Quinsam Capital Corporation

2013 ANNUAL REPORT

May 16, 2014

Dear Shareholder:

Please find enclosed the 2013 Annual Report for Quinsam Capital Corporation ("Quinsam").

Your company underwent a significant transformation in late 2013. Until November 2013, Quinsam was in essence a dormant or "shell" company. In November, a group of like-minded individuals invested in the company and transformed Quinsam into a new type of merchant bank. This process continued in early 2014 with the raising of additional funds and the deployment of funds into new investments.

The annual report does not reflect the full transformation of your company as the changes were implemented just before year end. However, as major investors in Quinsam, I and the other new investors in the company hope the transformation will be obvious in the company's reports over the coming quarters.

Our new focus is primarily on Canadian micro cap issuers. We look for investments that are inexpensive, have superior growth potential and have catalysts to attract attention. We are well equipped to assist some of these issuers enhance their performance and we will be seeking opportunities to provide services to investee companies to improve their performance and generate fees for Quinsam.

We also have a very sharp focus on cost control. We expect to have operating costs that are at the low end of the range for comparable investments in Canada.

I look forward to reporting to you on our future performance.

Yours truly,

"Roger A Dent"

Roger A. Dent
CEO
Quinsam Capital Corporation

QUINSAM CAPITAL CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Quinsam Capital Corporation

We have audited the accompanying financial statements of Quinsam Capital Corporation, which comprise the statement of financial position as at December 31, 2013, and the statements of comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Quinsam Capital Corporation as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The financial statements as at December 31, 2012 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated March 18, 2013.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

April 16, 2014

QUINSAM CAPITAL CORPORATION
STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	December 31, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents (Note 3)	$ 246,007	$ 226,868
Due from brokers	29,850	-
Investments (Note 5)	549,140	-
Receivables (Note 4)	6,066	19,664
	$ 831,063	$ 246,532
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	$ 24,016	$ 11,506
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	2,311,107	1,719,893
OPTION RESERVE (Note 7)	26,949	4,500
DEFICIT	(1,531,009)	(1,489,367)
	807,047	235,026
	$ 831,063	$ 246,532

The accompanying notes are an integral part of these financial statements

Nature of operations (Note 1)
Subsequent event (Note 15)

Approved on behalf of the Board:

"Eric Szustak"
– Director

"Roger Dent"
– Director

QUINSAM CAPITAL CORPORATION
STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Year ended December 31, 2013		Year ended December 31, 2012
NET INVESTMENT REVENUE				
Net realized gain on sale of investments	$	4,850	$	-
Net change in unrealized gains on investments		18,856		-
		23,706		-
OTHER INCOME				
Interest income		2,634		3,105
		26,340		3,105
EXPENSES				
General and administrative (Note 10)		(67,982)		(36,867)
(Loss) on foreign exchange		-		(835)
		(67,982)		(37,702)
NET LOSS FROM CONTINUING OPERATIONS		(41,642)		(34,597)
Loss from discontinued operations (Notes 8 and 9)		-		(115,762)
COMPREHENSIVE LOSS	$	(41,642)	$	(150,359)
NET LOSS PER SHARE – BASIC AND DILUTED				
From continuing operations	$	(0.01)	$	(0.01)
From discontinued operations	$	-	$	(0.03)

The accompanying notes are an integral part of these financial statements

QUINSAM CAPITAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Share Capital		Reserve		
	Number of shares	Amount	Option reserve	Deficit	Total
Balance at December 31, 2011	**4,570,000**	**$ 1,719,893**	**$ 4,500**	**$ (1,339,008)**	**$ 385,385**
Comprehensive loss	-	-	-	(150,359)	(150,359)
Balance at December 31, 2012	**4,570,000**	**1,719,893**	**4,500**	**(1,489,367)**	**235,026**
Comprehensive loss	-	-	-	(41,642)	(41,642)
Issuance of options	-	-	22,449	-	22,449
Shares issued for cash	10,000,000	600,000	-	-	600,000
Share issue costs	-	(8,786)	-	-	(8,786)
Balance at December 31, 2013	**14,570,000**	**$ 2,311,107**	**$ 26,949**	**$ (1,531,009)**	**$ 807,047**

