

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: VGW

Number of Outstanding Listed Securities: 61,467,309

Date: December 5, 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.

On Oct 25, 2017 the Company announced a non-brokered private placement of up to 500,000 units (the "Units") at a price of \$1.00 per Unit for gross proceeds of up to \$500,000 (the "Offering"). The net proceeds of the Offering will be used for additional growing and oil extraction capacity at existing facilities, and general corporate purposes. The Company anticipates significant insider and contractor

participation in the Offering.

On Nov 6, 2017 the Company closed the first tranche of its non-brokered \$1.00 per Unit Offering, issuing 207,500 Units for proceeds of \$207,500. An insider participated in the amount of \$110,000.

On Nov 7, 2017 the Company announced entering into a three-year consulting agreement with Incanco Cannabis Consultants Co. Ltd. ("Incanco"), a company providing the services of John Conroy, a trailblazer as legal counsel in the legal challenges to cannabis prohibition legislation that compelled Canada to make various significant changes to legislation for the medical and social use of cannabis (marijuana). Under the terms of the Consulting Agreement, Incanco will participate in the Company's recently announced private placement in satisfaction of its \$300,000 signing bonus. In addition, 150,000 incentive stock purchase options ("Options") to purchase 150,000 common shares of the Company are being granted at a price of \$1.00 per common share, exercisable on or before October 31, 2020. These Options vest in stages over the course of three years, and are granted pursuant to the terms of the Company's stock option plan, subject to regulatory approval.

On Nov 13, 2017 the Company announced that due to higher than anticipated demand and increased capital requirements in connection with its facility upgrades and production capacity, the Company is increasing its previously announced private placement to an offering of 1,000,000 units of the Company (the "Units") at a price of \$1.00 per Unit for gross proceeds of up to \$1,000,000 (the "Offering"). The Corporation intends to use the net proceeds from the Offering to advance the operational capability of its Kelowna Facility and establish its initial cannabis crop. Remaining proceeds, if any, will be used for general corporate purposes.

During the week of Nov 20, 2017 Supra THC Services Inc. ("Supra") was successfully audited by the Canadian Association of Laboratory Accreditation Inc. ("CALA") as a follow-up to its application to be ISO17025 accredited for the purposes of cannabis testing. Supra expects formal granting of accreditation in the coming weeks and at this time will be the first and only laboratory in Canada to have achieved this highly regarded and international recognition.

On Nov 24, 2017 the Company announced that Mr. Saul Katz has been terminated from his position as president and chairman of the board effective immediately. Mr. Saul Katz remains a director of the company.

On Nov 29, 2017 the Company announced the closing of a further 505,200 Units of the Offering for proceeds of \$505,200, the second tranche of its non-brokered private placement to raise up to \$1,000,000 at a price of \$1.00 per Unit. Following our previous closing of \$207,500, this closing leaves \$287,300 available as a potential third tranche. Proceeds of the Offering are intended for general corporate purposes which includes submission of our application for an OTCQB listing, the engagement of several key strategic advisory consultants, and existing facility expansion costs, including additional growing and oil extraction capacity in preparation for a multi-phase expansion. The actual amount closed was \$530,200, with the difference deemed not sufficiently material to warrant a corrected news release, although mention may be made in a final closing news release.

Subsidiary Valens Agritech Ltd. ("VAL") is completing modifications to the 17,000 sf facility ahead of initial DL crop cultivation, which includes facility improvements and expansion, budgeted at approximately \$1,000,000 after significant fire code modifications were required as a result of the permitting process with the city. Modifications were necessary to acquire certain desirable modifications to its Dealers Licences, granted pursuant to the provisions of the Controlled Drugs and Substances Act and its Regulations, and in support of the pursuit of a Licence to Produce ("LP") under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") process. The Company believes that Health Canada's expedited process (improvements to its medical cannabis program were announced on May 26, 2017) may allow the near-term issuance of an LP to the Company, expedite the process to acquire an License to Sell ("LS") concurrent with our DL cultivation activities, and allow certain additional capabilities added to its DL.

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

Company officers continue to be engaged with VAL's operational readiness, planning, costing and modeling for expanded operations, and engaging in various discussions and negotiations with respect

to existing and anticipated management roles, and the completion of facility modifications required ahead of anticipated DL, LP and LS-related production capability.

The Company is focused on initiating production under its DL whilst ensuring no future conflict with the anticipated award of an LP. Company officers and directors largely eliminated corporate debt through recent conversions into equity, and structured an amendment to the existing lease on the premises ahead of further substantial expansion in anticipation of an LP licence award.

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 with a Dealer's Licence was to supply and participate in large scale clinical trials to ultimately acquire a Health Canada DIN number, thereby allowing it to pursue North American and European pharmaceutical sales. This has now grown substantially to encompass a much broader platform for growth as a biotechnology company with an aggressive buildout strategy.

