 the Company sold 6,250 shares of Isodiol at a realized gain of $56,561.

As at November 30, 2018 and August 31, 2018, the Company had 47,750 common shares of Isodiol with a fair value of $77,355 and $171,423, respectively.

6. BIOTECH COMPLEX DEPOSITS

Effective December 11, 2017 the Company signed a binding Letter of Intent ("LOI") with WFS Pharmagreen Inc. ("WFS"), whereby the Company and WFS will jointly build a new cannabis Biotech Complex. The Company was to purchase 15% of the Biotech Complex for $1,500,000 by March 15, 2018, and had the option to purchase an additional 15% at $1,500,000 by June 15, 2018.

The LOI was amended on April 13, September 14 and November 20, 2018 to include the following:

The Company has the option to acquire up to a 30% equity interest in the newly formed BC 1155097 Ltd., a BC company (the "BC Co.") that has 100% ownership of the Biotech Complex with total cash payment of $4,500,000 in accordance with the following schedule:

- $250,000 paid in December, 2017;
- $200,000 by April 13, 2018 (paid);
- $100,000 by April 27, 2018 (paid);
- $100,000 by June 4, 2018 (paid);
- $550,000 by September 30, 2018 (paid);
- $150,000 by November 30. 2018 (paid);
- $150,000 by January 31, 2019; and
- $3,000,000 by June 30, 2019.

The Company will retain 10% of equity interest should the Company choose to invest not more than $1,500,000 in the Biotech Complex. In addition, the Company will have the first right of refusal to participate in future equity financing to maintain their percentage interest.

As at November 30, 2018, finder's fee of $35,000 was paid in relation to the Biotech Complex investment, which is included in the total cost towards the purchase of the Company's interest in the BC Co.

On January 25, 2019 the LOI with WFS was replaced with a formal option agreement with WFS and the BC Co. (the "Option Agreement"), whereby the Company exercised the First Option to acquire 8 Class A Shares of the BC Co. representing an undivided 10% of the total issued Class A Shares of the BC Co. at the time of the Option Agreement for a purchase price of $1,350,000 which was the total amount paid in accordance with the LOI.

In addition, the BC Co. granted the Company a second option to acquire up to an additional 20% interest (the "Second Option") in the Class A shares of the BC Co. for a purchase price equal to 30% of construction and equipment costs minus $1,350,000 (the "Second Option Purchase Price").

The Parties agree to enter into an addendum to the Option Agreement by June 30, 2019 (the "Addendum"), to determine the terms of the Second Option including the Second Option Purchase Price.

In the event the Second Option is not exercised according to the terms contained in the Addendum, the parties agree that the Company's 10% interest will be subject to dilution to a percentage equal to $1,350,000 divided by that figure which is the final Construction and Equipment Costs.

7. BRIM LICENSE AGREEMENT

Effective January 22, 2017, the Company executed a license and consulting agreement with Botanical Research in Motion International Inc. ("BRIM"), for which a cash payment of $75,000 was made upon signing the Letter of Understanding. In December, 2017 this agreement was superseded by the LOI with WFS (Note 6). The $75,000 paid for the BRIM License Agreement shall be applied as a credit to the Company's portion of license fees to be charged to the BC Co. by BRIM. Due to the uncertainty associated with the realizable value of the credit, the Company recorded an impairment of the full amount during the year ended August 31, 2018.

8. INVESTMENT IN PHARMAGREEN BIOTECH, INC.

During the year ended August 31, 2017, the Company purchased an unsecured non-interest-bearing debenture of $65,000 convertible into equity units of PharmaGreen Biotech, Inc. ("PharmaGreen"), the 100% owner of WFS, at a price of $0.25 per common share or repayable on January 5, 2019. During the year ended August 31, 2018 the convertible debenture was increased to $300,000 with the same terms.

During the three months ended November 30, 2018 the total debenture of $300,000 was converted into 1,200,000 common shares, representing 3% of total issued and outstanding common shares of PharmaGreen, which trade on the Pink Sheets in the United States.

9. INVESTMENT IN NEW MAPLE HOLDINGS LTD.

During the year ended August 31, 2017, the Company acquired one initial common share of New Maple Holdings Ltd. ("New Maple"), the parent company of Canwe Growers Inc. ("Canwe"), an Ontario-based company preparing to apply for a producer license under the Access to Cannabis for Medical Purposes Regulations.

During the year ended August 31, 2018, the Company completed the acquisition of 375,000 common shares of New Maple at $1.00 per shares for gross proceeds of $375,000, of which $62,500 was paid during the year ended August 31, 2017. At August 31, 2018, the Company held 375,001 common shares of New Maple Holdings Ltd. measured at a fair value of $2.45 per share resulting in an unrealized gain of $543,753 recorded in other comprehensive income. The fair value was based on the price of the equity financing completed by New Maple Holdings in August, 2018.

During the year ended August 31, 2018, the Company subscribed for an additional 122,449 common shares of New Maple at $2.45 per share of which $200,000 was paid by August 31, 2018 and the remaining $100,000 was paid in September, 2018. These subscriptions are recorded as a deposit as at November 30, 2018.

10. ACQUISITION OF BIOCANNATECH INC.

On April 19, 2018 the Company executed an exclusive agreement (the "Purchase Agreement") to acquire 100% of all issued and outstanding shares of BiocannaTech (99% upon execution of the Purchase Agreement and the remaining 1% upon receiving the license as a Licensed Producer from Health Canada ("Health Canada LP License")), a company incorporated under the laws of Canada to become a licensed producer under Health Canada's access to cannabis for medical purposes regulations ("ACMPR") in Quebec with the following terms:

- A down payment of $238,717 (paid upon executing of the Purchase Agreement);
- Issuance of 1,200,000 common shares of the Company and an additional issuance of common shares fair valued at $50,000 within five days following execution of the Purchase Agreement and filing with the CSE (a total of 1,369,491 common shares fair valued at $390,305 were issued);
- Issuance of 1,200,000 common shares of the Company and an additional issuance of common shares fair valued at $250,000 immediately upon receipt of Health Canada approval for Ready to Build stage on or before December 31, 2019 (2,866,666 shares fair valued at $415,667 were issued in November, 2018);
- Issuance of 1,200,000 common shares of the Company and an additional issuance of common shares fair valued at $500,000 upon receipt of municipal building permits to start construction on or before December 31, 2019;
- Issuance of 1,200,000 common shares of the Company and an additional issuance of common shares fair valued at $500,000 upon receipt of Health Canada approval of Cultivation stage on or before December 31, 2019; and
- Issuance of 1,200,000 common shares of the Company and an additional issuance of common shares fair valued at $500,000 upon receipt of Health Canada LP License on or before December 31, 2019.

