

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 JANUARY 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 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 has finalized the definitive agreement with WFS Pharmagreen Inc. (“Pharmagreen”), and its subsidiary 1155097 BC Ltd. (BC Ltd.), to acquire an 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. This definitive agreement solidifies the terms of the Binding Letter of Intent (“LOI”) between Pharmagreen and Alliance which was first reported on December 28, 2017 and amended on April 13, 2018 and December 21, 2018.

Alliance Growers has invested \$1,350,000 toward the Transaction to date, representing an initial 10% equity and profit-sharing interest in the Cannabis Biotech Complex, based on the original estimated construction costs. Alliance Growers has the option to acquire up to 30% of the Complex based on actual final Construction and Equipment Costs. The Parties agreed to enter into an addendum to this Agreement by June 30, 2019 (the “Addendum”), setting out the terms of the final Purchase Price for 30% of the Complex minus the \$1,350,000 already paid.

The Cannabis Biotech Complex, being jointly developed by WFS Pharmagreen Inc., the wholly owned Canadian Subsidiary of Pharmagreen Biotech Inc. (OTC Venture: PHBI) and Alliance Growers, is in the construction phase, forecast for completion in Q1 of 2020. Alliance Growers has been and continues to be a strategic partner in the development of the Biotech Complex at Deroche, BC. The funds advanced to date, by Alliance have been instrumental in the completion of the project design and engineering stage including permit application approvals from municipal and regional districts.

The migration to Health Canada's Cannabis Tracking and Licensing System, or CTLS has been completed. The CTLS is Health Canada’s worldwide web portal that enables the submission of new license applications, request for amendments and license renewals in addition to submission of monthly tracking reports. 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.

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: **FEBRUARY 6, 2019**

Dennis Petke, CA
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> JANUARY 2019	<i>Date of Report</i> <i>YY/MM/DD</i> 19/02/06
<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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