

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: VALENS GROWWORKS CORP. (the "Issuer").

Trading Symbol: VGW

Number of Outstanding Listed Securities: 53,175,857

Date: March 8, 2017

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 CNSX 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 CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing 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 CNSX 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.

Following Health Canada's Inspectorate's final inspection of wholly-owned subsidiary Valens Agritech's ("VAL") 17,000 sf facility in mid-January under its application for a Dealer's Licence, the Company anticipates receipt of same in due course. The typical post-licensing interval, based on best available feedback, is generally 6 to 8 weeks from inspection, assuming no deficiencies were

noted requiring action or attention.

On Feb 9 the company announced entering into two letters of intent (each, an "LOI"). Each LOI outlined a proposed arms-length transaction whereby the Company completes a corporate acquisition, subject to entering into a definitive Share Exchange Agreement ("SEA") between the parties. Subsequently, the Company entered into an SEA with Supra THC Services Ltd. to acquire 100% of the company, and engaged its largest shareholder, Dr. Robert O'Brien, as the president of VAL., and on Feb 17 set options to purchase up to 320,000 common shares of the Company at a price of \$1.25 per common share for Dr. O'Brien.

The other LOI entered into, to acquire 80% of Island Green Cure, a prospective applicant under the ACMPR regime, was subsequently dropped by mutual agreement, and our \$30,000 deposit was returned as requested with no further obligations between the parties.

On Feb 10 the Company announced the appointment of A.Tyler Robson, currently a director of the Company, as its Chief Operating Officer. Mr. Robson also continues as Director of Operations of Valens Agritech Ltd., the Company's wholly-owned operating subsidiary in Kelowna, B.C. As well, the Company issued a convertible unsecured 10% note (the "Note") to a non-arm's length lender, a company controlled by an outside director of the Company (the "Lender"), for an aggregate principal amount of \$500,000. The CEO of the Company has personally guaranteed the prompt, punctual and full payment of the Note when due. Note proceeds will be used for the purposes of meeting Company acquisition and expansion obligations and for general corporate purposes.

On Feb 16 the Company announced completion of the restructuring of its earlier-funded expansion agreement with Arizona-based MKHS, LLC and MKV Ventures 1, LLC. (jointly, "MKHS"). MKHS will complete the buildout of the 28,000-sf Farmtek greenhouse expansion, as proposed and funded by the Company in 2016 (the "Buildout"). In accordance with the PSA, payments of US\$60,000 per month for management services ("Management Services") will commence to the Company upon completion of the Buildout, with the initial three month's payments to be deferred and paid at the end of the third month following Buildout to allow for an initial harvest. In addition, the Company will provide consulting services ("Consulting Services") to be performed and invoiced monthly, and will be reimbursed for approved out-of-pocket expenses and sub-contracted services. Also, loan interest on the provided funding accrues at the rate of 15% per annum commencing May 15, 2016. Principal and interest, as well as US\$30,000 in cost recoveries for past accrued fees, shall be payable to the Company by MKHS in arrears commencing at the end of the third month following Buildout, and on the 15th day of each month thereafter over a 5-year term.

The Company continues to engage with LP holders, final stage applicants, and industry and financial sector participants to further its "seed to sale" and "farm to pharma" objectives. The Company's vision is to integrate natural health products and specialty cannabis offerings and services to create and maintain sustainable revenue and income streams by providing tailored end-to-end, horizontal solutions geared to the needs of patients and consumers.

The proposed transactions (the "Acquisitions") complement the Company's anticipated receipt of a Controlled Drugs and Substances Dealer's Licence following last month's final inspection by the Regional Inspectorate of the Office of Controlled Substances of Health Canada, and accelerates the Company's path to achieve sustainable cash flow.

2. Provide a general overview and discussion of the activities of management.

Meetings were held in Kelowna Feb 12-13 and Feb 25, and Feb 22-23 in Denver, Colorado to discuss corporate development and finance initiatives.

Company management in Vancouver remains focused on M&A assessment, capital requirements, preparation of the evolving corporate business plan, and integration of VAL's operations into the public company for financial reporting and budgeting purposes, including the alignment of accounting systems and year ends. The RTO has resulted in a Company year-end change to November 30 from Apr 30, and as a result we have commenced the audit work to file the required consolidated financial statements on or before March 31.

The Company engaged an outside corporate advisory service to help update our business plan and supporting revenue model, and to facilitate the preparation of a comprehensive investor (pitch) deck to effectively communicate our vision and the value proposition. A new website, a solid pitch deck and PowerPoint presentation are the priorities, the essential tools that will attract investor and industry interest and engage them in conversation leading to an accretive investment scenario as we continue to build the Company. This process continues and is helping management refine and focus its expansion initiatives.

