

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Quinsam Capital Corporation (the "Issuer").

Trading Symbol: QCA

Number of Outstanding Listed Securities: 117,849,644

Date: May 31, 2019

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.

In a press release dated May 1, 2019:

- Quinsam Capital Corporation ("Quinsam" or the "Company") announced its 2018 year-end results. The Company recorded net income of \$10.6 million (\$0.09 per share) in 2018 versus a restated profit of \$1.7 million (\$0.05 per share) in 2017.
- Quinsam announced a number of new investments (see Question 7 for details).
- The Company announced that the Board of Directors approved Quinsam's 19th consecutive quarterly dividend. The dividend is \$0.00125 per share (\$0.005 per share per year). The distribution will be paid on May 29, 2019 to shareholders of record on May 8, 2019.
- Quinsam provided an update on its previously announced issuer bid to acquire up to 5,928,951 common shares. In Q4 2018, a total of 1,381,000 shares were repurchased pursuant to the bid, bringing Quinsam's total purchases in 2018 to 1,981,000 shares. The Company intends to reactivate activity under the issuer bid following the release of Q1 2019 results.

In a press release dated May 27, 2019, Quinsam announced its Q1 2019 results. The Company recorded net income of \$3.7 million (\$0.03 per share) versus net income of \$7.1 million (\$0.07 per share) in Q1 2018. From the same press release, the Company also announced a number of new investments, and other notable recent developments in the portfolio companies (see Question 7 for details).

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

The Company is an investment and merchant banking firm focused on the small-cap market, with early-stage investments in areas such as resources, technology and in the cannabis market.

Management, under the direction and guidance from its CEO, continues to review investment opportunities in the small cap environment, while adding and trimming positions when deemed appropriate.

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.

N/A.

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.

N/A.

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.

There were no new business relationships entered into in the current month.

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.

No material contracts or agreements expired or terminated during the month and no material financing arrangements were cancelled during the month.

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.

Since its last report in March 2019, Quinsam made a number of new investments:

- Quinsam made a number of smaller investments (typically \$200,000 to \$300,000) in Swiss Luxe, Vegas Valley, Leaf, Molecule & Frontier Wellness. All of these companies are currently unlisted.
- Quinsam made follow-on investments in Halo Labs, Empower Clinics, Cannabis 1-5 and Aura Health.
- Quinsam invested \$500,000 in CBD Acres Mfg Inc., a company focused on hemp-based consumer products.
- Quinsam invested \$500,000 in Seven Leaf Venture, which is pursuing a US retail strategy with an initial focus on California.
- Quinsam acquired \$450,000 of FlowerOne convertible debenture units. FlowerOne is building a large-scale greenhouse in Nevada. Quinsam recently disposed of the warrants included in the units.
- Quinsam participated in the go-public transaction by both Vireo and Cansortium. In the case of Vireo, Quinsam exited its position to lock in a gain of close to 20%. In the case of Cansortium, Quinsam exited at an approximate break even.
- Quinsam acquired units of Zenabis and has since disposed of the warrants and the remaining shares are at a premium to the Company's cost net of the warrant sale.
- Quinsam extended a \$1.1 million loan to Budd Hutt, a western-Canada focused cannabis retail applicant. The one-year loan bears interest at 10% and also provided Quinsam with 2.5 million shares of Budd Hutt at nominal cost.
- Quinsam purchased \$500,000 convertible debenture units to be issued by Spirit Holdings, another Canadian retail cannabis operation.
- Quinsam invested \$330,000 in convertible debentures issued by Eden Empire, another Western-Canada focused cannabis retail operation. Quinsam expects a public listing by the issuer in 2019.
- Quinsam purchased US\$300,000 of convertible debentures issued by Cannus Partners (d/b/a Ikanik Farms), a California-focused cannabis company. Quinsam expects a public listing by the issuer in 2019.
- Quinsam was presented with an opportunity to acquire privately a block of approximately 3 million shares of Nutritional High shares related to a prior acquisition by Nutritional High.

During the current month, there had also been a number of notable developments in Quinsam's portfolio:

- Osoyoos Cannabis announced a merger with Anahit International, a company with operations in Colombia, Jamaica, Canada and Greece. Trading in Osoyoos is halted while the merger is being completed. Quinsam is optimistic that the new company will trade at a level that is higher than the pre-halt share price.
- The acquisition of Vegas Valley by Ionic Brands is nearly complete. While this was a small investment of Quinsam, at the present Ionic share price Quinsam is poised to see a gain in the 50% area after a holding of just two or three months.
- One of the Company's large investments, FLRish Inc. (d/b/a Harborside) is expected to begin trading in early June. At the end of Q1 2019, Quinsam held a little over 300,000 shares of Harborside marked at a valuation of C\$5.55 per share. Quinsam also holds a \$250,000 debenture position that will convert on the listing at a price of \$C6.30 per share.
- Quinsam invested in GreenTree International (d/b/a Amercanex) in 2018. A proposal for the acquisition of this company by Helix TCS has been made, although the terms are not yet finalized. Quinsam sees the acquisition as a positive development although it is not expected at this time to have material impact on its overall asset value.

8. Describe the acquisition of new customers or loss of customers.

N/A.

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.

There were no material new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks in the current month.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

The Issuer made no material employee hiring, terminations or lay-offs in the current month.

11. Report on any labour disputes and resolutions of those disputes if applicable.

The Issuer was not involved in any labour disputes during the current month.

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.

The Issuer was not involved in any material legal proceedings during the current month.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

No indebtedness was incurred or repaid by the Issuer during the current month.

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

No securities were issued during the current month.

15. Provide details of any loans to or by Related Persons.

No loans to or by Related Persons were made by the Issuer during the current month.

16. Provide details of any changes in directors, officers or committee members.

No changes were noted to directors, officers or committee members during the current month.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Issuer is not aware of any trends which are likely to materially impact the issuer's business or markets. The Company is reliant on the stability of the equity markets to provide returns on its investment portfolio. Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of securities that comprise the Company's portfolio. The Company's investments are small-cap businesses which the Company believes exhibit potential for growth and sustainable cash flows but which may not ever mature or generate the returns the Company expects or may require a number of years to do so.

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 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 7 Monthly Progress Report is true.

Dated June 3, 2019.

Eric Szustak
Name of Director or Senior
Officer

"Eric Szustak"
Signature
Director and Corporate Secretary
Official Capacity

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| <i>Issuer Details</i> Name of Issuer Quinsam Capital Corporation | For Month End May 31, 2019 | Date of Report YY/MM/DD 19/06/03 |
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