FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Alliance Growers Corp.** (the “*Issuer*”).

Trading Symbol: **ACG**

Number of Outstanding Listed Securities: **27,778,527**

Date: **Month of September 2016**

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 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 EXCHANGE Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

1. 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.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. 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 Corp. is a diversified cannabis company driven by the Company’s ‘Four Pillars’ Organization Plan-: Marijuana for Medical Purposes Regulations (“MMPR”) licensed facilities, distribution networks, consumer products, and research and development - to focus Alliance Growers’ potential for success in the medical marijuana market.**

**MMPR -Alliance holds a 50% interest in BC Maramed Production Ltd. (“BCMM”), which owns a leasehold interest and equipment for an 11,000 square foot production facility in Kelowna, British Columbia. BCMM has submitted an application to become a Licensed Producer of medical marijuana under Health Canada’s MMPR program. Upon receipt by BCMM of an approved MMPR Production License from Health Canada, a further 12.5% interest in BCMM will be transferred to Alliance.**

**Distribution Networks-The Company continues to look for attractive acquisition opportunities and commercial relationships in Canada, Washington State, Colorado and Oregon and other states for medical Cannabis.**

**Consumer Products-The Company is constantly seeking new accretive acquisition opportunities as well as commercial relationships for its Consumer Products division. Alliance is currently in discussions with entities that will source, develop, distribute and sell cannabis related paraphernalia and edibles through retail establishments located in the emerging permitted US and Canadian markets.**

**Research and Development-the Company will be heavily engaged in research and development including certain product development.**

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

**As the business model for Alliance 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 organizational Plan.**

**Management is currently in discussions with entities that will source, develop, distribute and sell cannabis related paraphernalia and edibles through retail establishments located in the emerging permitted US and Canadian markets. In addition, Alliance is in discussions with suppliers in Canada, USA and Mexico sourcing health products made from natural ingredients such as hemp and cactus.**

**Management is also identifying opportunities to create partnerships or direct ownership of dispensaries and retail outlets in both BC and Washington State.**

**The Company is in an advanced stage of finalizing a Collaboration Agreement for a Canada Exclusive License to jointly develop and operate a Clean Room Certified Lab, (the “Botany Centre”). This 40,000 square foot facility is the first of its kind in Canada to house a DNA Botany lab, extraction facility and Tissue Culture Plantlet Production facility to service the Cannabis market specifically and the agriculture market in general.**

**Previously the Company entered into an LOI for a license agreement for the Chibafreen Invitro Plant Production System through WPS PharmaGreen Inc. That LOI expired August 31, 2016, and the Company will now be dealing directly with Botanical Research In Motion International Inc. (BRIM) regarding the collaboration and utilization of BRIM’s proprietary technologies. Alliance Growers is working with BRIM to finalize the agreement and provide further information to demonstrate to all stakeholders how the Botany Centre will add significant value to the Company.**

**To finance the development of the Botany Centre, the Company has engaged DGWA, the German Institute for Asset and Equity Allocation and Valuation, known and respected as one of the leading German Corporate Boutiques for global small and mid-cap consulting and investments. As reported on August 18, 2016, Alliance has applied for a listing on the Frankfurt Stock Exchange, as the beginning of a European partnership with DGWA.**

**On September 27, 2016, the Company announced a non-brokered private placement (the "Private Placement") of up to 4,000,000 units (the "Units") at a price of $0.05 per Unit, for gross proceeds of up to $200,000. Each Unit is comprised of one common share and one-half share purchase warrant. Each full share purchase warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.10 per share, for a period of two years from the date the Units are issued. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.15 per share for 10 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice.**

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 Botany Centre, when complete, will total approximately 40,000 square feet and will be developed in phases.  The initial phase of development is anticipated to be approximately 7,000 square feet of lab and office space.  This initial component is the building block to the complete facility, and it will be first to generate revenue.**

**The Canada Exclusive License to jointly develop and operate a clean room certified facility, includes the following components.**

**1 - B.R.I.M.’s proprietary “Chibafreen Invitro Plant Production System”**

**Utilizing its proprietary state of art clean tissue culture lab room design to produce over one million Tissue Culture Plantlets per year. The design is scalable and designed for all flora to serve the entire agriculture industry.**

**2 - B.R.I.M.’s proprietary Cryotissue Cold Storage**

**Utilizing the one-of-a-kind Cryotissue Cold Storage technology for tissue culture preservation and regeneration as needed on long term basis.**

**3 – Extraction Lab**

**Provide custom profiles for extraction for botanicals oils for retail market.**

**Provide extraction services as retail services to cultivators.**

**4 - Botanical DNA Services Laboratory**

**Certifying plant tissue as the genetic level.**

**Additional DNA mapping services.**

**5 - B.R.I.M’s proprietary research for cannabis for large commercial scale micro propagation production when permitted.**

