

## 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 DECEMBER, 2020

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 and was reported during the preceding month to which this report relates, this report should refer to the material information became known 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.

The term “Issuer” includes the Issuer and any of its subsidiaries.

- (b) 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 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 an 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.

Given COVID and other challenges in the cannabis space, including a smaller market due to LP failures, PharmaGreen has decided to develop a smaller facility initially to reduce capex in order to accelerate construction time to get its products to the market as soon as possible. PharmaGreen is getting closer to closing on a \$20M Bond Offering in Europe, which will fund the down-sized Tissue Culture Complex as well as Hemp operations in the US. Pharmagreen is modifying its engineering plans to reduce the size of the initial phase of the Tissue Culture Facility. The anticipated completion for construction of the facility is in Q4 of 2021.

**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 been developing its plan to embrace the inevitable change by looking at partnerships with companies 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 Technology** - The Company intends to form partnerships with world class R&D cannabis specialists and through its association with Pharmagreen and B.R.I.M. 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.**

### **Audited Financial Statements**

The COVID-19 pandemic has continued to cause business disruptions across all industries, including the cannabis space. The Company has expanded its work with its auditors to complete both the August 31, 2019 and August 31, 2020 annual Financial Statements, together with the interim filings for Q1, Q2 and Q3. Management anticipates completion of audits and other regulatory financial reporting and filings during the first quarter of 2021.

### **Global Medical Cannabis Opportunities**

On February 7, 2020, Alliance Growers reported that the Company had negotiated a Letter of Intent, allowing Alliance to offer “10 acre farm out parcels” to other cannabis companies, as well as operating its own 10 acre farms. Alliance Growers continues to evaluate the outdoor grow opportunity in Sierra Leone “West Africa”. during this disruption to the normal course of business created by the COVID-19 pandemic. Due to this ongoing situation, the Company has had no choice but to defer its initial planting of the medical cannabis in West Africa from this year to 2021 or later, subject to operating conditions being safe at the time.

### **CBD Product distribution in the US with TABU Branded products**

On September 4, 2020, the Company reported that it had entered into a Letter of Intent (“LOI”) to acquire all the issued and outstanding shares of an arms length private company, Tabu Canada Corp. (“Tabu”), on a one

for one share exchange by way of issuance of up to 32 million Units, at a value of \$0.035 per Unit. Each Unit consists of one common share and one-half share purchase warrant exercisable at \$0.10 per whole warrant for a period of two years subject to an acceleration clause. The LOI calls for the completion of a Definitive agreement following a due diligence process, with closing anticipated contemporaneously with the return to trade following all filings being current and the cease trade lifted.

The business plan calls for offering accessible CBD products, creating an interactive online environment, and providing leadership in cannabis hospitality. Tabu, operating as a wholly owned subsidiary of Alliance Growers, will integrate our brands and products into the everyday lives of consumers. Tabu will join the health industry, pet industry, beauty industry, eCommerce industry, hospitality industry, and more. Their varied approach will enable us to capitalize wherever cannabis trends steer the industry, permitting the initiation and maintenance of multiple revenue-generating campaigns simultaneously. Their product lines include innovative premium infused cannabis products and related product dispensing. Through an ambitious strategic plan, the Company would position itself to become an industry leader with premium cannabis products, infused with CBD and THC. This acquisition boasts significant wide-reaching distribution in the United States.

- 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.**

See Section 2.

- 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.**

The Company has been granted an exemption by the Canadian Securities Exchange regarding its minimum pricing policy.

Accordingly, upon completion of the filing of Audited Financial Statements and the rescission of the Cease Trade Order, Alliance Growers will undertake a private placement financing of up to \$150,000 by way of issuance of up to 6 million Units at a price of \$0.025 per Unit. Each Unit is comprised of one common share and one half-share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at a price of \$0.05 per share, for a period of two years. The warrants are subject to an acceleration clause after the resale restrictions on the shares have expired. The expiry time of the warrants may be accelerated if the Company's shares trade at or above a weighted average trading price of \$0.15 per share for 10 consecutive trading days. Finders fees may be payable on portions or all the financing, at the rate of up to 10% in cash.

**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.

On January 8, 2020, Alliance Growers Corp. was suspended pursuant to CSE Policy 3. The suspension is considered a Regulatory Halt as defined in National Instrument 23-101 Trading Rules. Cease trade orders have been issued by the Ontario Securities Commission and British Columbia Securities Commission for failure to file audited financial statements and associated documents. The Company is progressing on finalizing its audited financial statements, management discussion and analysis, and certification of annual filings for the years ended August 31<sup>st</sup>, 2019 and August 3, 2020, together with interim quarterly reports.

**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 7, 2021 Dennis Petke

*Name of Director or Senior Officer*

***“Dennis Petke”***

*Signature*

**President and CEO**

*Official Capacity*

<b>Issuer Details</b> <i>Name of Issuer</i> <b>Alliance Growers Corp.</b>	<i>For Month End</i> <b>DECEMBER 2020</b>	<i>Date of Report</i> <i>YY/MM/DD</i> <b>21/01/07</b>
<i>Issuer Address</i> <b>Suite 500 – 666 Burrard Street</b>		
<i>City/Province/Postal Code</i> <b>Vancouver, BC V6C 3P6</b>	<i>Issuer Fax No.</i> <b>(778) 653-0750</b>	<i>Issuer Telephone No.</i> <b>(778) 331-4266</b>
<i>Contact Name</i> <b>Dennis Petke</b>	<i>Contact Position</i> <b>CEO</b>	<i>Contact Telephone No.</i> <b>(778) 558-7434</b>
<i>Contact Email Address</i> <b><a href="mailto:dennispetke@alliancegrowers.com">dennispetke@alliancegrowers.com</a></b>	<i>Web Site Address</i> <b><a href="http://www.alliancegrowers.com">www.alliancegrowers.com</a></b>	