

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Grown Rogue International Inc. (the “**Corporation**” or “**Company**”)
340 Richmond Street West
Toronto, Ontario
M5V 1X2

Item 2 Date of Material Change

May 7, 2019

Item 3 News Release

A news release was issued by the Corporation on May 7, 2019 through the facilities of Cision and was subsequently filed on SEDAR.

Item 4 Summary of Material Change

On May 7, 2019, the Corporation announced the closing of a non-brokered private placement of secured convertible debentures with an aggregate principal amount of \$1,500,000 and the issuance of 3,409,091 common share purchase warrants.

Item 5.1 Full Description of Material Change

On May 7, 2019, the Corporation announced the closing of a non-brokered private placement (the “**Offering**”) of secured convertible debentures with an aggregate principal amount of \$1,500,000 (the “**Convertible Debentures**”). The Convertible Debentures bear an interest at a rate of 2% per calendar quarter and mature on August 10, 2020. The lead investor in the Offering is an experienced private equity cannabis investment fund.

The principal use of funds will be continued expansion investment in the Michigan assets, namely one cultivation center, and two retail dispensaries - including a midtown Detroit location. Additional funds will be dedicated to go-to-market strategies in California featuring Grown Rogue branded products and wholesale products.

The Convertible Debentures are convertible into common shares of the Corporation (the “**Common Shares**”) at a conversion price that is the lesser of: (i) \$0.44 per Common Share, or (ii) the lowest price for which securities of the Corporation are issued while such Convertible Debentures remain outstanding (the “**Conversion Price**”). If, within 90 days of the issuance of the Convertible Debentures, the Corporation fails to complete an offering of securities for gross proceeds of at least \$1,000,000, then the Conversion Price shall be reduced to \$0.30 per Common Share.

On closing, the Corporation issued to the purchasers of the Convertible Debentures 3,409,091 common share purchase warrants (the “**Warrants**”). The Warrants are exercisable for a period of two (2) years from issuance into Common Shares at an exercise price equal to the lesser of (i) \$0.55 per

Common Share; or (ii) the lowest price for which warrants of the Corporation are issued while such Warrants remain outstanding. If, during the term of the Warrants, the Corporation issues warrants with an exercise price below \$0.55 per Common Share (the “**Other Warrants**”), the Corporation will issue to the purchasers, on the same terms and conditions of the Other Warrants, additional warrants to equal the number of Warrants that would have been issued if the reduced offering price was used to calculate the number of Warrants issued.

The Convertible Debentures and Warrants issued pursuant to the Offering are subject to a statutory hold period of four months and one day from the closing date of the Offering.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

J. Obie Strickler
President and Chief Executive Officer
Tel: (503) 765-8108

Item 9 Date of Report

May 17, 2019.

Cautionary Note Regarding Forward Looking Information

This report 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 new jurisdictions 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 public disclosure 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.