

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: ACG

Number of Outstanding Listed Securities: 86,106,361

Date: MONTH OF AUGUST 2019

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the EXCHANGE Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s on-going business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the EXCHANGE Policies. The discussion in this report must be factual, balanced and non-promotional.

GENERAL INSTRUCTIONS

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

REPORT ON BUSINESS

1. **Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

Alliance Growers is a diversified global cannabis company driven by the Company’s four pillars business plan -- Cannabis Biotech Complex, strategic Licensed Producer investments, CBD oil supply & distribution, and research & development.

Cannabis Biotech Complex - Alliance Growers had entered into a Option Agreement with WFS Pharmagreen Inc. (“Pharmagreen”) and its subsidiary, 1155097 BC Ltd. (1155097), to create a strategic relationship, together with equity participation by Alliance Growers and Pharmagreen, whereby Alliance Growers has acquired a 10% equity interest in Pharmagreen’s subsidiary 1155097, with an option to increase to a 30% equity interest.

Alliance Growers and Pharmagreen are jointly working to develop and operate a 63,000-square foot facility to be the first of its kind in Western Canada to house a DNA Botany lab, extraction facility and Tissue Culture Plantlet Production facility to service the Cannabis market and agriculture market in general. The proposed Cannabis Biotech Complex will grow Cannabis plantlets using B.R.I.M.'s proprietary tissue culture propagation, specifically the "Chibafreen Invitro Plant Production System", which assures consistent

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composition and purity of each plantlet for the growers. The anticipated completion for construction of the 63,000 square foot facility is in Q3 of 2020.

Strategic Investments in Licensed Producer Applicants - Through a series of strategic investments under negotiation with Licensed Producer Applicants at various stages in the Health Canada Regulations license process, Alliance Growers is focused on securing long term plantlet sale contracts for the Cannabis Biotech Complex and off-take agreements at wholesale cost for flower to be acquired by Alliance Growers for CBD oil extraction.

Alliance Growers has, for several months now, been developing its plan to embrace the inevitable change by looking at partnerships with companies with existing clinics and by searching for clinic-pharmacies to acquire, whereby Alliance Growers will provide its jointly developed proprietary medical cannabis products such as the CBD Dana strain.

CBD Oil Supply and Distribution - Alliance Growers has completed an agreement with Pharmagreen and B.R.I.M. to build and operate a world-class Biotech Complex, which will include an extraction and processing of CBD oil.

Research and Development - The Company intends to form partnerships with world class R&D cannabis specialists, such as certain companies in Israel, and through its association with Pharmagreen and B.R.I.M.

Cannabis Market Place Platform - The Company co-developing a Cannabis App for use by the cannabis industry and its market participants.

As the business model for Alliance Growers evolves from just being a producer of medical marijuana to one of being a developer and distributor of a much wider range of related products, both within the jurisdictions where marijuana is permitted, and non-cannabis products in those areas not yet approved by the regulators, management continues to identify opportunities to make this transition under its Four Pillars organization Plan.

2. Provide a general overview and discussion of the activities of the management.

On August 14, the Company announced a **warrant exercise incentive program** (the "Program") designed to encourage the early exercise of the Company's outstanding common share purchase warrants ("Warrants") with exercise dates as follows:

| Exercise Price | Expiry Date |
|----------------|--------------------|
| 0.21 | November 7, 2019 |
| 0.21 | December 18, 2019 |
| 0.40 | April 21, 2021 |
| 0.40 | May 4, 2021 |
| 0.20 | August 31, 2021 |
| 0.20 | September 14, 2021 |
| 0.20 | November 2, 2021 |
| 0.10 | February 27, 2021 |

The program was open for a 13-day period (the “Early Exercise Period”) beginning on August 17, 2019 and ending on August 30, 2019. On August 29, the Company announced an extension of the deadline to September 1, 2019.