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.

The Company's original objective is to take its unique products to the next level and move to acquire a Health Canada DIN number, thereby allowing it to pursue North American and European sales. As the worldwide market continues to develop, our focus on deriving different strains to alleviate different neurological conditions through intensive plant breeding will help position the Company for a leading position in the phyto-pharmaceutical world, and to capitalize through strategic acquisitions, partnerships or sponsorship.

VAL intends to add an LP for production of Medical Marijuana, allowing Valens to sell material to Medical Marijuana users and the lucrative world of recreational use once legalized. VAL's objective is to hold both R&D/Dealer licensing and Medical Marijuana Production licensing, and engage in-house in product testing and extraction services for its own products, as well as fee-for-service to other operators, enabling the capture a broad spectrum of the market. The Company also expects to add to its scalable cultivation capacity.

During 2016 the Company made a significant investment in MKHS, LLC in Arizona, which operates an 11,000 sf warehouse (Golf Links Road) cultivation, commercial kitchen and extraction facility, and a separate expandable 3,000 sf automated greenhouse located on 9.5 acres (Littletown Road). MKHS supplies medical Marijuana pursuant to the Arizona Medical Marijuana Act, operating two state-licensed "healing center" dispensaries, distributing its own in-house-prepared, branded line of edibles, concentrates and extracts. The initially proposed acquisition of MKHS was put on hold pending a restructuring of the relationship. That restructuring has now been completed and was reported on in our Feb 16 news release.

There exist considerable potential synergies with our funded U.S.-based operations in Tucson, Arizona. Our investment into Arizona was a significant step towards our strategic focus: to become a global, vertically integrated medical cannabis company that spans the entire medical cannabis value chain from "Farm to Pharma", encompassing the spectrum of cultivation through to production of pharmaceuticals derived from Marijuana, and all the steps in between: extracts, testing, clinical trials, clinical development, proprietary therapeutics, licensing, marketing and delivery. A "seed to sale" perspective has recently been discussed and is being incorporated within of strategic plan

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 to report

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 to report except as discussed in above, with the Company entering into an SEA with Supra THC Services Ltd. to acquire 100% of the company, and engaging its largest shareholder, Dr.

Robert O'Brien, as the president of VAL, and the setting of options to purchase up to 320,000 common shares of the Company at a price of \$1.25 per common share for Dr. O'Brien.

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 to report except the joint termination of the LOI with Island Green Cure Ltd.

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 provide details of the relationship.

None to report. The SEA between the Company and Supra THC Services is expected to close March 31.

8. Describe the acquisition of new customers or loss of customers.

None to report

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None to report

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

As discussed above, the engagement of Dr. Rob O'Brien, Ph.D. as the President and Chief Scientific Officer for VAL.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None to report

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.

None to report.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None to report other than per section 15 below.

14. Provide details of any securities issued and options or warrants granted.

Security	Number	Details of Issuance	Use of Proceeds ⁽¹⁾
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Convertible Note	\$500,000	Interest at 10% per annum. Lender is a director of the Company, and has the option but not an obligation to exchange all or part of the Note and accrued interest (the "Option Exercise") into common shares of the Company under the same terms and conditions as, and as a participant in the Financing.	General working capital and costs associated with equipment purchases and the expansion of operations at VAL.
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(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

See 14. above.

16. Provide details of any changes in directors, officers or committee members.

None to report

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

In 2001, Canada became the second country in the world to recognize the medicinal benefits of marijuana and to implement a government-run program for medical marijuana access. Health Canada replaced the prior regulatory framework and issued the Marijuana for Medical Purposes Regulations ("MMPR") in June 2013 to replace government supply and home-grown medical marijuana with highly secure and regulated commercial operations capable of producing consistent, quality medicine. The MMPR regulations issued in June 2013 covered the production and sale of dried cannabis flowers only. A court injunction in early 2013 preserves the production and access methods of the prior legislation for those granted access prior to the injunction.

Under the MMPR, patients are required to obtain a medical approval from their healthcare practitioner and provide a medical document to the licensed producer from which they wish to purchase marijuana. Since the requirements under the new regulations are both simpler and involve fewer obstacles to access than the previous regulatory regime, it is anticipated that the growth in the number of approved patients will accelerate. Moreover, the new system allows for competition among licensed producers on a host of factors including product quality, customer service, price, variety and brand awareness, allowing for well-positioned and capitalized producers to leverage their position in the marketplace.

