



Quinsam Reports Strong Q2/2018 Results

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Toronto, Ontario, August 22, 2018 – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) is pleased to announce strong Q2/2018 results, with net income of \$3.3 million (\$0.03 per share) versus a loss of \$0.3 million (\$0.01 per share) in Q2/2017. Net income for Q2/2018 included a non-cash charge of \$0.4 million for stock-based compensation and \$0.5 million for non-cash deferred tax provision.

“We entered the quarter with shareholders’ equity of \$36.8 million, so our return on equity in the quarter after non-cash charges was nearly 10%. Our return in the quarter before non-cash charges was over 11%.” said Roger Dent, CEO of Quinsam. “At quarter-end, we had net assets of approximately \$0.34 per share outstanding (\$0.35 before deferred taxes)”

Recent Activity

The Company has deployed the capital raised in the financings announced earlier in 2018 and in 2017. Quinsam is now actively managing its portfolio in the pursuit of optimal risk/reward performance. We take a variety of operational approaches to our investments with the same investment goal: to achieve strong investment overall performance while mitigating the downside risk whenever possible. Some are long-term strategic plays, some are more controlled risk investments through convertible debentures and some are more opportunistic market plays.

As a result, Quinsam has made some opportunistic dispositions in 2018. Dosecann was acquired by Auxly Cannabis Group Inc. (“Auxly”) and Quinsam received Auxly shares and warrants. Auxly was not really an investment where we felt we could add a great deal of value, so the Company disposed of its Auxly shares at prices ranging from \$1.06 to \$1.28 (cost \$0.80; recently trading at \$0.87). We retain our warrant holding. We have sold our Khiron Life Sciences Corp. shares at prices ranging from \$1.02 to \$1.30 but retain our warrant position (cost \$1.00; recently trading at \$0.98). We have disposed of our Cannex Capital Holdings Inc. shares at a price of \$1.34 but retain our warrant position (cost \$1.00; recently trading at \$0.88). We converted our Hiku Brands Company Ltd. debentures after the announcement of its acquisition by Canopy Growth Corporation. We sold our resulting shares at a price of \$1.72 prior to the Canopy/Constellation Brands news and retained

our warrant position (cost \$1.24; recently trading at \$2.22). We sold our position in 48North Cannabis Corp. at a price of \$0.99 (cost \$0.50; recently trading at \$0.68) but retain our warrant position.

Quinsam now holds in excess of 15 million warrants issued by a wide variety of cannabis companies. This represents well over 0.1 warrant of other issuers attributable to each outstanding Quinsam share. Unless a warrant is listed, our policy is to value warrants at the lower of nil or intrinsic value. Accordingly, many of these warrants are carried on our books at nil value. Management believes that our warrant portfolio adds material upside leverage to the Company if the underlying shares perform well.

A number of our issuers continue to pursue liquidity events. Most recently, Aura Health Inc. ("Aura") began trading on the Canadian Securities Exchange (the "CSE") last week. Quinsam held a group of Aura securities including convertible debentures, shares and warrants. All are well in the money at the recent trading price.

Several of our issuers are progressing to listings in the near term including Crossgate Capital Corporation (doing business as Next Green Wave), ALQ Gold Corporation, RMMI Corp., Irri-AI Tal Ltd. and Biome Grow Inc.

Three of our issuers have announced major, transformative transactions.

Xanthic Biopharma Inc. shares were halted some weeks ago at \$0.25 (our current carrying value). It is merging with Green Growth Brands Ltd. and a syndicate is in the process of raising \$55 million at a planned effective issue price of approximately \$0.36.

Two of our issuers have announced a combination with one another. Lineage Grow Company Ltd. ("Lineage") has announced that it is merging with FLRish Inc. (doing business as Harborside). "Harborside is in our opinion one of the premier companies in the California cannabis business" said Roger Dent. "We think that the resulting issuer will become one of the most notable public US cannabis issuers." Because the merged company will now become focused on the California cannabis market, Quinsam and Lineage have agreed to terminate their previously announced agreement whereby Lineage would acquire Quinsam's right to a 35% equity stake in a Maryland dispensary. Quinsam expects to receive 200,000 Lineage shares as a result of the termination agreement.

