FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **ACG**

Number of Outstanding Listed Securities: **27,148,527**

Date: **Month of May 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.

**The Company has organized into four divisions: 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. Alliance has been focused on becoming a vertically-integrated company in the medical marijuana industry through interests in cannabis production facilities, medical marijuana-related technologies, either through direct ownership or joint venture agreements. The new board, management and advisors of Alliance have been investigating distribution networks, seeking attractive acquisition opportunities and commercial relationships.**

**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. In addition to product acquisition, licensing and distribution, Alliance will be developing its own proprietary products under the guidance of Mr. Sina Pirooz, a Director and a compounding pharmacist. In addition, the Company will be heavily engaged in research and development including certain product development involving his expertise in compounding pharmaceuticals.**

**To date, 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 and has submitted an application to become a Licensed Producer of medical marijuana under Health Canada’s Marihuana for Medical Purposes Regulations (“MMPR”). 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.**

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

**The business model for Alliance is evolving 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 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.**

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.

**Not applicable.**

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.

**Not applicable.**

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.

**Not applicable.**

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.

**None**

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

**None**

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.

**On May 1, 2016, the Company appointed Harvey Lawson as Chief Financial Officer, replacing Dennis Petke, Interim CFO.**

**Harvey Lawson has had many years of experience in the management of public companies. He served as CFO of Trade Winds Ventures from 2001 to 2011 until the Company was purchased by Detour Gold Corp. on December 1, 2011. Prior to this, Harvey taught Financial Management at the National University of Singapore, Hong Kong Polytechnic and the BC Institute of Technology. Harvey is an active member of several Angel Investor groups in Vancouver and the Pacific North West where he offers his expertise in reviewing the financials of companies presenting to the Angels, as well as in the Due Diligence process of companies under consideration for investment. Harvey also mentors many young entrepreneurs in the Technology sector.**

**On May 13, 2016, the Company announced the appointment of Mr. Rob Grace as Vice President Corporate Development.**

**Mr. Grace’s entire career has been business development related, and includes over twenty years of capital market experience ranging from being a stockbroker to running a public company. Most recently he was responsible for corporate development and investor relations for El Tigre Silver, a TSX-listed silver company. He was responsible for sourcing an M&A transaction whereby Oceanus Resources acquired all of the outstanding common shares of El Tigre Silver. For 15 years he has been the President and CEO of Grace Relations, a marketing firm that specializes in investor relations and corporate communications for publicly traded companies. Previously he spent 5 years as a stockbroker in Toronto and Vancouver with PI Financial Corp. Mr. Grace graduated from Simon Fraser University with a Bachelor degree in Economics and Business.**

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  **June 5, 2016** .

**Dennis Petke**

*Name of Director or Senior Officer*

**/s/ *Dennis Petke***

*Signature*

**President and CEO**

*Official Capacity*

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| **Issuer Details**  *Name of Issuer*  **Alliance Growers Corp.** | *For Month End*  **MAY 2016** | *Date of Report*  *YY/MM/DD*  **16/06/05** |
| *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*  [**dennis@q4financial.com**](mailto:dennis@q4financial.com) | *Web Site Address*  [**www.alliancegrowers.com**](http://www.alliancegrowers.com) | |