The cash payment and fair value of the common shares issued for the acquisition totaling $629,022 were recorded as other expense during the year ended August 31, 2018 as the Company considered the requisite payments to be consideration paid for services once the vendor has completed its performance conditions.

Expressed in Canadian Dollars

10. ACQUISITION OF BIOCANNATECH INC. (continued)

Fair value of $415,667 of the common shares issued in November, 2018 in accordance with the Purchase Agreement were recorded as the cost associated with obtaining the right to build the medical cannabis facility. In addition, during the three months ended November 30, 2018 the Company incurred total cost of $193,217 in relation to the development of the medical cannabis facility.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		November 30, 2018		August 31, 2018
Trade payables	$	49,914	$	197,777
Accrued liabilities		19,679		19,679
	$	**69,593**	**$**	**217,456**

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company incurred the following fees to related parties during the three months ended November 30, 2018

a) Management fees:
   (i) $60,000 cash-based fees (2018 - $30,000 cash-based fees and 30,000 common shares fair valued at $4,050) to the CEO who is also a director of the Company; and
   (ii) $3,000 (2018 - $10,500 cash-based fees and 15,000 common shares fair valued at $2,025) to the CFO of the Company.

b) Consulting fees to the directors of the Company:
   (i) $18,000 cash-based fees (2018 - $15,000 cash-based fees and 30,000 common shares fair valued at $4,050) to a director of the Company; and
   (ii) $9,000 cash-based fees (2018 - $7,500) to a director of the Company.

c) Directors fees:

   $12,000 cash-based fees (2018 - cash based fees of $6,000 and 60,000 common shares fair valued at $8,100) to the directors of the Company.

As at November 30, 2018 the Company had the following amounts owed to /from related parties:

(i) $305,372 was advanced (August 31, 2018 - $246,071) to the CEO of the Company;
(ii) $5,250 (August 31, 2018 - $9,450) was owed to the CFO of the Company;
(iii) $60,843 (August 31, 2018 - $141,543) was owed to the three non-executive directors of the Company; and
(iv) $3,500 (August 31, 2018 - $3,500) was owed to a former director of the Company.

The amount advanced to the CEO is to be repaid to the Company in the form of a promissory note, secured against the CEO's ownership of the Company's common stocks, bearing annual interest rate of 4.7% compounded annually, and repayable at $5,000 per month starting from January 1, 2019. As at November 30, 2018 interest of $1,821 was accrued on the promissory note.

The amounts due to related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

13. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

Issued

During the three months ended November 30, 2018

During the three months ended November 30, 2018, the Company issued a total of 9,143,911 units of private placement at $0.14 per unit for gross proceeds of $1,280,148, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per share for a period of three years from the closing of the private placements. Finder's fees of $81,386 and legal fees of $2,328 were paid in connection with this placement and recorded as share issuance cost. In addition, this issuance included 205,394 units, 12,000 common shares and 12,000 warrants with the same terms as those of the units' warrants, issued as finders' fees.

During the three months ended November 30, 2018 the Company issued a total of 425,000 common shares for 100,000 and 325,000 warrants exercised at $0.15 and $0.10, respectively, for total proceeds of $47,500.

On October 19, 2018 the Company issued 875,000 common shares fair valued at $157,500 to settle outstanding debt of $175,000 resulting in a gain on debt settlement of $17,500.

On November 2, 2018 the Company issued 2,866,666 shares in connection with the agreement to acquire BioCannaTech Inc. (Note 10). These shares were recorded at their value of $415,667.

During the year ended August 31, 2018

On November 3, 2017 the Company issued 932,500 common shares fair valued at $88,837 to settle outstanding debt of $93,250 resulting in a gain on debt settlement of $4,413 and 455,000 shares fair valued at $45,500 for services provided by directors, management and consultants.

On November 7, 2017 the Company issued 1,490,000 units of private placement at $0.11 per unit for gross proceeds of $163,900, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.21 per share for a period of two years from the closing of the private placement.

On December 18, 2017 the Company issued 7,580,453 units of private placement at $0.11 per unit for gross proceeds of $833,850, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.21 per share for a period of two years from the closing of the private placement. A finder's fee of $58,100 was paid and 374,436 broker warrants were issued in relation to this private placement and are recorded as share issuance cost.

On March 13, 2018 the Company issued 180,000 common shares for private placement at $0.50 per share for gross proceeds of $90,000.

On April 20, 2018 the Company issued 497,000 units of private placement at $0.30 per unit for gross proceeds of $149,100, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.40 per share for a period of three years from the closing of the private placement.

On April 25, 2018 the Company issued 1,369,491 shares in connection with the agreement to acquire BioCannaTech Inc. (Note 10). These shares were recorded at their value of $390,305.

13. SHARE CAPITAL (continued)

Issued (continued)

On May 4, 2018, the Company issued 650,000 units of private placement at $0.30 per unit for gross proceeds of $195,000, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.40 per share for a period of three years from the closing of the private placement. A finder's fee of $12,380 was paid and 41,600 broker warrants were issued in relation to this private placement and are recorded as share issuance cost.

During the year ended August 31, 2018, the Company issued 3,679,900 units of private placement at $0.14 per unit for gross proceeds of $515,186, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per share for a period of three years from the closing of the private placement. Finder's fees of $23,400 and legal fees of $15,000 were paid in connection with this placement. In addition, this issuance included 80,000 units issued as finders' fees.

During the year ended August 31, 2018 (continued)

On August 31, 2018 the Company issued 345,000 common shares having a fair value of $62,100 for services rendered.

During the year ended August 31, 2018 the Company issued a total of 3,625,000 common shares for 350,000, 200,000, 1,400,000, 1,250,000, 225,000 and 200,000 options exercised at $0.05, $0.185, $0.11, $0.13, $0.20 and $0.46 per share, respectively, for total proceeds of $508,250.

During the year ended August 31, 2018 the Company issued a total of 6,392,178 common shares for 1,530,000, 765,000 and 4,097,178 warrants exercised at $0.10, $0.15 and $0.21, respectively, for total proceeds of $1,122,641.

Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Stock options vest at the discretion of management according to any vesting schedule to which the options are subject.

During the three months ended November 30, 2018

During the three months ended November 30, 2018, the Company recorded stock-based compensation of $758,339 for options granted and vested during the period.

On September 24 and 26, 2018 the Company granted a total of 5,650,000 options to directors, officers and consultants of the Company exercisable into the Company's common stock at $0.20 per share for five years from their grants, which included options granted to replace the 3,700,000 options that were cancelled effective August 31, 2018. All options vested immediately. The fair value of $758,339 in respect of the grants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 2.19%, expected volatility of 139%, an expected option life of 2.50 years and no expected dividends.