The Company seeks to capture a broad spectrum of medical cannabis users, and adult recreational users once legalized, as well as clinical trial and R&D clients, in pursuit of its ambitious "plants to premium products" objectives. In addition, the Company seeks to capitalize on the large ancillary services market by capturing the required analytical testing by current and future licensed producers.

Wholly owned subsidiary Supra THC Services Inc. in collaboration with Thermo Fisher Scientific, a world leader in Health Science services, is developing a "Centre of Excellence in Plant Based Medicine Analytics" to provide analytical services and directed research and development, including clinical trials. Supra and the Company's subsidiary Valens AgriTech Ltd. ("Valens AgriTech"), a Health Canada Licensed Dealer, recently announced a \$330,000 MITACS funded research grant and collaboration with UBC Okanagan and Thompson Rivers University to explore potential cannabis bio-products including pharmaceuticals, nutritional products, and industrial fiber.

The Company has entered into a strategic collaboration with Thermo Fisher Scientific (Mississauga) Inc. to develop a "Centre of Excellence in Plant Based Medicine Analytics" centered in Kelowna. This agreement is the first of its kind between a Canadian cannabis company and a world leader in Health Science services, with an ability to deliver innovative technologies, purchasing convenience and comprehensive services to this emerging market.

As the worldwide market continues to develop, deriving and branding different strains to alleviate specific neurological conditions through intensive plant breeding helps position the Company for a leading position in the phytopharmaceutical world, and to capitalize through strategic acquisitions, partnerships or sponsorship.

An application for an LP for production of Medical Marijuana as an add-on Dealer's Licence is anticipated to allow "Craft Cannabis" sales to Medical Marijuana users and for the adult-use recreational use once legalized in July 2018. VAL's objective is to hold both R&D/Dealer licensing and Medical Marijuana Production and Sales licensing, and engage in extraction services for its own products, product testing, and providing fee-for-service to other operators, enabling the capture a broad spectrum of the market. The Company anticipates significant expansion to its existing cultivation capacity in due course.

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.

On Nov 7, 2017 the Company announced entering into a three-year consulting agreement with Incanco Cannabis Consultants Co. Ltd. ("Incanco"), a company providing the services of John Conroy, a trailblazer as legal counsel in the legal challenges to cannabis prohibition legislation that compelled Canada to make various significant changes to legislation for the medical and social use of cannabis (marijuana). Under the terms of the Consulting Agreement, Incanco will participate in the Company's recently announced private placement in satisfaction of its \$300,000 signing bonus. In addition, 150,000 incentive stock purchase options ("Options") to purchase 150,000 common shares of the Company are being granted at a price of \$1.00 per common share, exercisable on or before October 31, 2020. These Options vest in stages over the course of three years, and are granted pursuant to the terms of the Company's stock option plan, subject to regulatory approval. Arrangements are at arms-length to the Company and its officers and directors.

On November 28, 2017 the Company entered into a 12-month Media Services Agreement with Market One Media Group Inc. for a media campaign and editorial coverage arrangement. Arrangements are at arms-length to the Company and its officers and directors.

5. 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

6. 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

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

None to report

8. 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.

On Nov 12, 2017 Supra entered into a MOU with Toronto Capital Corp for a strategic partnership with the intent to develop a facility in Belleville, ON for the purposes of laboratory analysis and cultivation under a Dealers Licence. The facility is to be operated as a joint venture under Supra.

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

On Nov 24, 2017 the Company announced that Mr. Saul Katz has been terminated from his position as president and chairman of the board effective immediately. Mr. Saul Katz remains a director of the company.

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

None to report

11. 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.

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

None to report

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

| Full Name & Residential Address of Placee | Number of Common Shares issued | Purchase price per Security (CDN\$) | Prospectus Exemption | Number of warrants issued | Payment Date(1) | Describe relationship to Issuer (2) |
|--|--------------------------------|-------------------------------------|----------------------|---------------------------|-----------------|-------------------------------------|
| Izinga Commercial Contracting Inc. 3009 – 3151 Lake Shore Road, Kelowna, BC V1W 3S9 | 50,000 | \$1.00 | 45-106 2.3 | 25,000 | Nov 6 2017 | N/A |
| 966544 BC Ltd. 660 Long Ridge Drive Kelowna, BC V1V 2R9 Attention: Francois Louw | 17,500 | \$1.00 | 45-106 2.3 | 8,750 | Nov 6 2017 | N/A |
| NBCN INC ITF Robert O'Brien 51FSY6A M100-1010 de la Gauchetiere St.,W. Montreal QC H3B 5J2 | 110,000 | \$1.00 | 45-106 2.3 | 55,000 | Nov 10 2017 | N/A |
| Gord Fretwell 14th Floor, 1040 W Georgia St. Vancouver, BC V6G 3B7 | 25,000 | \$1.00 | 45-106 2.3 | 12,500 | Nov 6 2017 | Corp Secretary |
| Amedeo Mercuri 849 Liban Court, Kelowna, BC V1Y 8B6 | 5,000 | \$1.00 | 45-106 2.5 | 2,500 | Nov 6 2017 | N/A |
| Hans Birker 409 Cadder Ave., Kelowna, BC V1Y 5N2 | 8,000 | \$1.00 | 45-106 2.5 | 4,000 | Dec 5 2017 | N/A |
| Mark Naccache 257 Du Domaine, Laval, QC H7X 3R9 | 15,000 | \$1.00 | 45-106 2.5 | 7,500 | Nov 16 2017 | N/A |
| Services Super Punch Inc. 725 Rue Denison Ouest Granby, Quebec J2G 4G2 | 5,000 | \$1.00 | 45-106 2.5 | 2,500 | Nov 16 2017 | N/A |

