

FORM 8

NOTICE OF PROPOSED PROSPECTUS OFFERING

Please complete the following:

Name of Listed Issuer: Grown Rogue International Inc. (the "Issuer").

Trading Symbol: GRIN

Date: March 23, 2021

Is this an updating or amending Notice: ☐ Yes ☒ No

If yes provide date(s) of prior Notices: Not applicable.

Issued and Outstanding Securities of Issuer Prior to Proposed Prospectus Offering: 121,990,553.

Date of News Release Announcing Proposed Prospectus Offering: February 11, 2021; March 5, 2021
(or provide explanation if news release not disseminated yet and expected date or circumstances that are expected to trigger news release dissemination)

On March 5, 2021 (the "Closing Date"), the Issuer completed a private placement of an aggregate of 21,056,890 special warrants (each a "Special Warrant") at a price of \$0.225 per Special Warrant for total gross proceeds of \$4,737,800.25 (the "Offering"). Each Special Warrant will entitle the holder thereof to receive, for no additional consideration, one unit of the Issuer (a "Unit") on the exercise or deemed exercise of the Special Warrant. Each Unit will consist of one common share (a "Common Share") of the Issuer and one Common Share purchase warrant (a "Warrant"), subject to adjustment in certain events. The Offering was carried out in accordance with the terms and subject to the conditions of an agency agreement (the "Agency Agreement") dated March 5, 2021 between the Issuer and Eight Capital (the "Agent"), as sole agent and bookrunner in connection with the Offering.

The Special Warrants will be exercisable by the holders thereof at any time after the closing date of the Offering (the "Closing Date") for no additional consideration and all unexercised Special Warrants and Agent's Warrants (as hereinafter defined) will be deemed to be exercised (for no additional consideration and with no further action on the part of the holder) on the date (the "Qualifying Date") that is the earlier of: (a) the day that is four months and one day following the Closing Date; and (b) the third business day after a receipt is issued for the final prospectus (the "Final Qualification Prospectus") by the regulatory authorities (the "Securities Regulators") in in each of the Provinces of British Columbia, Alberta, Manitoba, Nova Scotia and Ontario (the "Qualifying Jurisdictions"), qualifying the distribution of the Common Shares and Warrants issuable upon the exercise of the Special Warrants.

The Issuer shall use reasonable commercial efforts to obtain a receipt for the Final Qualification Prospectus on or prior to the date that is 30 days following the Closing Date (the "Penalty Date"). If the Issuer fails to qualify the distribution of the Unit Shares and Warrants underlying the Special Warrants pursuant to a Final Qualification Prospectus on or prior to the Penalty Date, the holders of Special Warrants will be entitled to receive an additional number of Units equal to 10% of the number of Units issuable upon the exercise or deemed exercise of the Special Warrants, resulting in each Special Warrant being exercisable for 1.10 Units (the "Penalty Provisions").

1. Prospectus Offering

1. Description of securities to be issued:

- (a) Class Units comprised of one Common Share and one Warrant.
- (b) Number Up to 23,162,579 Common Shares comprising the Units issuable upon the exercise of the Special Warrants (including securities issuable in the event the Penalty Provisions are triggered).
- (c) Price per security Each Special Warrant was issued at a price of \$0.225. The Special Warrant shall be converted for no additional consideration.
- (d) Voting rights 1 vote per Common Share

2. Provide details of the net proceeds to the Issuer as follows:

- (a) Per security: \$0.225 per Special Warrant.
- (b) Aggregate proceeds: \$4,737,800.25

3. Provide description of any Warrants (or options) including:

- (a) Number Up to 23,162,579 Warrants comprising the Units issuable upon the exercise of the Special Warrants (including securities issuable in the event the Penalty Provisions are triggered).
- (b) Number of securities eligible to be purchased on exercise of Warrants (or options) Up to 23,162,579 Warrant Shares underlying the Warrants (including the securities issuable in the event the Penalty Provisions are triggered).
- (c) Exercise price \$0.30
- (d) Expiry date March 5, 2023
- (e) Other significant terms Not applicable.

4. Provide the following information if debt securities are to be issued:

- (a) Aggregate principal amount Not applicable.
- (b) Maturity date Not applicable.
- (c) Interest rate Not applicable.
- (d) Conversion terms Not applicable.
- (e) Default provisions Not applicable.

5. Details of currently issued and outstanding shares of each class of shares of the Issuer:

Not applicable.

6. Describe any unusual particulars of the offering (i.e. tax “flow through” shares, special warrants, etc.).

Special Warrants (described above).