During the year ended August 31, 2018

During the year ended August 31, 2018, the Company recorded stock-based compensation of $2,656,827 for options granted and vested during the year.

Expressed in Canadian Dollars

13. SHARE CAPITAL (continued)

Options (continued)

On November 30, 2017 the Company granted 650,000 options to consultants of the Company exercisable into the Company's common stock at $0.20 per share until November 30, 2022. 150,000 of these options vested immediately and 500,000 of these options vested over nine months of which 125,000 options vested upon grant, and 125,000 options vest on each of three, six and nine months after the grant. The fair value of $124,320 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.31%, expected volatility of 184%, an expected option life of 1.50 years and no expected dividends.

On December 19, 2017, the Company granted 2,000,000 options to directors, officers and consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.46 per share until December 19, 2022. The fair value of $891,661 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.57%, expected volatility of 272%, an expected option life of 2.50 years and no expected dividends. These options were cancelled on August 28, 2018.

On January 24, 2018, the Company granted 1,900,000 options to consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.90 per share until January 24, 2023. The fair value of $1,640,846 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.30%, expected volatility of 258%, an expected option life of 2.50 years and no expected dividends. These options were cancelled on August 28, 2018.

The following is a summary of option activities during the three months ended November 30, 2018 and the year ended August 31, 2018:

	Number of options	Weighted average exercise price $
Outstanding at August 31, 2017	4,000,000	0.11
Granted	4,550,000	0.61
Cancelled	(3,700,000)	0.69
Exercised	(3,625,000)	0.14
Outstanding at August 31, 2018	1,225,000	0.13
Granted	5,650,000	0.20
Outstanding at November 30, 2018	6,875,000	0.19

The following options were outstanding at November 30, 2018:

Expiry Date	Exercise price $	Number of options	Remaining contractual life (years)
September 15, 2021	0.05	300,000	2.79
April 24, 2022	0.11	100,000	3.40
July 31, 2022	0.13	400,000	3.67
November 30, 2022	0.20	425,000	4.00
September 24 and 26, 2023	0.20	5,650,000	4.82
Options Outstanding		6,875,000	
Options Exercisable		6,875,000	

Expressed in Canadian Dollars

13. SHARE CAPITAL (continued)

Warrants

The following is a summary of warrant activities during the three months ended November 30, 2018 and the year ended August 31, 2018:

	Number of warrants	Weighted average exercise price
		$
Outstanding at August 31, 2017	5,771,688	0.16
Issued	14,442,989	0.22
Exercised	(6,392,178)	0.18
Outstanding at August 31, 2018	13,822,499	0.22
Issued	9,361,305	0.20
Exercised	(425,000)	0.11
Expired	(93,000)	0.10
Outstanding at November 30, 2018	22,665,804	0.21

The following warrants were outstanding at November 30, 2018:

Expiry Date		Exercise price	Number of warrants
January 20, 2019	$	0.15	95,000
May 10, 2019	$	0.21	813,600
November 7, 2019	$	0.21	602,000
December 19, 2019	$	0.21	6,795,799
April 20, 2021	$	0.40	497,000
May 4, 2021	$	0.40	691,600
August 31, 2021	$	0.20	3,809,500
September 14, 2021	$	0.20	801,143
September 24, 2021	$	0.20	5,380,250
November 2, 2021	$	0.20	3,179,912
Warrants Outstanding			22,665,804
Warrants Exercisable			22,665,804

14. TREASURY SHARES

During the year ended August 31, 2018 the Company purchased 295,000 of its common shares from the market for a total amount of $131,969 and sold 50,000 of its purchased common shares on the market for a total amount of $12,372.

The cash outflow and sales proceeds were recorded as a charge to share capital.

15. SUBSEQUENT EVENTS

Subsequent to November 30, 2018 the Company issued 1,500,000 common shares for options exercised at $0.10 per share. These options were granted to a consultant of the Company on December 17, 2018, vested immediately and were exercisable into the Company's common stock at $0.10 per share until December 16, 2019.

Subsequent to November 30, 2018, 95,000 warrants exercisable into the Company's common shares at $0.15 per share expired without being exercised.

Schedule B

Please refer to Schedule A

Schedule C

ALLIANCE GROWERS CORP.

Suite 500 – 666 Burrard Street
Vancouver, BC V6C 3P6

Management's Discussion and Analysis
For the three months ended November 30, 2018

Date of Report: January 29, 2019

The following Management's Discussion & Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51 -102 as of November 30, 2018 and should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the three months ended November 30, 2018, as well as the audited consolidated financial statements and accompanying notes for the year ended August 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to them. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for its operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

BACKGROUND AND CORE BUSINESS

Alliance Growers Corp. (formerly Sheslay Mining Inc.) (the "Company" or "Alliance") was incorporated under the British Columbia *Business Corporation Act* on June 19, 2014. On October 3, 2014, the Company became a reporting issuer in British Columbia and Alberta. The head office of the Company and records office is 500-666 Burrard Street, Vancouver, British Columbia V6C 2P6.

AMALGAMATION

On June 8, 2015, the Company completed an amalgamation with Sheslay Acquisition Corp., a wholly-owned subsidiary of the Company, Alliance Biotech Corp. (formerly Alliance Growers Corp.), a British Columbia corporation ("Alliance Biotech"), and BC Maramed Production Ltd. ("BCMM"), a British Columbia corporation, over which the Company has significant influence due to its ownership of 45% of the issued and outstanding shares of BCMM.

The Company changed its name from Sheslay Mining Inc. to Alliance Growers Corp. on June 8, 2015 in conjunction with the amalgamation. The Company's common shares are listed on the Canadian Securities Exchange under the symbol "ACG", on the OTCQB under the Symbol "ALGWF", and on the Frankfurt Stock Exchange under the Symbol 1LA (WKN: A2DFYX: ISIN: CA01861C1095).

ALLIANCE GROWERS BUSINESS MODEL AND INVESTMENTS

Alliance Growers' strategy for achieving global leadership in the cannabis space is supported by its "Four Pillars" business model announced on May 26, 2016. Alliance Growers has continued to evolve the model since then to take advantage of the future opportunities within the Cannabis sector. The Company has organized into four divisions, referred to as the 'Four Pillars' Organization Plan – Cannabis Biotech Complex, Strategic ACMPR Investments, CBD Oil Supply and Distribution, and Research and Technology.