The accompanying notes are an integral part of these financial statements

QUINSAM CAPITAL CORPORATION
STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from operating activities		
Net loss from continuing operations	$ (41,642)	$ (34,597)
Items not affecting cash:		
Stock options granted	22,449	-
Unrealized gains on investments	(18,856)	-
Net realized gains on sale of investments	(4,850)	-
Changes in non-cash working capital:		
Due from Brokers	(29,850)	-
Receivables	13,598	1,640
Accounts payable and accrued liabilities	12,511	(1,000)
Cash flows from continuing operations	(46,640)	(33,957)
Net loss from discontinued operations	-	(115,762)
Amortization	-	72
Gain on sale of discontinued operations	-	(8,788)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	-	(13,407)
Cash flows from discontinued operations	-	(137,885)
Cash flows from financing activities		
Issuance of shares, net	591,214	-
Cash flows from investing activities		
Proceeds from sale of discontinued operations (Note 8)	-	1
Purchase of investments	(555,285)	-
Proceeds on disposition of investments	29,850	-
Cash flows from investing activities	(525,435)	1
Net increase (decrease) in cash	19,139	(171,841)
Cash at beginning of year	226,868	398,709
Cash at end of year	$ 246,007	$ 226,868

The accompanying notes are an integral part of these financial statements

NOTE 1- NATURE OF OPERATIONS

Quinsam Capital Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 18, 2004 in British Columbia. The Company entered into the merchant banking business during 2007 and in 2010, the Company entered into an online learning business which was sold in 2012. The Company was previously in the business of acquisition and development of mineral property interests and other assets or businesses related to the resource industry. The Company is domiciled in Canada and it's registered and records office is at 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2, Canada.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on April 15, 2014.

Basis of Presentation
The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant Estimates and Assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies.

The information about significant areas of judgement considered by management in preparing the consolidated financial statements are as follows:

Going concern:
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Revenue
Realized gains and losses on the disposal of investments and unrealized gains and losses on securities classified as fair value through profit and loss are reflected in profit or loss on the trade date and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reclassified to profit or loss so as to recognize the full realized gain or loss in the period of disposition. For all financial instruments measured at amortized cost and, interest bearing financial assets classified as available-for-sale, interest income or expenses are recorded using the effective interest rate method, which is the rate the exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. The carrying amount of the Company's financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to the impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Other investment income is recognized on the accrual basis and is considered operating income for cash flow purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers cash equivalents to be short-term investments with a maturity of ninety days or less at the date of acquisition.

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held-for-trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and which it is the Company's intention to hold to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or do not meet the criteria to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)
The Company's financial instruments consist of the following:

Financial assets:
Cash and cash equivalents – classified as loans and receivables
Investments – classified at fair value through profit or loss
Due from brokers and receivables – classified as loans and receivables

Financial liabilities:
Accounts payable and accrued liabilities – classified as other financial liabilities

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Level 1 financial instruments include cash and cash equivalents and publicly traded equities.

Impairment of Assets
The carrying amount of the Company's assets is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Loss per Share
Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Income Taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Changes in accounting policies

IFRS 13 Fair Value Measurements: This standard establishes a single source of guidance for all fair value measurements required by other IFRS, clarifies the definition of fair value, and enhances disclosures about fair value measurements. IFRS 13 applies when other IFRS require or permit fair value measurements or disclosures. IFRS 13 specifies how an entity should measure fair value and disclose fair value information. It does not specify when an entity should measure an asset, a liability, or its own equity instrument at fair value. The Company started the application of IFRS 13 in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

IAS 1 Presentation of Financial Statements: The standard provides guidance on the presentation of items of OCI and their classification within OCI. The Company started the application of this standard in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Policies
IFRS 9 Financial Instruments: This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective date of IFRS 9 is January 1, 2018. The Company has not yet evaluated the impact on the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012
Cash at bank	$ 246,007	$ 72,887
Money market mutual funds	-	153,981
	$ 246,007	$ 226,868

NOTE 4 – RECEIVABLES

	December 31, 2013	December 31, 2012
Sales tax receivable	$ 6,066	$ 19,664

NOTE 5 – INVESTMENTS

	December 31, 2013		December 31, 2012	
	Fair Value	Cost	Fair Value	Cost
Marketable Securities – publicly traded equities	$ 545,890	$ 530,284	$ -	$ -
Warrants	3,250	-	-	-
	$ 549,140	$ 530,284	$ -	$ -

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILTIES

	December 31, 2013	December 31, 2012
Trade payables	$ 16,516	$ 806
Accrued liabilities	7,500	10,700
	$ 24,016	$ 11,506

(Expressed in Canadian dollars)

NOTE 7 - SHARE CAPITAL

Authorized:
Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

Issued:
At December 31, 2013 there were 14,570,000 issued and fully paid common shares (December 31, 2012 – 4,570,000).