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|---|---------|--------|---------------|---------|-------------|-----|
| Michaël Bordeleau-Tassile 143 Av Du Parc Laval, QC H7N 3X1 | 10,000 | \$1.00 | 45-106 2.3 | 5,000 | Nov 16 2017 | N/A |
| Rand Armstrong 127-1 Klondike Road, Whitehorse, Yukon Y1A 3L6 | 15,000 | \$1.00 | 45-106 2.3 | 7,500 | Nov 23 2017 | N/A |
| Davy Ly 4015 Pl. Albert-Dreux, St. Laurent, QC H4R 2Y3 | 20,000 | \$1.00 | 45-106 2.3 | 10,000 | Nov 22 2017 | N/A |
| Jay Maki 440, Whispering Water Trail, Calgary, AB T3Z 3V1 | 7,200 | \$1.00 | 45-106 2.3 | 3,600 | Nov 23 2017 | N/A |
| Incanco Cannabis Consultants Co. Ltd. Suite 1720 – 355 Burrard Street, Vancouver, BC V6C 2G8 | 300,000 | \$1.00 | 45-106 2.3 | 150,000 | Nov 30 2017 | N/A |
| Randy O'Neill 791 Alder Ave., Sherwood Park, AB T8A 1V1 | 25,000 | \$1.00 | 45-106 2.3 | 12,500 | Nov 27 2017 | N/A |
| Water Street Assets Inc. Suite 320 – 440 West Hastings St., Vancouver, BC V6B 1L1 | 125,000 | \$1.00 | 45-106 2.3 | 62,500 | Nov 30 2017 | N/A |

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

Tranche 1 closing for 207,500 Units issued at a price of \$1.00 closed on November 6, 2017.

Tranche 2 closing for 530,200 Units issued at a price of \$1.00 closed on November 29, 2017.

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

None to report.

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

On Nov 24, 2017 the Company announced that Mr. Saul Katz has been terminated from his position as president and chairman of the board effective immediately. In accordance with the Executive Services Agreement (the "ESA") the Company may terminate the engagement of the Consultant under the ESA summarily, without any notice or any payment in lieu of notice, for Just Cause. In accordance with the terms of the ESA, the Consultant will be entitled to compensation earned by the Consultant before the Effective Date of Termination calculated pro rata up to and including the Effective Date of Termination and will not be entitled to any severance or other payments under the ESA or otherwise.

Except for matters of indemnity or in the case of urgency to prevent material harm to a substantive right or asset, the ESA provides that all questions or matters in dispute with respect to the ESA will be submitted to arbitration.

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

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.

Marijuana could be legal for adult recreational use in Canada by July 1, 2018. The legislation will broadly follow the recommendation of a federally appointed task force that was chaired by former liberal Justice Minister Anne McLellan. CBC News reported that the federal government will be in charge of making sure the country's marijuana supply is safe and secure, and Ottawa will license producers.

It is expected that Canada's cannabis industry could reach \$22.6 billion over the coming years, according to Deloitte, with a retail market worth up to \$8.7 billion. With only around 50 producers licensed by Health Canada thus far, there's a significant market opportunity for Valens to capitalize on this growth over time. The Company has focused on building its production profile with Valens as well as it's testing capacity through Supra which provides third party analytical services required by all producers.

On May 26 2017 Health Canada introduced several improvements to its medical cannabis program, expected to have direct application to the Company's expansion plans. Health Canada ("HC") states that effective immediately the application process for becoming a licensed producer of cannabis for medical purposes is as follows:

- Intake and Initial Screening
- Detailed Review and Initiation of Security Clearance Process
- Issuance of Licence to Produce ("LP")
- Introductory Inspection (as cultivation begins)
- Pre-Sales Inspection
- Issuance of Licence to Sell ("LS")

These improvements streamline the application process for issuing LPs, with some stages of the application reviews taken concurrently, permitting licensed producers to manage production on the basis of their vault capacity, authorizing longer validity periods for licenses and security clearances, and streamlining the review and approval of applications to modify or expand an existing production facility for licensed producers with a record of good compliance.

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: December 5, 2017.

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

"Rob van Santen"
Signature

Chief Financial Officer
Official Capacity

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| Issuer Details Name of Issuer Valens GroWorks Corp. | For Month End November 30, 2017 | Date of Report YY/MM/DD 17/12/05 |
| 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 CFO | Contact Telephone No. Cell: (604) 649-1709 |