

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 OCTOBER 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 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 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 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"). 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 13, 2019. During September, the Company postponed the Warrant Incentive Program until market conditions allow for the continuation of the Program.

US Cannabis and Hemp Opportunities

Earlier in the year, Alliance Growers had announced that it had entered into discussions with regard to several opportunities in the United States and internationally. In one case, Alliance Growers 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 Growers has ceased all discussions in that State for the time being.

Alliance Growers has also ceased discussions on the opportunity that the Company was pursuing in the United States, a Nevada, Hemp Operation, whereby Alliance Growers would partner on a portion of a 120-acre parcel of land in Nevada, USA to grow CBD-rich hemp. The potential partner has changed its direction with regard to hemp in Nevada.

Global Medical Cannabis Opportunities

Outside of North America, Alliance Growers 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 two African countries. The African opportunity 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 the final stages of securing a Canada wide exclusive master franchise agreement 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. The Canada wide exclusive master franchise agreement will permit the Company to sell, market and over see several turn-key organic waste management/organic fertilizer franchises that will provide services to cultivators and to the entire agri-food, industry specifically those that require in-line disinfection and clean processing equipment. As part of the process, this system uses the Black Soldier Fly Larvae to not only convert organic waste to produce an organic fertilizer, but also to create valuable products that can be sold into a number of different sectors which will provide Alliance with additional revenue streams. As well, the Company has negotiated the expansion of the Exclusive Canadian Distributor Agreement previously announced on October 10, 2019. An international element has been granted with opportunities in the USA and with sales access to other territories with no National Distributor.

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.

Irish Sea Organics 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 news releases on August 21, October 10 and October 24, 2019. The agreement is for a term of 60 months to be reviewed after 48 months.

The agreement includes income from equipment and consumable product sales, consultancy and service contracts, and a royalty stream. Alliance Growers has spent considerable time investigating the opportunity to add this technology and process of cleaning and sterilisation for the Canadian Cannabis and wider Agricultural industry sector to its business model of providing products and services to the cannabis and hemp growers.

Combined margins on the initial equipment, consumables and service agreements could be as high as 40% with smaller cannabis cultivation operations and up to 30% with larger producers. Up front capital costs for Alliance Growers are not expected to be excessive as the purchasers of the equipment and related consumables cover the bulk of those costs.

Alliance Growers has discussed the benefits of the Hypochlorous Acid (“HOCL”) technology as it would apply to the greenhouses to be built on the Cannabis Biotech Complex lands. As a result, Pharmagreen confirmed that the HOCL process that provides cleaning and disinfecting processes that will help protect their crops against mold, bacteria and spores, is something that fits with their plans to provide quality plantlets of the CBD Dana Hemp strain and other strains as well. Pharmagreen will be evaluating and utilizing this process in the greenhouses and eventually in the various facilities in Cannabis Biotech Complex as results dictate.

Also, the Company is in advanced discussions with a company that has created a turn-key waste management system for cannabis cultivators that combines growers’ cannabis waste with organic waste to produce an organic fertilizer to be used in their grow operations.

The waste management system may be implemented independently but integrates well with the HOCL system. The system, which creates a bio-fertilizer for the cultivator, has been developed by the same experienced team managing the company that has recently granted Alliance Growers an exclusive distributorship to the HOCL system. As part of the process, this system uses the Black Soldier Fly Larvae to not only convert organic waste to produce an organic fertilizer, but also to create valuable products that can be sold into a number of different sectors. As part of the arrangement with cultivators, Alliance Growers would purchase the unused by-products thus waste management becomes a revenue stream instead of a cost centre for the cultivators.

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: OCTOBER 18, 2019 Dennis Petke

Name of Director or Senior Officer

"Dennis Petke"

Signature

President and CEO

Official Capacity

Issuer Details <i>Name of Issuer</i> Alliance Growers Corp.	<i>For Month End</i> OCTOBER 2019	<i>Date of Report</i> <i>YY/MM/DD</i> 19/11/18
<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> <u>dennispetke@alliancegrowers.com</u>	<i>Web Site Address</i> <u>www.alliancegrowers.com</u>	