	Number of Common Shares	Amount
Balance as at December 31, 2012	4,570,000	$ 1,719,893
Shares issued for cash	10,000,000	600,000
Share issue costs	-	(8,786)
Balance as at December 31, 2013	14,570,000	$ 2,311,107

On August 1, 2012, the Company effected a consolidation of its share capital on the basis of five (5) existing common shares for one (1) new common share. All share and per share amounts for all periods are stated on a post-consolidation basis.

Preferred Shares
The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. The Company has not issued any preferred shares to date.

Share Issuances
During the year ended December 31, 2013, the Company issued 10,000,000 common shares via a non-brokered private placement at $0.06 per share.

Basic and diluted loss per share
The calculations of basic and diluted loss per share for the year ended December 31, 2013 was based on the loss from continuing operations attributable to common shareholders of $41,642 (2012 - $34,597), the loss from discontinued operations attributable to common shareholders of $nil (2012 - $115,762) and the weighted average number of common shares outstanding of 5,857,671 (2012 – 4,570,000).

Stock Options
The Company has a stock option plan to grant options to employees, directors and consultants to acquire common shares, up to an amount equivalent to 10% of the outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less an applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

(Expressed in Canadian dollars)

NOTE 7 - SHARE CAPITAL (CONTINUED)

The changes in options during the year ended December 31, 2013 and the year ended December 31, 2012 are as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	-	$ -	-	$ -
Options issued	450,000	$ 0.10	-	$ -
Options expired	-	$ -	-	$ -
Options outstanding, end of year	450,000	$ 0.10	-	$ -
Options exercisable, end of year	450,000	$ 0.10	-	$ -

Option Reserve

Option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

On October 29, 2013, 450,000 options vesting immediately were issued to directors, officers and consultants of the Company. The options were valued using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 132%, risk free return of 1.70% and an expected remaining life of 5 years. The Company has recorded a total of $22,449 of expense in connection with the issuance of the options.

The following are the options outstanding as at December 31, 2013:

Security Type	Number of Options Issued	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Options	450,000	$ 0.10	4.83	October 29, 2018
Total	450,000	$ 0.10	4.83	

(Expressed in Canadian dollars)

NOTE 8 – DISCONTINUED OPERATIONS

On August 31, 2012, the Company completed the sale of its online learning business and related tangible and intangible assets, excluding cash and receivables, in return for $1 and the assumption of the Company's future obligations related to the business, including future obligations to customers, to its content providers under the Company's licensing agreements and to other suppliers. The purpose of the sale was to preserve the Company's limited capital and avoid insolvency. The sale of the online learning business resulted in a gain of $8,788. The purchaser was a company controlled by a director of the Company.

The results of the discontinued operations for the years ending December 31, 2013 and December 31, 2012 are as follows:

	Year ending December 31, 2013	Year ending December 31, 2012
Subscription Revenues	$ -	$ 24,396
General and administrative expenses	-	(148,874)
Amortization and depreciation	-	(72)
Impairment of intangible assets	-	-
	-	(124,550)
Proceeds on disposition, net of costs	-	1
Carrying value of net assets disposed	-	(8,787)
Gain on sale of discontinued operations	-	8,788
Net loss from discontinued operations	$ -	$ (115,762)

NOTE 9 – RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations.

Type of Service	Nature of Relationship	December 31, 2013	December 31, 2012
Salaries, consulting fees and other benefits	Officers	$ -	$ -
Director fees	Directors	500	-
Stock-based compensation expense	Directors and officers	22,449	
		$ 22,949	$ -

During the fiscal year ended December 31, 2012 the Company also sold its online learning business to a company controlled by a director of the Company (Note 8).