Pursuant to the Program, the Company offered an inducement to each eligible holder of the Warrants (collectively, the “Warrant Holders”) that exercises the Warrants during the Early Exercise Period that consists of:

A reduced exercise price of \$.06 per common share; and

An additional common share purchase warrant (each an “Incentive Warrant”) for each Warrant exercised, with each Incentive Warrant entitling the Warrant Holder to purchase common shares of the Company until 5:00 p.m. (Vancouver time) on such date as is two years from the date of issuance of the Incentive Warrant at the following prices:

- (i) \$0.10 per share for the first 6 months after the issuance of the Incentive Warrant;
- (ii) \$0.15 per share for the second 6 months after the issuance of the Incentive Warrant; and
- (iii) \$0.25 per share for the second year after the Issuance of the Incentive Warrant:

If, at any time during the two year term of the Incentive Warrants, the trading price of the common shares of the Company on the Canadian Stock Exchange exceeds the prevailing Incentive Warrant Exercise Price by 50% for 10 consecutive trading days the exercise price of the Incentive Warrants will be amended to 30 days commencing 7 days following the end of that 10 day period

The Company expects to use any proceeds received as a result of the Program for advancing construction of the Botany Centre being built in Deroche, British Columbia, to undertake cannabis growth operations in, inter alia, East Africa and Nevada, for investigating and undertaking business opportunities in Canada and abroad and general corporate purposes.

If Warrants are not exercised prior to the end of the Early Exercise Period or if a warrant holder does not qualify to receive Incentive Warrants, the Warrants will remain outstanding and continue to be exercisable on the same terms applicable to such Warrants as they existed prior to the Program.

US Cannabis and Hemp Opportunities

Alliance growers had entered into discussions with regard to several opportunities in the United States and internationally. In one case, Alliance was considering acquiring certain cannabis assets including licenses to grow, manufacture and sell in the State of California, with an initial focus on “craft” cultivators and distribution of their product. However, due to the increasing limitations and other obstacles for obtaining permits in California, Alliance has ceased all discussions in that State for the time being.

Another opportunity being pursued in the United States is a Nevada, Hemp Operation. Alliance Growers is in discussions to partner on a portion of a 120-acre parcel of land in Nevada, USA to grow CBD-rich hemp. Under the proposed agreement, Alliance Growers will finance the initial cost of hemp seeds in exchange for a portion of the 120-acre parcel of land in Nevada. In consideration for the investment, the Nevada partner will provide all the necessary capital and consumable supplies and they will plant, grow and harvest the hemp. The harvest will be shared accordingly, and at the option of Alliance, the Nevada partner will arrange for the processing and sale of the biomass at no less favourable terms than those found in their current supply agreements. The Nevada partner has enjoyed previous success in cultivating Hemp in Nevada with CBD levels between 10% and 19%.

Global Medical Cannabis Opportunities

Outside of North America, Alliance is negotiating a farm-in agreement with a private company that will cultivate and exclusively process, package and export all CBD, medical cannabis, extracted oils and related pharmaceutical products in an east African country. The East Africa project is essentially a turn-key operation to grow medical Cannabis for export to the EU, primarily Germany. We are starting with 10 acres and are able to increase up to 100 acres, as this project has 3,000 acres in total and there will be multiple partners. The cultivation plan includes being GACP and GMP certified (German standards) and robust enough, to ensure constant supply

to primary German pharmacies but also other European countries once they're fully legalized and regulated. We will be involved in projects in two locations. Both locations are situated close to the equator, both have the requisite sunshine and rainfall, tested and suitable soils, plus natural water readily available. Labor and taxes have been set in all our locations at the lowest levels seen globally, and logistics are secure and transparent.

Products and Services to be Provided to Cultivators

The Company had also entered into advanced discussions with Irish Sea Organics Limited (“Irish Sea Organics”) to become the exclusive distributor for all Irish Sea Organics products and services, in the wider Canadian Agricultural market with a specific focus on the Cannabis sector. Discussions include a possible North American wide distributorship based on territories shared with other distributors.

Irish Sea Organics breakthrough technology is revolutionizing seed, plant, harvest, drying and raw material extraction processes. Cannabis companies will reassess their cleaning and disinfecting processes and how they can protect their crops against mould and spores. This highly effective green technology is without toxicity.