INVESTMENT IN BIOTECH COMPLEX

On June 30, 2016 Alliance Growers announced that it had signed a Letter of Intent with WFS Pharmagreen Inc. ("Pharmagreen") on obtaining an exclusive license for the commercialization of the "Chibafreen Invitro Plant Production System" in Canada. Alliance Growers advanced its discussions regarding additional joint business interests and opportunities with Pharmagreen, including a potential full merger of Pharmagreen and Alliance Growers, subject to continued extensive due diligence and analysis. The Letter of Intent expired August 31, 2016. Nevertheless, Alliance Growers continued discussions with the principals of the Chibafreen Invitro Plant Production System proprietary technology to determine the best business arrangement for both parties.

LOI with WFS Pharmagreen for the joint development of the Cannabis Biotech Complex

Effective December 11, 2017 the Company signed a binding Letter of Intent ("LOI") with WFS Pharmagreen Inc. ("Pharmagreen"), whereby the Company and Pharmagreen jointly build the Cannabis Biotech Complex. The Company was to purchase 15% of the Biotech Complex for $1,500,000 by March 15, 2018 and had the option to purchase an additional 15% at $1,500,000 by June 15, 2018. As at August 31, 2017 and the date of this report, Pharmagreen agreed to apply the payment of $75,000 to certain other costs of the Biotech Complex that Alliance Growers will be responsible for that are in addition to the cost of the equity stake.

The LOI was amended on April 13, September 14 and November 20, 2018 to include the following:

The Company has the option to acquire up to a 30% equity interest in the newly formed BC 1155097 Ltd., a BC company (the "BC Co.") that has 100% ownership of the Biotech Complex with total cash payment of $4.5million in accordance with the following schedule subject to extensions required as a result of market conditions:

- $250,000 paid in December, 2017;
- $200,000 by April 13, 2018 (paid);
- $100,000 by April 27, 2018 (paid);
- $100,000 by June 4, 2018 (paid);
- $550,000 by September 30, 2018 (paid);
- $150,000 by November 30. 2018 (paid);
- $150,000 by January 31, 2019; and
- $3,000,000 by June 30, 2019.

The Company will retain up to 10% of equity interest should the Company choose to invest not more than $1.5million in the Biotech Complex. This milestone guarantees Alliance 10% of 1155097 BC Ltd. (the "Subsidiary") subject to pro rata basis if expansion and growth occurs as it is already planned and disclosed. In addition, the Company will have the first right of refusal to participate in future equity financing to maintain its percentage interest.

On January 25, 2019, the Company signed a formal Option Agreement with Pharmagreen whereby Alliance has exercised the First Option to acquire 8 Class A Shares of the Subsidiary equal to an undivided 10% of the total issued Class A Shares at the time of the issue of the Shares to Alliance for a purchase price of $1,350,000, which has been paid.

Further, the Subsidiary has agreed to grant to Alliance Growers the Second Option to acquire up to an additional 20% interest in the Class A shares by the purchase of 22 Class A Shares for a purchase price equal to 30% of Construction and Equipment Costs minus $1,350,000 ("Second Option Purchase Price").

The Parties agree to enter into an addendum to this Agreement by June 30, 2019 (the "Addendum"), granting the Second Option, setting out the terms of the Second Option including the Second Option Purchase Price, a schedule specifying the date and amounts of each payment adding up to the Second Option Purchase Price and closing documents.

In the event the Second Option is not exercised according to the terms contained in the Addendum, the parties agree that Alliance Growers' 10% interest will be subject to dilution to a percentage equal to: $1,350,000 divided by that figure which is the final Construction and Equipment Costs.

Pharmagreen received final board approval from the regional government to apply for the development permit for its Cannabis Biotech Tissue Culture Complex project. It was approved by way of the following resolution which was passed by the Fraser Valley Regional District Board on its September 25th meeting. Pharmagreen commenced pre-construction ground work, including the site work for the drilling of three water wells that will supply the Cannabis Biotech Complex commenced on October 31, 2018. Two wells will be used for primary water supply and the third well will be for back up. The water discharge from the irrigation system will be recycled, filtered and reused to minimize the facility's demand on the natural

water supply. The entire facility is being engineered with 100% redundancy to ensure there is no disruption to the operations 365 days a year. This state-of-the-art facility is designed to include the latest cannabis cultivation technologies and the latest cannabis-related green technologies.

Joint development of a Commercial Hemp Operation with WFS Pharmagreen

The CBD market is growing at a very high rate and is expected to reach over $2 billion by 2020. Alliance Growers will also target the U.S. market where 28 states plus the District of Columbia have legalized medical marijuana and 15 other states that currently allow for the sale of CBD products.

On April 25, 2018, Alliance Growers announced vertically integrated additions to its revenue model and profit potential through expansion of its business partnership with Pharmagreen. The two companies have agreed to the joint development of the proprietary high yield CBD DANA strain in a profitable industrial hemp operation that begins with tissue culture plantlets produced and grown in the Cannabis Biotech Complex on the property in Mission BC.

Alliance Growers and Pharmagreen will jointly execute on a two-stage commercial hemp operation to generate revenue from dry hemp biomass in addition to the revenue generated from tissue culture sales. The advantage Alliance Growers has is twofold. First the Company has the advantage of starting off with genetically perfect and disease and bug free “female only” plantlets generated from the Biotech Complex, the basis of the Cannabis Biotech Complex. Second the proprietary CBD DANA strain will provide a significant yield in CBD production from hemp.

According to Pharmagreen, the content of the CBD DANA strain is significantly higher, up to 14%, than traditional hemp strains which typically have 1% CBD content. Additional increase in the CBD yields is achieved when no males are present to pollinate the females which increases the flower content by an additional 80%. The Cannabinoids are mainly produced in the flower portion of the female plant, therefore planting female plantlets instead of planting from seed eliminates the males and keeps the flower production at maximum.

INVESTMENTS IN ACMPR APPLICANTS

Through a serious of strategic alliances and investments in Licensed Producers at various stages in the license process, Alliance Growers is focused on securing long term plantlet supply contracts and offtake agreements at wholesale cost for flower to be used for CBD oil extraction.

BIOCANNATECH – QUEBEC ACMPR APPLICANT

Effective April 25, 2018, Alliance Growers completed a purchase agreement to acquire BiocannaTech Inc., a late-stage licensed producer applicant to become a licensed producer under Health Canada’s access to cannabis for medical purposes regulations (“ACMPR”) in Quebec. Alliance Growers will supply financing and resources to build out the medical marijuana facility in preparation for the inspection required to obtain a growing license. Once Health Canada is satisfied with a successful crop, Alliance Growers will be granted its distribution license.