7. Provide details of the use of the proceeds:

The Corporation has received gross proceeds of \$4,737,800.25 from the sale of the Special Warrants. The net proceeds to the Corporation from the Offering are approximately \$4,158,554 after deducting the Agent’s Fee, the Advisory Fee and expenses in connection with the Offering and the estimated expenses of the Corporation in connection with the qualification for distribution of the Units. The Corporation intends to use the net proceeds from the Offering as set out in the table below:

<u>Milestone</u>	<u>Time period</u>		<u>Amount</u> ⁽¹⁾⁽²⁾
	<u>From</u>	<u>To</u>	<u>\$</u>
Capital costs for facility upgrades (dehumidifiers, HVAC, etc.) and operating costs at Warehouse 2, HSCP Oregon, LLC’s 30,000 square foot indoor growing facility in Medford, Oregon operated by GR Distribution	March 2021	June 30, 2021	504,832 (US\$400,000)
Payment of a portion of amounts owing pursuant to outstanding convertible debentures	March 2021	April 30, 2021	757,248 ⁽³⁾ (US\$600,000)
Capital costs to construct new outdoor farm in Medford Oregon	March 2021	June 30 2021	631,040 (US\$500,000)
Working Capital, Operating Expenses, Cash Reserves	March 2021	December 31 2021	2,265,434 (US\$ 1,795,000)
Total			\$4,158,554 (US\$3,295,000)

Notes:

- (1) *The Corporation is not expecting the COVID-19 health crisis to have a material impact on the ability of the Corporation to complete the above listed business objectives and milestones within the expected time frame but if the health crisis significantly worsens unexpected delays could occur.*
- (2) *The actual budgeted amounts are in United States dollars and converted to Canadian dollars at a rate of \$1.26 equals US\$1.00.*
- (3) *The Corporation plans to use approximately \$757,248 (US\$600,000) of the net proceeds to reduce or retire indebtedness owing under convertible debentures issued in August 2018.*

Although the Corporation intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above. While actual expenditures may differ from the above amounts and allocations, the net proceeds will be used by the Corporation for facility upgrades and operating costs at Warehouse 2, repayment of outstanding indebtedness, constructing a new outdoor growing facility in Medford Oregon and for general corporate purposes.

8. Provide particulars of any proceeds of the offering which are to be paid to Related Persons of the Issuer: Not applicable.
9. Provide details of the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering:

In December and February 2021 the Corporation’s subsidiaries, GR Distribution and GR Gardens, received total gross proceeds of \$1,269,865 from certain debt and equity financings.

and on January 19, 2021 and February 5, 2021, the Corporation completed non-brokered private placement offerings for aggregate gross proceeds of \$253,973 and \$1,312,000, respectively (collectively, the “**Prior Offerings**”). The following table sets out a comparison of how the Corporation has used the proceeds from the Prior Offerings as of the date of this Prospectus, an explanation of variances and the impact of variances on the ability of the Corporation to achieve its business objectives and milestones.

Intended Use of Proceeds and Amount of Prior Offerings		Actual Use of Proceeds from Prior Offerings	Variance (Over)/Under Expenditure	Explanation of Variance and impact on business objectives
for general corporate purposes and to complete the build out of the Warehouse 1 indoor facility located in Medford, Oregon	\$1,269,865 ⁽¹⁾ (US\$1,000,000)	\$1,269,865 ⁽¹⁾⁽²⁾ (US\$1,000,000)	None	N/A
to satisfy certain option payments due to Golden Harvests and for general corporate purposes	\$253,973			N/A
for strategic acquisitions, expansion into Michigan and for general corporate purposes	(US\$200,000)	\$253,973 ⁽¹⁾⁽³⁾ (US\$200,000)	None	Of the under expenditure variance amount of \$672,000 (US\$525,000), \$588,800 (US\$460,000) remains payable in connection with the exercise of the Canopy Purchase Option and is expected to be paid when due, and approximately, \$83,200 (US\$65,000) is planned to be used to pay certain vendors, when invoiced. These variances had no material impact on the Corporation's business
	\$1,312,000 ⁽⁴⁾ (US\$1,025,000)	\$640,000 ⁽⁴⁾⁽⁵⁾ (US\$500,000)	\$672,000 (US\$525,000)	

				objectives.
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Notes:

- (1) The actual amounts were received in United States dollars and converted to Canadian dollars at a rate of \$1.26 equals US\$1.00.
- (2) Of the total proceeds of approximately \$1,269,865 (US\$1,000,000), \$1,079,385 (US\$850,000) was used in connection with the payments due pursuant to the HSCP Transaction for the acquisition of a 30,000 square foot indoor growing facility and a retail dispensary, and the remainder of approximately \$190,480 (US\$150,000) was used to complete the build out of the existing Warehouse 1 indoor facility in Medford, Oregon.
- (3) Of the total proceeds of approximately \$253,973 (US\$200,000), \$126,987 (US\$100,000) was paid toward the exercise price of the Canopy Purchase Option and the balance of \$126,987 (US\$100,000) was used for general corporate purposes.
- (4) The actual amounts were received in United States dollars and converted to Canadian dollars at a rate of \$1.28 equals US\$1.00.
- (5) Of the total proceeds used of approximately \$640,000 (US\$500,000), \$128,000 (US\$100,000) was used for expenses at the Golden Harvests indoor facility in connection with Corporation's expansion into Michigan, under the terms of the Management Agreement, \$256,000 (US\$200,000) was used for operating expenses and capital improvements at the Warehouse 2 indoor facility, and the balance of approximately \$256,000 (US\$200,000) was used for general corporate purposes, including in respect of the payment of invoices and audit and tax costs.

9. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the offering (including warrants, options, etc.):

- (a) Details of any dealer, agent, broker, finder or other person receiving compensation in connection with the offering (name, address, beneficial ownership where applicable)

Eight Capital - 100 Adelaide St W Suite 2900, Toronto, ON M5H 1S3.

- (b) Cash Pursuant to the Agency Agreement, the Corporation paid to the Agent (i) a cash fee of \$253,745 (the "Agent's Fee"), representing 7.0% of the gross proceeds of the Brokered Offering (the "Agent's Fee"), subject to a reduced fee of up to 3.5% for Special Warrants sold by the Agent to certain purchasers designated by the Corporation on the President's list (the "President's List"), and (ii) a cash fee of \$25,500 (the "Advisory Fee") for advisory services provided to the Corporation in connection with the Offering.

- (c) Securities As additional compensation, the Corporation also issued to the Agent (A) 1,127,758 warrants (the "Broker Warrants") exercisable to acquire 1,127,758 compensation options (the "Compensation Options") of the Corporation for no additional consideration; and (B) 113,500 advisory warrants (the "Advisory Warrants"), exercisable to acquire 113,500 Compensation Options for no additional consideration. Each Compensation Option will be exercisable to acquire one Unit (a "Compensation Unit") comprised of one Unit Share (a "Compensation Share") and one Warrant (a "Compensation Warrant") at the Offering Price at any time prior to 5:00 p.m. (Toronto time) on March 5, 2023. Each Compensation Warrant shall entitle the holder thereof to purchase one Common Share (a "Compensation Warrant Share") at a price of \$0.30 at any time before 5:00 p.m. (Toronto time) on March 5, 2023, subject to adjustment in certain events. This Prospectus qualifies the distribution of the Compensation Options.

- (d) Other Not applicable.
- (e) Expiry date of any options, warrants etc. March 5, 2023
- (f) Exercise price of any options, warrants etc. \$0.225 per Broker Warrant; \$0.225 per Advisory Warrants; \$0.30 per Compensation Warrant
10. State whether the sales agent, broker, dealer, finder, or other person receiving compensation in connection with the offering is a Related Person of the Issuer with details of the relationship:
- Not applicable.
11. Provide details of the manner in which the securities being offered are to be distributed. Include details of agency agreements and sub-agency agreements outstanding or proposed to be made including any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings:
- The Offering was completed pursuant to the Agency Agreement (described above.)
- The Special Warrants were issued on March 5, 2021 pursuant to the terms of a special warrant indenture (the "**Special Warrant Indenture**") between the Corporation and Capital Transfer Agency, ULC ("**Capital Transfer**").
- The Warrants comprising the Units issuable upon exercise or deemed exercise of the Special Warrants are issuable pursuant to a warrant indenture dated March 5, 2021 (the "**Warrant Indenture**") between the Corporation and Capital Transfer.
12. Attach any term sheet, engagement letter or other document setting out terms, conditions or features of the proposed offering.
- Please find attached a copy of the Agency Agreement.

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 on behalf of the Issuer.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the 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 8 Notice of Proposed Prospectus Offering is true.

Dated: March 23, 2021.

Obie Strickler
Name of Director or Senior Officer

"Obie Strickler" (Signed)
Signature

President & Chief Executive Officer
Official Capacity