

Grown Rogue Announces Binding Agreement for Michigan Cannabis Licenses and Assets

DETROIT, MICHIGAN – February 25, 2019 -- Grown Rogue International Inc. (CSE:GRIN | OTC: NVSIF) (“**Grown Rogue**” or the “**Company**”), a vertically-integrated, multi-state cannabis company, with licenses and operations in Oregon and California, has signed a binding agreement which provides the Company the right to acquire operational control of certain cannabis licenses and related assets as part of its expansion into the Michigan cannabis market, pending certain regulatory approvals.

“With the second highest total number of medical cannabis card holders in the United States Michigan’s legalization of cannabis for adult-use presents a very large cannabis market opportunity. Significant barriers to entry at the local level add meaningful value to the limited number of municipal licenses approved,” explained Obie Strickler, CEO of Grown Rogue. “We are very diligent in our expansion strategy and in finding the right partners to take the proven Grown Rogue platform into the state. Combining our expertise enables us to efficiently navigate and comply with the regional regulatory environment and rapidly expand the Grown Rogue footprint and brand.”

Grown Rogue has entered into a binding agreement (the “**Agreement**”) with Blue Zebra Community LLC (“**Blue Zebra**”). The Agreement provides for the option to acquire operational control (the “**Option**”) of the following cannabis related assets in Michigan pending Municipal and State regulatory approval (the “**Michigan Assets**”):

- Two strategically located proposed provisioning centers (retail dispensaries) in high demand regions in Midtown Detroit and Hazel Park where limited municipal licenses have been granted.
- A proposed 19,000 sq ft indoor cultivation and processing facility in Detroit, Michigan capable of producing 1,500,000 grams of dried cannabis flower annually at full production; and
- An entity that has received multiple municipal cultivation licenses for a 28-acre parcel located in the northern portion of the lower Michigan peninsula.

Once fully licensed, the provisioning (retail) centers will offer multiple Michigan cannabis brands as well as locally produced Grown Rogue branded products for the Michigan cannabis market. This will launch the Grown Rogue brand into the Midwest region.

Upon exercising the Option by Grown Rogue, Blue Zebra (or affiliates) is required to assign its rights and obligations to the Company pursuant to a binding agreement Blue Zebra (or affiliates) has with Helios Holdings, LLC (“**Helios**”) which provides the framework for the acquisition of the Michigan Assets as described below (the “**Helios Agreement**”). As part of its Agreement with Blue Zebra, Grown Rogue will issue 2,212,876 common share purchase warrants to Blue Zebra (or its affiliates) with an exercise price of \$0.44 per share (the “**Warrants**”), which vest according to certain milestones in accordance with the agreement with Blue Zebra.



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The Warrants expire on June 20, 2023. Grown Rogue will have the right to accelerate the expiry date of 25% of the Warrants during the term if the shares of the Company close at or above \$1.00 per share for a period of twenty (20) consecutive days. An additional 25% of the Warrants will accelerate if the shares of the Company close at or above \$1.50 per share for a period of twenty (20) consecutive days, and the remainder of the Warrants will accelerate if the shares of the Company close at or above \$2.00 per share for a period of twenty (20) consecutive days.

Pursuant to the terms of the Agreement, Grown Rogue has granted Blue Zebra, together with any affiliates, a pre-emptive right to maintain ownership, should the Warrants be exercised, of up to 5% of Grown Rogue's common shares. At the time Blue Zebra, or any affiliates, exercises its Warrants to obtain 5% ownership in the Company, Blue Zebra will have the right to nominate one member to Grown Rogue's board who shall be nominated by management at each annual shareholder meeting of Grown Rogue until such time the Blue Zebra's ownership in Grown Rogue falls below 4.67%. In addition, Grown Rogue has agreed to pay Blue Zebra between 5% and 7% of top line future revenues generated from its licensed operations in Michigan. Payment on these revenues shall be in a combination of stock and cash.

Helios Agreement

Helios, and its affiliate, intend to contribute real property for a 19,000 sq ft. proposed cultivation and processing facility to a newly formed joint venture to be operated by Grown Rogue, or its designated affiliate, upon receiving all necessary regulatory approvals.