Alliance Growers has acquired an initial 99% interest in BiocannaTech Inc., a Quebec ACMPR applicant, with the final 1% being transferred on receipt of a Health Canada Licensed Producer license, for the following consideration:

1. $238,637 down payment, already paid;
2. $50,000 in shares at a deemed price of $0.295 (169,4911 shares) to Canna Technology and 1,200,000 shares to the Recipients;
3. $250,000 in shares at a deemed price of $0.15 (1,666,666 shares) to Canna Technology and 1,200,000 shares to the Recipients released at Health Canada approval for Ready to Build stage;
4. $500,000 paid to Canna Technology and 1,200,000 shares to the Recipients at City building permits approved stage to start construction;
5. $500,000 in shares to Canna Technology and 1,200,000 shares to the Recipients at Health Canada approval of Cultivation stage;
6. $500,000 in shares to Canna Technology and 1,200,000 shares to the Recipients at Health Canada Permit approval stage. At this stage, the remaining 1% interest will be transferred to Alliance Growers.

The Company also announced that all local permits are in place for construction to commence at BiocannaTech, the Company’s wholly owned Quebec facility undertaking an Access to Cannabis for Medical Purposes Regulations (“ACMPR”) application in Montreal, Quebec. Architectural design plans for the construction of the facility have been completed, permits received and demolition has commenced at the site on September 20, 2018.

During October, Alliance Growers announced that the it has engaged Groupe Icore to manage the construction of the Company's Quebec facility undertaking an Access to Cannabis for Medical Purposes Regulations ("ACMPR") application via BiocannaTech, the Company's wholly ownedsubsidiary located in Ville Mont Royal, Quebec. Alliance Growers has leased the adjacent building for Phase 2 expansion on favourable terms. These two buildings are the only two locations in the Town of Mount Royal ("TMR") that are permitted for marijuana production now that a moratorium on granting further cannabis-related industries to operate within the Township.

This is a key acquisition for Alliance Growers and its shareholders, as it allows the Company an opportunity to become a licensed producer in the province of Quebec and gain an in-road to provide tissue culture plantlets to all licensed producers in Quebec.

NEW MAPLE HOLDINGS – ONTARIO ACMPR APPLICANT

On December 6, 2016, management announced that it had entered negotiations to acquire up to a 10% non-dilutive interest in a private company in Ontario that has assembled a top tier growing team with management that has the expertise to expedite the license producer application process. This agreement will include supplying plantlets to the private grower from Alliance Growers' Cannabis Biotech Complex.

New Maple Holdings. Ltd. ("New Maple"), is the parent company of Canwe Growers Inc. ("Canwe"). Canwe is an Ontario-based company preparing to apply for a producer's license under the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR"). Canwe has access to a 22 acre property 1.5 hours north-west of Toronto, where it plans to build a facility focused on producing clean, premium quality cannabis. Canwe has amassed a stellar team which includes licensed producer MedReleaf Corp.'s former Head Grower and his number two aide, both of whom are expert cannabis growers who intimately know the cannabis cultivation cycle from seed to sale. With Alliance Growers' four-pillar strategy and Canwe's experienced team, the two companies plan to work together to form business synergies with the goal of creating a strong presence in Canada's fast-growing medical cannabis space.

Canwe, is now in the enhanced review stage under the ACMPR. Canwe submitted its application to produce and sell cannabis under the ACMPR in July 2017. In January 2018, Canwe received confirmation from Health Canada that it has completed the security clearance stage and that it has entered the final Review stage of the application process. In December 2017, Canwe obtained the necessary permits to begin ground works on its 22-acre site in south-western Ontario, and it expects to receive full site plan approval imminently from the local township. Canwe has retained an experienced project management firm to oversee the design and build of its planned state-of-the-art production facility and is projected to be licensed and operational by early 2019.

Alliance Growers has completed its initial commitment to acquire 375,000 shares of New Maple for $375,000 at $1.00 per share and acquired an additional 122,449 shares at $2.45 per share with an additional payment of $300,000 as of the date of this report. The funds were used by Canwe to prepare its application for a producer's license in accordance with ACMPR regulations.

In conjunction with the investment, New Maple and Alliance Growers have entered into a non-binding letter of intent for the negotiation of a business arrangement for the purchase and sale between the parties of live cannabis plants, tissue culture plantlets and other cannabis products and services subject to applicable law and the availability of products between the parties. Alliance Growers will not be able to acquire any such products from Canwe unless Canwe obtains its producer's license from Health Canada and agrees to enter into a business arrangement with Alliance Growers.

ISODIOL INTERNATIONAL INC.

As at August 31, 2015, the Company had loaned $105,000 to Isodiol International Inc. (formerly Laguna Blends Inc. "Isodiol"). On January 30, 2015, the Company converted the $105,000 loan into 3,000,000 common shares of Isodiol (1,200,000 common shares after Isodiol shares' 2.5:1 consolidation in January, 2016). This investment was designated as available-for-sale measured at fair value on initial recognition with the related unrealized gains and losses recorded as a component of other comprehensive income. In July, 2018 Isodiol shares were further consolidated on a 10:1 basis.

During the quarter ended November 30, 2018 the Company sold 62,500 (6,250 adjusted for July, 2018 consolidation) shares of Isodiol at a realized gain of $56,561.

As at November 30, 2018 and August 31, 2018, the Company had 47,750 common shares of Isodiol with a fair value of $77,355 and $171,423, respectively.

BC MARAMED PRODUCTION LTD.

On August 22, 2014, the Company, through Biotech, entered into an agreement to acquire BC Maramed Production Ltd. ("BCMM"), a company located in Kelowna, British Columbia. Pursuant to the terms of the agreement, Biotech paid $225,000 for a 45% interest in BCMM. BCMM owns a leasehold interest and equipment for a production facility in Kelowna, British Columbia, and is in the process of applying to become a licensed producer of medical marijuana under Health Canada's new Marihuana for Medical Purposes Regulations. During the year ended August 31, 2015, the Company fully impaired the investment as BCMM had insignificant net assets, and there was significant uncertainty that it would receive the required license. During the year ended August 31, 2016, pursuant to a previous agreement, the Company issued 600,000 common shares to a former officer of the Company to acquire an additional 5% interest in BCMM. These shares had a fair value of $0.015 per share, resulting in an additional investment in BCMM of $9,000. As at August 31, 2016, the Company determined that the additional investment in BCMM was unlikely to be recovered and recorded an impairment of $9,000. In June 2017, a creditor obtained a court order to seize the shares in BCMM, and the Company has no further interest in BCMM at this time.

PHARMACEUTICAL GRADE CANNABIDIOL OIL (CBD OIL)

On December 9, 2016, Alliance Growers entered into discussions with an Israeli medical cannabis company to create a joint venture to develop pharmaceutical grade cannabidiol oil (CBD Oil). These discussions are on-going as the Israeli medical cannabis company works towards finalizing all the terms and conditions required to obtain the grow and other permits as required.

