



Quinsam Reports Strong Q3/2018 Results

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Toronto, Ontario, November 14, 2018 – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) is pleased to announce strong Q3/2018 results, with net income of \$4.2 million (\$0.04 per share basic, \$0.03 fully diluted) versus a profit of \$0.2 million (\$0.00 per share) in Q3/2017. Net income for Q3/2018 included a non-cash charge of \$0.4 million for stock-based compensation and \$0.4 million for non-cash deferred tax.

“We entered the quarter with shareholders’ equity of \$40.4 million, so our return on equity in the quarter after non-cash charges was over 10%. Our return in the quarter before non-cash charges was over 12%. We note that this is our fifth consecutive quarter of double digit returns on average assets since we decided to focus exclusively on cannabis” said Roger Dent, CEO of Quinsam. “At quarter-end, we had net assets of approximately \$0.38 per share outstanding (\$0.385 before deferred taxes).”

While we have been actively exercising some of our warrants in order to sell the resultant shares and lock in gains, Quinsam continues to hold in excess of 15 million warrants issued by a wide variety of cannabis companies. As a result, Quinsam holds over 0.1 warrants of other issuers for each outstanding Quinsam share. Unless a warrant is listed, our policy is to value unlisted warrants at nil unless there is 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.

Q3 Results

The profit in Q3 was driven by the ongoing performance of our portfolio of global cannabis investments. The overall tone for the cannabis sector was positive in Q3/2018 and our results were consistent with the market. Because many companies choose not to undertake new listings in the slow summer period, Quinsam’s overall number of liquidity events in Q3 was not high. The most notable new listing in the quarter for us was Sproutly, which closed the quarter at \$0.67 versus our cost of approximately \$0.18, generating a pre-tax gain of \$1.4 million on our \$500,000 investment. Other notable contributors were Planet13, Khiron, Aleafia, Next Green Wave, Evergreen and Rocky Mountain. The only material negative performer was C21, which gave back some of its Q2 gains when the 4-

month hold on our new issue shares expired, which increased the company's float by a very substantial amount and led to a share price decline.

Recent Activity

Quinsam announced a number of new investments and dispositions in its press release dated October 2, 2018. The Company also highlighted an extensive list of expected liquidity events in the press. As of the current date, we continue to expect all of the companies listed in our press release of October 2, 2018 to have liquidity events in Q4 or shortly thereafter.

We note that yesterday Xanthic resumed trading following its merger with and under the name of Green Growth Brands. Quinsam held a little over 600,000 shares of Green Growth Brands on a post-consolidation basis that were on our books at the pre-halt value of \$1.08 as at September 30, 2018. The shares closed yesterday at \$3.05.

We are particularly looking forward to the listing by Acreage Holdings, which is expected on November 15, 2018. We hold the equivalent of 160,000 shares of Acreage, with a carrying value at the end of Q3 at C\$8.03 per share. Acreage has completed a large offering at US\$25 per share.

We are also particularly looking forward to the listing by FLRish Inc. (dba Harborside), which is expected in December 2018 or early 2019. We initially invested US\$1.25 million in FLRish Inc. followed by a more recent C\$250,000 investment. We currently anticipate a gain on listing.

Since our liquidity event press release, we have become aware of additional potential Q4/2018 liquidity events.

Westleaf, in which we invested \$500,000 in the spring at \$0.50 per share, has been marketing a financing at \$0.85 per unit. A listing in November is expected.

CityView Green has announced that it has signed a definitive agreement to merge with Icon Exploration. Listing is expected in December or early 2019. We obtained a large position in CityView Green as a result of providing a mortgage financing. We expect to obtain 33.6 million Icon shares in exchange for our CityView Green shares if the merger proceeds. These shares are currently carried on our books at the equivalent of about \$0.14 per Icon share.

Finally, Merrco Payments has announced a going-public transaction which is expected to close in December. This was a smaller older Quinsam holding that was obtained through an original investment in Payfirma some years ago.

Issuer Bid

The Company previously announced an issuer bid to acquire up to 5,928,951 common shares. In Q3, a total of 600,000 shares were repurchased pursuant to the bid.

Quinsam will be presenting at the New Green Frontier conference in Toronto on Monday, November 19, 2018. An updated presentation on the Company will be uploaded to the Quinsam web site (quinsamcapital.com) following this news release.

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.