

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: ACG

Number of Outstanding Listed Securities: 84,026,361

Date: MONTH OF DECEMBER 2018

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 ACMPR (Access to Cannabis for Medical Purposes Regulations) investments, CBD oil supply & distribution, and research & development.

Cannabis Biotech Complex - Alliance Growers has entered into a binding Letter of Intent (“LOI”) with WFS Pharmagreen Inc. (“Pharmagreen”) and its proposed subsidiary, BC New Co, to create a strategic relationship, together with equity participation by Alliance Growers and Pharmagreen, whereby Alliance Growers will acquire a 30% non-dilutive equity interest in Pharmagreen’s subsidiary BC New Co (the "Proposed Transaction").

Alliance Growers and Pharmagreen are jointly working to develop and operate a 62,000-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 composition and purity of each plantlet for the growers.

In July, 2018 Pharmagreen announced it is currently completing its pre-construction phase of its 62,000 square foot Cannabis Biotech Complex. Pharmagreen has filed for regulatory approval from Health Canada for the cannabis biotech complex. The facility will supply over ten million cannabis tissue culture starter plantlets on an annual basis, operating at full capacity. The Company's plan is reach over ninety percent of production capacity in the first year.

Strategic ACMPR Investments - Through a series of strategic partnerships and investments under negotiation with Licensed Producers at various stages in the 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.

The Company is a medical cannabis company first, as it has been confirmed that medical cannabis has a global reach and is politically stable. With the roll-out of recreational use or adult-use of cannabis, Alliance Growers anticipates a significant change in the current informal medical cannabis dispensary model. It is expected that most of the existing un-licensed dispensaries, operating in the grey area, will be replaced by the more traditional clinic-pharmacy model, whereby patients will see their doctor or a new doctor and are able to fill their prescriptions either in-store or online with Alliance and Pharmagreen proprietary products, for example.

To that end 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. Meetings with several industry experts on our road trips in Vancouver, Montreal and Toronto have essentially confirmed that Alliance Growers is on the right path for success in the medical cannabis sector beyond owing ACMPR licenses.

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.

The Company announced on December 19, 2018, that with the passing of the US 2018 Farm Bill by Congress legalizing the production of hemp, a form of cannabis with THC levels below 0.3%, conjunctively increased the U.S. market size for "CBD Dana" hemp tissue culture plantlets. Cannabidiol, or CBD, is a compound found in cannabis that is popping up all over the U.S. market. Currently, CBD generates \$418 million in sales, with expectations to increase to \$1.6 billion by 2021, according to Brightfield Group.

The Cannabis Biotech Complex, being jointly developed by Pharmagreen Biotech Inc. (“Pharmagreen”) (OTC Venture: PHBI) and Alliance is in the construction phase and slated for completion in Q1 of 2020, is focused on the production of cannabis tissue culture starter plantlets. At the forefront of its offerings is “CBD Dana”, a unique strain designed and optimized to provide the burgeoning CBD hemp farming sector with the highest quality 100% germ free, disease free, all female hemp starter plantlets.

CBD Dana’s unique hemp properties with low THC (less than 0.3%) and significantly higher CBD content of 14% (per plant), compared to Industrial hemp strains, which contain around 1% CBD, makes it an ideal strain for CBD biomass farming and CBD oil extraction. With the higher CBD content per plant, this strain has the potential of increasing the yield of CBD per acre by up to 1,400% times that of 1% strain, leading to significantly higher return per acre farmed.

The Company also announced that it estimates that the demand for cannabis starts, or clones required by Medical Cannabis Licensed Growers, based on existing operations and considering their expansion plans, could exceed 200 million annually by 2020. Alliance Growers is pleased to announce amended payment terms with WFS Pharmagreen Inc. (“Pharmagreen”), and its subsidiary 1155097 BC Ltd. (BC Ltd.), to acquire a 30% non-dilutive equity interest in Pharmagreen’s subsidiary BC Ltd. (the “Transaction”), the entity which will build and operate the Cannabis Biotech Complex on a 25-acre property near Mission in British Columbia. The binding Letter of Intent (“LOI”) between Pharmagreen and Alliance was first reported on December 28, 2017 and amended on April 13, 2018.

To date, Alliance Growers has invested \$1,350,000 toward the Transaction with a further payment of \$150,000 payable on or before January 31, 2019, for a total investment of \$1,500,000, representing the first milestone which guarantees Alliance Growers a 10% equity and profit-sharing interest in the Cannabis Biotech Complex. The first milestone is based on the original estimated construction costs of CAD\$15 Million, Alliance Growers’ 30% portion being a total of \$4.5 Million.

The amendment calls for the second milestone payment of a further \$3.0 million payable on or before June 30, 2019 to earn its 30% interest. The total funds required from Alliance Growers to acquire up to a 30% equity stake in BC Ltd. is dependent on the total cost of the final construction costs of the initial facility. To maintain a 30% equity stake going forward, Alliance will make a further investment on a pro rata basis for expansion of the Cannabis Biotech Complex, including the production and sales of CBD Dana tissue cultured plantlets, a proprietary high yield hemp strain. The near unanimous vote on the US Farm Bill signed into law by President Trump, essentially legalizing the production of hemp in the USA opens up Alliance and Pharmagreen to an enhanced revenue stream from the sale of CBD Dana plantlets to the US market.

The Cannabis Biotech Complex, being jointly developed by Pharmagreen Biotech Inc. (“Pharmagreen”) (OTC Venture: PHBI) and Alliance Growers, is in the construction phase and slated for completion in Q1 of 2020.

- 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.**

The Company entered into an amended contract with Bryan W. Kell Corporate Services Ltd. for the provision of full time services by Deanna Suave as Corporate Secretary at the rate of \$5,000 per month.

The Company executed the Transcend Capital Inc. contract December 18, 2018 to December 31, 2019 for the provision of financial analysis and advice to the Company with respect to any merger, acquisition, joint venture, substantial asset purchase or sale, or other such transactions contemplated by the Company. Payment of \$75,000 to arms length party.

- 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.

On December 18, 2018 the Company issued 1,500,000 shares from exercise of options at a price of \$0.10 per share for proceeds of \$150,000. The Shares are subject to a hold period of four months and one day from the date of closing.

On December 17, 2018, the Board of Directors has approved the cancellation of 200,000 options at \$0.20. On December 18, 2018 the Board of directors approved the grant of 1,500,000 options to a consultant of the Company, which options are exercisable into common shares of the Company at a price of \$0.10 per share. Subject to the rules of the Canadian Securities Exchange and the Company's Stock Option Plan, the options have a term of one year.

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: **JANUARY 4, 2018**

Dennis Petke, CA
Name of Director or Senior Officer

"Dennis Petke"
Signature

President and CEO
Official Capacity

Issuer Details <i>Name of Issuer</i>	<i>For Month End</i>	<i>Date of Report</i> YY/MM/DD
--	----------------------	-----------------------------------

Alliance Growers Corp.	DECEMBER 2018	19/01/04
<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
<i>Contact Email Address</i> dennispetke@alliancegrowers.com	<i>Web Site Address</i> www.alliancegrowers.com	