Included in the discussions is the joint development of 45 hectares of land for the growth of high quality cannabis plants, as legally permitted in an offshore, low operating cost jurisdiction. It is anticipated that the majority of the plant production would be processed for the extraction of pharmaceutical grade CBD Oil. In contrast with current commercial extraction methods, the Israeli company's innovative extraction technology removes impurities allowing for the production of the highest quality CBD oil. This would facilitate the importation of the CBD Oil into various states in the USA, into Canada when legalized, and into other countries as permitted.

The potential partner has extensive expertise cultivating world-class marijuana in technical greenhouses. They have a team of scientists, designers, and engineers committed to developing high quality medical cannabis using greenhouses in geographical locations that offer an abundance of natural light. The joint venture partner's R&D, based in Israel, involves both scientific and academic research, as well as current ongoing registered medical clinical studies. Through this company, Alliance Growers has access to some of the world's best cannabis products such as proprietary creams for certain skin conditions. Alliance Growers also has the opportunity to participate in significant R&D projects, something to be considered when the Company is ready.

This strategic alliance is one of many planned initiatives that will provide Alliance Growers with future revenues from the sales of its pharmaceutical grade CBD oil to the $21Billion Marijuana and Hemp Industry.

CO-DEVELOPMENT OF THE CANNA-APP

On February 17, 2017, Alliance Growers announced that the Company has been negotiating terms with a private BC Company to co-develop the Canna App. The BC company utilizes a network of development specialists with proven expertise to develop "UniCanna" into a world class product in a cost effective and efficient manner. Alliance Growers expects to have a co-development and marketing agreement in the next 30 days. Initial Development has been completed and now it is ready to be taken to the next level.

The Canna App is designed to capitalize on the current and coming medical and recreational marijuana revolution. It is intended to mesh seamlessly with the products and services offered by the Cannabis Biotech Complex. It will provide a means for Growers and dispensaries to advertise products, facilitating sales and deliveries between Licensed Growers, dispensaries and customers, as well as aggregating social interactions. The marketplace will be also be user content driven, allowing it to expand rapidly to meet market demands. The marketplace will be a full-service solution to sourcing, variety, selection, sales and delivery.

The Canna App will be a valuable tool for anybody involved in the cannabis industry, from growers to end users and all points in between. This would include providers of equipment for growing and extraction, plant nutrients, product packaging and other service providers in the industry.

SUMMARY OF QUARTERLY RESULTS

Description	**Three months ended Nov 30, 2018 $**	**Three months ended Aug 31, 2018 $**	**Three months ended May 31, 2018 $**	**Three months ended Feb 28, 2018 $**
Total Revenue	*Nil*	*Nil*	*Nil*	*Nil*
Total Expenses	*1,827,875*	*547,030*	*362,260*	*2,894,685*
Total loss	*(1,808,554)*	*(1,244,840)*	*(311,911)*	*(2,894,685)*
Loss per share	*(0.02)*	*(0.02)*	*(0.01)*	*(0.05)*

Description	Three months ended Nov 30, 2017 $	Three months ended Aug 31, 2017 $	Three months ended May 31, 2017 $	Three months ended Feb 28, 2017 $
Total Revenue	*Nil*	*Nil*	*Nil*	*Nil*
Total Expenses	*241,446*	*566,140*	*422,640*	*551,686*
Total loss	*(237,033)*	*(547,212)*	*(439,076)*	*(546,583)*
Loss per share	*(0.00)*	*(0.02)*	*(0.01)*	*(0.02)*

Since inception the Company has not generated revenue.

Total expenses were significantly higher in the quarter ended November 30, 2018, as we recorded total stock-based compensation of $758,339 for options granted and vested during the period, and incurred acquisition and operating costs for BiocannaTech which totaled a further $608,884.

RESULTS OF OPERATIONS

Quarter ended November 30, 2018 compared to quarter ended November 30, 2017

The Company had a net loss of 1,808,554 for the quarter ended November 30, 2018, compared to a net loss of $237,033 for the quarter ended November 30, 2017. As the Company's operation expanded significantly from 2017 to 2018. Details of the operating expenses are as follows:

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017
	$	**$**
Professional fees	5,252	657
Consulting	160,725	92,800
General and administrative	73,163	11,672
Shareholder communication	126,106	28,008
Management fees	63,000	46,575
Director fees	12,000	14,100
Rent and office facility	4,729	5,188
Meals, entertainment and travel	15,677	1,580
Medical cannabis facility right to build	415,667	-
Medical cannabis facility development	193,217	-
Stock based compensation	758,339	40,866
Total	**1,827,875**	**241,446**

All expenses except director fees and rent and office facility increased significantly from the three months ended November 30, 2017 to the three months ended November 30, 2018, as we have expanded operations and investments in the current period. Director fees decreased from $14,100 to $12,000 in the current period as we terminated the share-based compensation after November 30, 2017. Option based compensation increased from $40,866 to $758,339 in the current period, as 5,650,000 options were granted and vested in the current period as incentive to directors, management and consultants, while only 275,000 options vested during the previous period.

In addition, for non-operating income, in the current period we recorded interest income of $1,821 on promissory note receivable from a related party, which did not incur in the previous period. We also recorded gain on debt settlement with the issuance of common shares of $17,500, an increase from $4,413 from the previous period.

During the quarter ended November 30, 2018 and August 31, 2017, basic and diluted loss per share was $0.02 and $0.01 respectively.

During the quarter ended November 30, 2018 the Company recorded unrealized loss of $94,068 on the fair value of its Isodiol shares based on the change in their market trading prices during the year. For the quarter ended November 30, 2017 the Company recorded an unrealized gain of $621,000.

Year ended August 31, 2018 compared to year ended August 31, 2017

The Company had a net loss of $4,688,469 for the year ended August 31, 2018, compared to a net loss of $1,830,057 for the year ended August 31, 2017. As the Company's operation expanded significantly from 2017 to 2018. Details of the operating expenses are as follows:

	August 31, 2018	**August 31, 2017**
	$	$
Professional fees	67,999	67,554
Consulting	345,884	295,981
General and administrative	236,280	57,135
Shareholder communication	353,769	170,564
Management fees	265,575	336,375
Director fees	50,100	52,525
Rent and office facility	18,000	18,000
Meals, entertainment and travel	50,987	13,038
Stock based compensation	2,656,827	791,200
Total expenses	4,045,421	1,802,372

Professional fees, rent and office facility have been consistent from 2017 to 2018. Consulting fees, general and administrative expenses, meals, entertainment and travel expense all increased significantly from 2017 to 2018, as we have expanded operations and investments in 2018. Management fees and director fees decreased from $336,375 in 2017 to $265,575 in 2018 as we terminated the share-based compensation after November 30, 2017. Option based compensation increased from $791,200 in 2017 to $2,656,827 in 2018, as we granted more options in 2018 as incentive to directors, management and consultants, and although options granted in January and February of 2018 with a total value of $2,532,508 were cancelled, they are still included in the expenses in accordance with IFRS.