**Potential revenues from the various components for this size facility are estimated by BRIM as follows.**

* **The Tissue Culture Lab and Cryotissue Cold Storage, with the custom clean room lab design is scalable and designed for all flora to serve the agriculture industry, up to $500,000 in monthly gross revenue potential.**
* **Cryotissue Cold Storage, managing up to 5,000 samples at TBD price per month estimated at $10 per month per sample, up to$50,000 in monthly gross revenue potential.**
* **Revenue from co-development of custom profiles for extraction for botanical oils for retail market, estimated up to $250,000 in monthly gross revenue potential.**

**The facility will also generate revenue from co-developing products utilizing botanical oils, primarily from cannabis. The details of potential revenue are still under discussion as to proprietary formulations currently being developed and under testing. Revenues may be also be derived from extraction as retail services to cultivators, as we prepare for legalization in Canada. Further potential revenue streams will be disclosed 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.

**Not applicable.**

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.

**The Company is in an advanced stage of finalizing a Collaboration Agreement for a Canada Exclusive License to jointly develop and operate a Clean Room Certified Lab, (the “Botany Centre”). This 40,000 square foot facility is the first of its kind in Canada to house a DNA Botany lab, extraction facility and Tissue Culture Plantlet Production facility to service the Cannabis market specifically and the agriculture market in general.**

**The Company is dealing directly with arms-length Botanical Research In Motion International Inc. (BRIM) regarding the collaboration and utilization of BRIM’s proprietary technologies. Alliance Growers is working with BRIM to finalize the agreement and provide further information to demonstrate to all stakeholders how the Botany Centre will add significant value to the Company.**

**Alliance has applied for a listing on the Frankfurt Stock Exchange. To facilitate the listing, as the beginning of a European partnership, the Company has engaged DGWA, the German Institute for Asset and Equity Allocation and Valuation, known and respected as one of the leading German Investment Banking Boutiques providing global small and mid-cap financial market advisory services. DGWA is not a related party.**

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.

**Not applicable.**

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.

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 trade-marks.

**Not applicable.**

10. Report on any employee hirings, 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.

**The Company has approved the grant of 2,750,000 options to directors, officers, employees and consultants of the Company, which options are exercisable into common shares of the Company at a price of $0.05 per share. Subject to the rules of the Canadian Securities Exchange and the Company's Stock Option Plan, the options have a term of five years and will expire on September 15, 2021.**

**On September 27, 2016, the Company also announced a non-brokered private placement (the "Private Placement") of up to 4,000,000 units (the "Units") at a price of $0.05 per Unit, for gross proceeds of up to $200,000. Each Unit is comprised of one common share and one-half share purchase warrant. Each full share purchase warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.10 per share, for a period of two years from the date the Units are issued. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.15 per share for 10 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice.**

**A portion of the Private Placement may be completed in accordance with the exemption set out in BC Instrument 45-534 (Exemption from prospectus requirement for certain trades to existing security holders) (the "Security Holder Exemption") pursuant to the terms and conditions of this Offering News Release and BC Instrument 45-534. Alliance shall make the pro-rata offer available to all persons who, as of the record date of September 20, 2016, held common shares in the capital of the Company. In accordance with the requirements of the Security Holder Exemption, the Company confirms there is no material fact or material change related to the Company which has not been generally disclosed.**

**The Company plans to allocate the proceeds of the Private Placement to general working capital. The financing is subject to regulatory approval. All securities issued pursuant to the placement will be subject to a hold period of four months and one day from the date of closing.**

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

**Not applicable.**

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 5, 2016** .

**Dennis Petke**

*Name of Director or Senior Officer*

**/s/ *Dennis Petke***

*Signature*

**President and CEO**

*Official Capacity*

|  |  |  |
| --- | --- | --- |
| **Issuer Details**  *Name of Issuer*  **Alliance Growers Corp.** | *For Month End*  **AUGUST 2016** | *Date of Report*  *YY/MM/DD*  **16/10/05** |
| *Issuer Address*  **Suite 500 – 666 Burrard Street** | | |
| *City/Province/Postal Code*  **Vancouver, BC V6C 3P6** | *Issuer Fax No.*  **(778) 653-0750** | *Issuer Telephone No.*  **(778) 331-4266** |
| *Contact Name*  **Dennis Petke** | *Contact Position*  **CEO** | *Contact Telephone No.*  **(778) 558-7434** |
| *Contact Email Address*  [**dennispetke@alliancegrowers.com**](mailto:dennispetke@alliancegrowers.com) | *Web Site Address*  [**www.alliancegrowers.com**](http://www.alliancegrowers.com) | |