

## 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 MAY 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 will acquire up to a 30% non-dilutive equity interest in Pharmagreen’s subsidiary 1155097.

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.

The Alliance Growers/ Pharmagreen Cannabis Biotech Complex has received the regional board final approval for the development permit submitted in 2018 and are currently in the final stages of completing the design and engineering phase.

The Alliance Growers/ Pharmagreen Cannabis Biotech Complex pre-fill stage with the delivery of 40,000 cubic yards of construction fill to the Derouche site is planned for completion in Q2 2019. Site work on the 26-acre Cannabis Biotech Complex property is nearing completion for the preparations to have the site delivery ready for the fill. The well has been drilled, the septic field has been designated and the access road is being constructed. The anticipated completion for construction of the 63,000 square foot facility is in Q3 of 2020.

**Strategic Licensed Producer Investments** - Through a series of strategic investments under negotiation with Licensed Producers 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.

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 Cultivation and Sale 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.**

Management is in advanced discussions to jointly develop a hemp CBD extraction and distillation facility in Phase One of the Mont Royal properties. Obtaining licensing with hemp, is expected to be a much faster process than a cannabis cultivation license.

Development and distribution of CBD for medical and recreational purposes is an important part of the Company's business plan. Alliance has multiple distribution options, one significant option being via joint ventures through privately owned pharmacies in BC and Alberta.

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: **JUNE 5, 2019**

**Dennis Petke, CA**  
*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>MAY 2019</b>	<i>Date of Report</i> <i>YY/MM/DD</i> <b>19/06/05</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>	