In addition, for non-operating income and expenses:

- In 2017 we recorded financing expense of $3,199 for warrant repricing, which did not take place in 2018.
- In 2018 we recorded gain on debt settlement of $4,413, while in 2017 we recorded loss on debt settlement of $43,101.
- We recorded gain on sale of Isodiol shares of $56,561 in 2018, increased from gain of $18,615 in 2017.
- In 2018 recorded cost of acquiring BioCannaTech of $629,022 as other expense.
- In 2018 our license and consulting agreement with BRIM was superseded by the Biotech Complex LOI with WFS Pharmagreen. The $75,000 paid for the BRIM License Agreement will be applied as a credit to the Company's portion of license fees to be charged to the BC Co. by BRIM. Due to the uncertainty associated with the realizable value of the credit, the Company recorded an impairment of the full amount during the year ended August 31, 2018.

During the year ended August 31, 2018 and August 31, 2017, basic and diluted loss per share was $0.08 and $0.05 respectively.

During the year ended August 31, 2018 the Company recorded unrealized gain of $4,092 on the fair value of its Isodiol shares based on the change in their market trading prices during the year. For the year ended August 31, 2017 the Company recorded an unrealized gain of $8,550.

During the year ended August 31, 2018 the Company recorded unrealized gain of $543,753 on the fair value of its common shares of New Maple Holdings Ltd. In 2017 we did not have these shares.

Cash flows for the quarter ended November 30, 2018

Operating Activities
During the quarter ended November 30, 2018 and 2017, operating activities used cash of $670,225 and $149,620, respectively.

Investing Activities
During the quarter ended November 30, 2018 Alliance used $710,000 for its investment in Biotech Complex and $100,000 for its investment in New Maple.

During the quarter ended November 30, 2017 Alliance used $12,500 for its investment in New Maple.

Financing Activities
During the quarter ended November 30, 2018 the Company received $1,196,434 from private placements net of issuance costs and $47,500 from warrant exercise.

During the quarter ended November 30, 2017 the Company received $126,500 from private placements net of issuance costs, $131,000 for subscriptions received for private placements and warrant exercise, and $930 from net sale of treasury shares.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2018 the Company had a working capital of $65,820 compared to working capital deficit of $255,924 at August 31, 2018.

As at November 30, 2018 the Company had cash balance of $51,876 compared to cash balance of $288,167 at August 31, 2018.

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan. Due to the uncertainty of its ability to meet its current operating and capital expenses, in the notes to its audited financial statements for the year ended August 31, 2018, the Company's independent auditors included an explanatory paragraph regarding their substantial doubt about the Company's ability to continue as a going concern.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not had any off-balance sheet arrangements as of November 30, 2018 or the date of this report.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company incurred the following fees to related parties ruing the three months ended November 30, 2018:

a. Management fees:
    i. $60,000 cash-based fees (2018 - $30,000 cash-based fees and 30,000 common shares fair valued at $4,050) to the CEO who is also a director of the Company; and
    ii. $3,000 (2018 - $10,500 cash-based fees and 15,000 common shares fair valued at $2,025) to the CFO of the Company.

b. Consulting fees to the directors of the Company:

    i. $18,000 cash-based fees (2018 - $15,000 cash-based fees and 30,000 common shares fair valued at $4,050) to a director of the Company; and
    ii. $9,000 cash-based fees (2018 - $7,500) to a director of the Company.

c. Directors fees:
   $12,000 cash-based fees (2018 - cash based fees of $6,000 and 60,000 common shares fair valued at $8,100) to the directors of the Company.

As at November 30, 2018 the Company had the following amounts owed to /from related parties:

a. $305,372 was advanced (August 31, 2018 - $246,071) to the CEO of the Company;
b. $5,250 (August 31, 2018 - $9,450) was owed to the CFO of the Company;
c. $60,843 (August 31, 2018 - $141,543) was owed to the three non-executive directors of the Company; and
d. $3,500 (August 31, 2018 - $3,500) was owed to a former director of the Company.

The amount advanced to the CEO is to be repaid to the Company in the form of a promissory note, secured against the CEO's ownership of the Company's common stocks, bearing annual interest rate of 4.7% compounded annually, and repayable at $5,000 per month starting from January 1, 2019. As at November 30, 2018 interest of $1,821 was accrued on the promissory note.

The amounts due to related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

Common shares

December 1, 2018 to the Date of This Report

The Company issued 1,500,000 common shares for options exercised at $0.10 per share.

Three Months Ended November 30, 2018

During the three months ended November 30, 2018, the Company issued a total of 9,143,911 units of private placement at $0.14 per unit for gross proceeds of $1,280,148, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per share for a period of three years from the closing of the private placements. Finder's fees of $81,386 and legal fees of $2,328 were paid in connection with this placement and recorded as share issuance cost. In addition, this issuance included 205,394 units, 12,000 common shares and 12,000 warrants with the same terms as those of the units' warrants, issued as finders' fees.

During the three months ended November 30, 2018 the Company issued a total of 425,000 common shares for 100,000 and 325,000 warrants exercised at $0.15 and $0.10, respectively, for total proceeds of $47,500.

On October 19, 2018 the Company issued 875,000 common shares fair valued at $157,500 to settle outstanding debt of $175,000 resulting in a gain on debt settlement of $17,500.

On November 2, 2018 the Company issued 2,866,666 shares in connection with the agreement to acquire BioCannaTech Inc. These shares were recorded at their value of $415,667.

Year Ended August 31, 2018

On November 3, 2017 the Company issued 932,500 common shares fair valued at $93,250 to settle outstanding debt of $88,837 resulting in a gain on debt settlement of $4,413 and 455,000 shares fair valued at $45,500 for services provided by directors, management and consultants.

On November 7, 2017 the Company issued 1,490,000 units of private placement at $0.11 per unit for gross proceeds of $163,900, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.21 per share for a period of two years from the closing of the private placement.

On December 18, 2017 the Company issued 7,580,453 units of private placement at $0.11 per unit for gross proceeds of $833,850, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.21 per share for a period of two years from the closing of the private placement.

On March 13, 2018 the Company issued 180,000 common shares for private placement at $0.50 per share for gross proceeds of $90,000.

On April 20, 2018 the Company issued 497,000 units of private placement at $0.30 per unit for gross proceeds of $149,100, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.40 per share for a period of three years from the closing of the private placement.