We have made a number of new investments since our last update, including the following:

We are investing \$500,000 in units of Apogee Opportunities (USA) Inc. (to be operating as Halo Labs). Halo Labs is an Oregon-based producer that expects to list on the CSE in 2018.

We are acquiring US\$400,000 in convertible debentures of Green Tree International, Inc. (doing business as Americannex). Americannex was created by a group of former senior

US commodities executives and is developing a highly sophisticated exchange and data company relating to cannabis.

We are acquiring \$495,000 of CannAmerica Brands Corp. (“CannAmerica”), which expects to list on the CSE in 2018. CannAmerica has a very interesting brand licensing approach that creates a very favourable cash flow business model. We think that the company will be well received by the market.

We are acquiring \$390,000 in common shares of Ballistic Capital Corp. (“Ballistic”). This will make us a near 10% shareholder of this company. Ballistic is involved with the disposal of cannabis waste in California. Cannabis waste disposal is a new and, we think, a very interesting business that has been created by the legalization of cannabis in the state.

We have acquired \$300,000 of convertible debentures and warrants in Theracann International Benchmark Corporation (“Theracann”), which also expects a liquidity event in 2018. Theracann is a Canadian cannabis company with a number of interesting aspects including an ACMPR application, grow technology and a very interesting bio-molecular technology that allows for cannabis tracking by regulators etc.

“While the cannabis sector has shown and likely will show significant volatility, we still see many extremely interesting investment opportunities,” said Roger Dent. “We will continue to look for opportunities that are generally unavailable to the typical investor. We will also remain focused on maintaining a tight cost structure. By bringing a disciplined approach to this rather volatile sector, we have to date been able to deliver strong results for our investors.”

The Quinsam board has voted to implement a management performance bonus plan. The management group, in aggregate, will be eligible to earn bonuses of 5% of pre-tax gains generated on investments. Payments will be made on an annual basis. Quinsam is of the view that this bonus plan aligns interests of shareholders and management and compares favourably with plans of similar entities.

Issuer Bid

The Company recently announced an issuer bid to acquire up to 5,928,951 common shares. To date, no shares have been purchased.

About Quinsam Capital Corporation

Quinsam is a merchant bank based in Canada that is focusing on cannabis-related investments. Our merchant banking business may encompass a range of activities including acquisitions, advisory services, lending activities and portfolio investments. Quinsam invests its capital for its own account in assets, companies or projects which we believe

are undervalued and where we see a viable plan for unlocking such value. We do not invest on behalf of any third party and we do not offer investment advice.

Generally, Quinsam does not believe that individual investments are material reportable events. Quinsam chooses to announce certain investments once the company is certain that it has finished buying its position because the Company feels that this information helps Quinsam's investors understand its investment decision making process. Generally, Quinsam does not announce the sale of investments.

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This press release may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events, which are inherently uncertain. Forward-looking statements can often, but not always, be identified by forward-looking words such as "anticipate", "believe", "continue", "expect", "goal", "plan", "intend", "estimate", "may", "project", "predict", "potential", "target", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) Quinsam will have sufficient capital under management to effect its business strategies, (ii) the business strategies will produce the results intended by Quinsam, and (iii) the markets will react and perform in a manner consistent with the business strategies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors that could cause actual results to differ materially from those expressed in forward-looking information expressed in this press release include, but are not limited to: cannabis companies Quinsam has invested in obtaining and maintaining regulatory approvals including acquiring and renewing U.S. state, local or other licenses, and the uncertainty of existing protection from U.S. federal or other prosecution; regulatory or political change such as changes in applicable laws and regulations, including U.S. state-law legalization; market and general economic conditions of the cannabis sector or otherwise, interest rates, regulatory and statutory developments, the nature of the Company's investments, the available opportunities and competition for investments, the concentration of the Company's investments in certain industries and sectors, reliance on key personnel, risks affecting the Company's investments, management of the growth of the Company, and exchange

rate fluctuations. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

The forward-looking information contained herein is provided as at the date of this press release, based upon the opinions and estimates of management and information available to management as at the date of this press release. The Company does not undertake and specifically disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned not to place undue reliance on forward-looking information contained in this press release.