Hypochlorous Acid (“HOCL”) production equipment and the unique applications are used for high-volume, industrial and commercial applications, specifically bacteria, mould, and spore control. The introduction of HOCL to any size of cultivation or processing business operation, combines proven efficacy and performance with vital cost benefits to the end user.

During September, the Company executed a definitive exclusive agency agreement with Irish Sea Organics (“Irish Sea”).

Irish Sea is a company established to promote the benefits of electrolyzed water/Hypochlorous Acid (“HOCL”) that is used in the various processes in the industrial, agricultural and healthcare sectors. Irish Sea has developed a process utilizing HOCL that is specific for the cultivation of pharmaceutical grade cannabis crops and can be used in the cultivation of hemp as well. Irish Sea delivers a combination of specialized and integrated equipment, consumables, services and consultancy which provide significant economic and efficacy benefits to cultivation, processing, extraction and packaging sectors in the agricultural sector where mold, pests, microbial control is vital.

Subject to compliance with relevant Canadian Cannabis laws and regulations, Alliance Growers has been granted the exclusive rights to market, promote and sell Irish Sea Organics’ products and services in Canada. The definitive agreement was finalized on September 10, 2019 and solidifies the terms of the advanced discussions between Alliance Growers and Irish Sea Organics, which were reported in a news release on August 21, 2019. The agreement is for a term of 60 months to be reviewed after 48 months

Financing for these transactions would be conducted in amounts sufficient to enable the Company to fund the proposed ventures. The amounts being raised and the terms of any financings are yet to be established. Although interest for the financing has shown strong progress for these transactions, in addition to the usual due diligence, proceeding with them is entirely contingent on sufficient financing being raised for Alliance Growers to participate.

Advances with our Strategic Partner Pharmagreen

In BC, Pharmagreen has received notification concerning its application submitted under the Cannabis Regulations to become a license holder. Health Canada has completed a preliminary and high-level review of the license application and based on the information assessed, Health Canada has no critical concerns with the application at this time.

Now that Pharmagreen has received confirmation that all the required information for the application submitted to date has been accepted by Health Canada, the next phase for the company is to commence construction. Once the Cannabis Biotech Complex is completed, Health Canada will conduct its final inspection before granting the license. Pharmagreen reports that, once fully operational, it plans to produce 1 million sellable starter plantlets per month to cannabis licenced producers and CBD hemp farmers, with Pharmagreen projecting gross annual revenues projected at \$120 Million proving a gross profit margin of \$80 to 90 Million.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any

new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None

- 4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.**

None

- 5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.**

None

- 6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.**

None

- 7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provides details of the relationship.**

None

- 8. Describe the acquisition of new customers or loss of customers**

Not applicable

- 9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.**

Not applicable

- 10. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.**

Not applicable

- 11. Report on any labour disputes and resolutions of those disputes if applicable.**

Not applicable

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not applicable.

14. Provide details of any securities issued and options or warrants granted.

None

15. Provide details of any loans to or by Related Persons.

None

16. Provide details of any changes in directors, officers or committee members.

None

17. Discuss any trends, which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks, which are likely to impact the Issuer, are detailed in Item 17 *Risk Factors* of the Issuer's Form 2A - Listing Statement dated June 12, 2015.

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 Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to 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 7 Monthly Progress Report is true.

Dated: SEPTEMBER 26, 2019 Dennis Petke

Name of Director or Senior Officer

"Dennis Petke"

Signature

President and CEO

Official Capacity

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| Issuer Details <i>Name of Issuer</i> Alliance Growers Corp. | <i>For Month End</i> AUGUST 2019 | <i>Date of Report</i> <i>YY/MM/DD</i> 19/09/26 |
| <i>Issuer Address</i> Suite 500 – 666 Burrard Street | | |
| <i>City/Province/Postal Code</i> Vancouver, BC V6C 3P6 | <i>Issuer Fax No.</i> (778) 653-0750 | <i>Issuer Telephone No.</i> (778) 331-4266 |
| <i>Contact Name</i> Dennis Petke | <i>Contact Position</i> CEO | <i>Contact Telephone No.</i> (778) 558-7434 |
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