Grown Rogue intends to secure a non-dilutive, real estate financing facility to cause the improvements to the Michigan Assets to be completed.

Helios will contribute the remaining Michigan Assets into one or more newly formed operating company(s) ("OpCo"). It is intended that Grown Rogue will hold a 3.62% convertible debenture for the initial funding of OpCo, with a put/call option to acquire all the issued and outstanding shares of the OpCo. The convertible debenture principal, including any interest, shall be returned to Grown Rogue first from 50% of any cash flow generated by OpCo. Conversion of the debenture by Grown Rogue is subject to State and Municipal regulatory approval.

The State licensing and regulatory process in Michigan requires multiple tiers of approval for any operations (cultivation, retail). Several municipal licenses have successfully been awarded to Helios and its affiliates.

Once licensed by the State, the 19,000 square foot facility will be the first cultivation and manufacturing center for OpCo. Initial plans for this facility will include the ability to produce 1,500,000 grams of cannabis flower per year with the construction of a perpetual harvest facility expected to open in Q4 2019. This facility will also include best-in-class extraction facilities where the OpCo will produce branded derivative products.

The interest in the 28-acre cultivation facility can include either indoor or greenhouse operations which are currently being evaluated. Construction and operation of this facility is expected in 2019 with an anticipated yearly yield of between 1,500,000 and 2,500,000 grams of annual cannabis production based on final design plans.



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Both of OpCo's proposed retail dispensaries are located in desirable high traffic locations and are expected to be licensed and operational by Q4 2019. OpCo aims to further expand to 10 retail dispensaries and 50,000 sq ft of cultivation facilities by the middle of 2020.

"Our partnership with Grown Rogue has accelerated our operations and already we have identified several additional licenses which could make Grown Rogue one of the leading cannabis operations in the entire state of Michigan," stated Maxim Ermakov, Helios Executive Director.

About Grown Rogue

[Grown Rogue International](#) (CSE: GRIN | OTC: NVSIF) is a vertically-integrated, multi-state cannabis company curating innovative products to provide consumers with the right cannabis experience. Each of Grown Rogue's products and strains are categorized and marketed based on unique effects and designed for the full range of a consumers' lifestyle. Grown Rogue is scaling the vertically integrated model into multiple states by incorporating best-in-class manufacturing facilities and a proprietary distribution platform based on Microsoft technology. Grown Rogue's diverse cannabis product suite includes premium flower, patent-pending nitrogen sealed pre-rolls, oil and concentrates, and edibles featuring a partnership with world-renowned chocolatier, Jeff Shepherd.

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This press release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" or similar expressions and include information regarding: (i) statements regarding the future direction of the Company (ii) the ability of the Company to successfully achieve its business and financial objectives, (iii) plans for expansion of the Company into Michigan and securing applicable regulatory approvals, and (iv) expectations for other economic, business, and/or competitive factors. Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company's management's expectations, estimates or projections concerning the business of the Company's future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws; compliance with extensive government regulation and related costs, and other risks described in the Company's Listing Statement available on www.sedar.com.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

Safe Harbor Statement:



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This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) the Company's financing plans; (ii) trends affecting the Company's financial condition or results of operations; (iii) the Company's growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words "may," "would," "will," "expect," "estimate," "anticipate," "believe," "intend" and similar expressions and variations thereof are intended to identify forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the Company's ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors including the risk disclosed in the Company's Form 20-F and 6-K filings with the Securities and Exchange Commission.

The Company is indirectly involved in the manufacture, possession, use, sale and distribution of cannabis in the recreational cannabis marketplace in the United States through its indirect operating subsidiaries. Local state laws where its subsidiaries operate permit such activities however, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company's business are disclosed in the Company's Listing Statement filed on its issuer profile on SEDAR at www.sedar.com. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

For further information on Grown Rogue International please visit www.grownrogue.com or contact:

Obie Strickler
Chief Executive Officer
obie@grownrogue.com

Jacques Habra
Chief Strategy Officer
jacques@grownrogue.com

Investor Relations Desk
Inquiries
invest@grownrogue.com