On July 8, 2015 Health Canada issued certain exemptions under the Controlled Drugs and Substances Act (Canada) ("CDSA"), which includes a Section 56 Class Exemption for Licensed Producers under the MMPR to conduct activities with cannabis (the "Section 56 Exemption"), which permits Licensed Producers to apply for a supplemental license to produce and sell cannabis oil and fresh marijuana buds and leaves, in addition to dried marijuana (this does not permit Licensed Producers to sell plant material that can be used to propagate marijuana).

On February 24, 2016, the Federal Court of Canada rendered a decision in the Allard et al v the Federal Government of Canada case. This case began after the government's decision to repeal the Marijuana Medical Access Regulations ("MMAR") and enact the Marijuana for Medical Purposes Regulations ("MMPR"). The plaintiffs in the Allard case argued that the MMPR violates their Charter rights and the court, in a lengthy and detailed judgment, agreed with the plaintiffs.

The Company's interpretation of the Federal Court's ruling is as follows:

- the decision reaffirms the right of Canadians to possess marijuana for medical purposes;
- the decision stipulates that the Marijuana for Medical Purposes Regulations (“MMPR”), under which current licensed producers operate, does not provide sufficient access to cannabis;
- the current MMPR regulations remain in force; and
- the decision gives the Canadian Federal Government until August 24, 2016 to determine how existing regulations should be amended to ensure that patients have the access to medical marijuana that they need;

Health Canada estimates that 40,000 patients in Canada used doctor prescribed medical marijuana in 2015, establishing a market worth \$80 million. By 2024, Health Canada estimates that the number of patients using medical marijuana will grow to 450,000, creating a market worth an estimated \$1.3 billion.

Legalization of Recreational Use of Marijuana in Canada

On April 20, 2016, the Canadian Federal Government announced its intention to introduce, by the spring of calendar 2017, legislation to legalize the recreational use of marijuana in Canada. At this time, the form that this legislation will take is not known. The Company believes that the legislation will allow for controlled and highly regulated production by licensed producers along with limited grow-at-home options. The Company believes that, in the event recreational use of marijuana is legalized, that the majority of people will choose to purchase from a regulated production source rather than growing marijuana in their homes.

As of August 24, 2016, the Access to Cannabis for Medical Purposes Regulations (ACMPR) will replace the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's February 2016 decision in *Allard v. Canada*. This decision found that requiring individuals to get their marijuana only from licensed producers violated liberty and security rights protected by section 7 of the Canadian Charter of Rights and Freedoms. The Court found that individuals who require marijuana for medical purposes did not have "reasonable access".

The ACMPR are designed to provide an immediate solution required to address the Court judgement. Moving forward, Health Canada will evaluate how a system of medical access to cannabis should function alongside the Government's commitment to legalize, strictly regulate and restrict access to marijuana.

CIBC World Markets reports estimates of the potential value of the recreational marijuana market in Canada range from \$5 billion to \$10 billion per year. The lower market value of \$5 billion per year translates into yearly consumption of 770,000 kilograms of marijuana, assuming a price of approximately \$6.50 per gram. To put the potential size of the Canadian recreational market in context, Statistics Canada valued the beer market in Canada, in 2014, at \$8.7 billion.

International Development

Medical marijuana opportunities are becoming increasingly available as new jurisdictions move towards establishing new or improved medical marijuana systems. As Canada has developed an enviable regulatory model, companies acting within that framework have expertise, knowledge and potentially product to share with the global community.

Certificate of Compliance

The undersigned hereby certifies that:

- a. 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.

- b. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
- c. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
- d. All of the information in this Form 7 Monthly Progress Report is true.

Dated: March 8, 2017.

Robert van Santen, CPA, CA, CMT
Name of Director or Senior Officer

"Rob van Santen"
Signature

Chief Executive Officer / Chairman
Official Capacity

Issuer Details		For Month End	Date of Report
Name of Issuer Valens Groworks Corp.		February 28, 2017	YY/MM/DD 17/03/08
Issuer Address 12 th Floor, 1040 West Georgia Street,			
City/Province/Postal Code Vancouver, B.C. V6E 4H1	Issuer Fax No. (778) 379-9990	Issuer Telephone No. (604) 608-1999	
Contact Name Rob van Santen, CPA, CA, CMT	Contact Position Chairman/CEO	Contact Telephone No. Cell: (604) 649-1709	
Contact Email Address santen@shaw.ca	Web Site Address www.valensgroworks.ca		