On April 25, 2018 the Company issued 1,369,491 shares in connection with the agreement to acquire BioCannaTech Inc. These shares were recorded at their value of $390,305.

On May 4, 2018, the Company issued 650,000 units of private placement at $0.30 per unit for gross proceeds of $195,000, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.40 per share for a period of three years from the closing of the private placement. A finder's fee of $12,380 was paid and 41,600 broker warrants were issued in relation to this private placement and are recorded as share issuance cost.

During the quarter ended November 30, 2018, the Company issued 3,679,900 units of private placement at $0.14 per unit for gross proceeds of $515,186, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per share for a period of three years from the closing of the private placement. 80,000 units were issued as finders' fees.

On August 31, 2018 the Company issued 345,000 common shares having a fair value of $62,100 for services rendered.

During the quarter ended November 30, 2018 the Company issued a total of 3,625,000 common shares for 350,000, 200,000, 1,400,000, 1,250,000, 225,000 and 200,000 options exercised at $0.05, $0.185, $0.11, $0.13, $0.20 and $0.46 per share, respectively, for total proceeds of $508,250.

During the quarter ended November 30, 2018 the Company issued a total of 6,392,178 common shares for 1,530,000, 765,000 and 4,097,178 warrants exercised at $0.10, $0.15 and $0.21, respectively, for total proceeds of $1,122,641.

As at the date of this report the Company had 84,026,361 and 83,656,361 common shares issued and outstanding, respectively.

Options

December 1, 2018 to the Date of This Report

On December 17, 2018, the Company granted 1,500,000 options to consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.10 per share until December 16, 2019.

Three Months Ended November 30, 2018

During September, 2018, the Company granted 5,650,000 options to directors, officers and consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.20 per share for five years from their grants.

Year Ended August 31, 2018

During the year ended August 31, 2018, the Company recorded stock-based compensation of $2,656,827 for options granted and vested during the period which is included in general and administrative expense.

On November 30, 2017 the Company granted 650,000 options to consultants of the Company exercisable into the Company's common stock at $0.20 per share until November 30, 2022. 150,000 of these options vested immediately and 500,000 of these options vested over nine months of which 125,000 options vested upon grant, and 125,000 options vest on each of three, six and nine months after the grant.

On December 19, 2017, the Company granted 2,000,000 options to directors, officers and consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.46 per share until December 19, 2022. These options were cancelled on August 28, 2018.

On January 24, 2018, the Company granted 1,900,000 options to consultants of the Company. The options vested immediately and are exercisable into the Company's common stock at $0.90 per share until January 24, 2023. These options were cancelled on August 28, 2018.

The following is a summary of option activities during the year ended August 31, 2018 and from September 1, 2018 to the date of this report.

	Number of options	Weighted average exercise price $
Outstanding at August 31, 2017	4,000,000	0.11
Granted	4,550,000	0.61
Cancelled	(3,700,000)	0.69
Exercised	(3,625,000)	0.14
Outstanding at August 31, 2018	1,225,000	0.13
Granted	7,150,000	0.18
Exercised	(1,500,000)	0.10
Outstanding at the date of this report	6,875,000	0.19

The following options are outstanding at the date of this report:

Expiry Date	Exercise price $	Number of options
September 15, 2021	0.05	300,000
April 24, 2022	0.11	100,000
July 31, 2022	0.13	400,000
November 30, 2022	0.20	425,000
September 26, 2018	0.20	5,650,000
Options Outstanding		6,875,000
Options Exercisable		6,875,000

<u>Warrants</u>

The following is a summary of warrant activities during the year ended August 31, 2018, three months ended November 30, 2018 and from December 1, 2018 to the date of this report:

	Number of warrants	Weighted average exercise price $
Outstanding at August 31, 2017	5,771,688	0.16
Issued	14,442,989	0.22
Exercised	(6,392,178)	0.18
Outstanding at August 31, 2018	13,822,499	0.22
Issued	9,361,305	0.20
Exercised	(425,000)	0.11
Expired	(93,000)	0.10
Outstanding at November 30, 2018	22,665,804	0.21
Expired	(95,000)	0.15
Outstanding at the date of this report	22,570,804	0.21

The following warrants are outstanding at the date of this report:

Expiry Date	Exercise price	Number of warrants
May 10, 2019	$ 0.21	813,600
November 7, 2019	$ 0.21	602,000
December 19, 2019	$ 0.21	6,795,799
April 20, 2021	$ 0.40	497,000
May 4, 2021	$ 0.40	691,600
August 31, 2021	$ 0.20	3,809,500
September 14, 2021	$ 0.20	801,143
September 24, 2021	$ 0.20	5,380,250
November 2, 2021	$ 0.20	3,179,912
Warrants Outstanding		22,570,804
Warrants Exercisable		22,570,804

Critical Accounting Policies and Estimates

Significant estimates and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include, fair value measurements for financial instruments, stock-based compensation, recoverability and measurement of deferred tax assets, and contingent liabilities.

Significant judgments

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiary.

New Accounting Standards and Interpretations

Please refer to Note 3 of the unaudited interim consolidated financial statements for the three months ended November 30, 2018.

FINANCIAL INSTRUMENTS RISKS AND CAPITAL MANAGEMENT

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at November 30, 2018 are summarized below. The board of directors reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and other receivables.

Credit risk associated with cash is minimized by ensuring these financial assets are maintained with financial institutions of reputable credit and may be redeemed upon demand.

Management measures the expected credit loss based upon historic default rate of receivables and estimates the credit loss over the expected life of the receivables. As at November, 2018, the impairment allowance relating to the receivables was $nil. At November 30, 2018, the Company had a promissory note receivable balance of $305,372 from a related party.

Liquidity Risk

The Company intends to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at November 30, 2018, the Company had a cash balance of $51,876 to settle current liabilities of $312,157. The Company will need to source additional financing to pay its obligations as they come due.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity (deficiency), net of cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint arrangements, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes in the Company's approach to capital management during the year.

SUBSEQUENT EVENTS

Subsequent to November 30, 2018 the Company issued 1,500,000 common shares for options exercised at $0.10 per share. These options were granted to a consultant of the Company on December 17, 2018, vested immediately and were exercisable into the Company's common stock at $0.10 per share until December 16, 2019.

Subsequent to November 30, 2018, 95,000 warrants exercisable into the Company's common shares at $0.15 per share expired without being exercised. The Company also cancelled 200,000 options @ $0.20 on December 17, 2018.

ADDITIONAL INFORMATION

The information provided in this MD&A is not intended to be a comprehensive review of all matters concerning the Company. This MD&A should be read in conjunction with other disclosure documents provided by the Company, which can be accessed at www.sedar.com

No securities commission or regulatory body has reviewed the accuracy or adequacy of the information presented herein.