(Expressed in Canadian dollars)

NOTE 10 - EXPENSES BY NATURE

Included in general and administrative expenses for the years ended December 31:

	December 31, 2013	December 31, 2012
Salaries, bonuses, and other employment benefits	$ -	$ -
Stock-based compensation expense	22,449	-
Consulting and directors' fees	500	2,000
Professional fees	24,506	18,745
Transfer agent, filing fees	17,588	15,487
Travel and promotion	354	-
Other office and administrative	2,585	635
	$ 67,982	$ 36,867

NOTE 11 – INCOME TAXES

Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 25% to the effective tax rate for the years ended December 31 is as follows:

	December 31, 2013	December 31, 2012
Net loss before recovery of income taxes	$ 41,642	$ 150,359
Expected income tax recovery	(10,410)	(37,590)
Tax rate changes and other adjustments	(5,510)	67
Non-deductible expense	5,040	-
Change in tax benefits not recognized	10,880	37,523
Income tax recovery	$ -	$ -

Deferred Tax

The following table summarizes the components of deferred income tax:

	December 31, 2013	December 31, 2012
Deferred Tax Assets		
Non-capital losses carried forward	$ 2,360	$ -
Deferred Tax Liabilities		
Marketable Securities	$ (2,360)	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES (CONTINUED)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2013	December 31, 2012
Non-capital losses carried forward	$ 1,672,020	$ 1,639,796
Capital losses carried forward	$ 7,250	$ -
Share issuance costs	$ 7,030	$ -
Mineral properties	$ 102,050	$ 102,050

The Canadian non-capital loss carry forwards expire as noted in the table below.

The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains.

Share issue costs will be fully amortized in 2017.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Year of Expiry	Amount
2014	$ 6,890
2015	355,180
2026	141,890
2027	165,500
2028	167,810
2029	116,450
2030	142,630
2031	185,880
2032	366,450
2033	42,090
	$ 1,690,770

NOTE 12 – RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. The risk in cash and cash equivalents is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government tax credits.

Foreign Exchange Risk
Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company operates only in Canada and in Canadian dollars and therefore is not exposed to foreign exchange risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The fair value of the Company's cash and investments affected by changes in short term interest rates will be minimal. A 1% change in interest rates impacts net income by $615 per quarter based upon balances as at December 31, 2013.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and investments. As at December 31, 2013, the Company was holding cash of $246,007 and monies at brokers of $29,850.

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. A 2% change in closing trade price of the Company's investments would impact net income by $2,745 per quarter based upon balances as at December 31, 2013.

NOTE 13 – CAPITAL MANAGEMENT

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds.

The Company's objectives when managing capital are:

a) to maintain a high degree of liquidity to allow the Company to pursue business opportunities expeditiously; and
b) to earn investment returns while managing risk.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential investments and acquisitions. Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended December 31, 2013.

NOTE 14 – OPERATING SEGMENT INFORMATION

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy, and the performance is evaluated on an overall basis.

The Company has a single reportable geographic segment, Canada, and all of the Company's management are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2013. As at December 31, 2013, the Company has a diversified portfolio of investments where no single investment accounts for more than 20% of the portfolio.

NOTE 15 - SUBSEQUENT EVENT

On March 21, 2014, the Company completed a non-brokered private placement financing for gross proceeds of $920,766 through the sale of 9,207,660 common shares of the Company at a price of $0.10 per share. The proceeds of the Offering will be used to make strategic investments in emerging growth companies and for general working capital purposes.

Management's Discussion and Analysis

For the Year Ended: December 31, 2013

Date of Report: April 25, 2014

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Quinsam Capital Corporation ("Quinsam" or the "Company") should be read in conjunction with Quinsam's audited financial statements ("year-end statements") and notes thereto as at and for the twelve months ended December 31, 2013.

Except as otherwise indicated (see "Use of Non-GAAP or IFRS Financial Measures" elsewhere in this MD&A), all financial data in this MD&A has been prepared, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board("IASB") and interpretations of the International Financial Reporting Interpretations Committee("IFRIC").

All dollar amounts in this MD&A are reported in Canadian dollars.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is Inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

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 suchforward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance and our ability to generate taxable income from operations, our ability to realize sufficient proceeds from the disposition of our investments in order to fund our obligations as they become due (which will be based upon market conditions beyond our control), market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the

Company's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risk Factors" and "Financial Instruments" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Quinsam's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be otherfactors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

About Quinsam:

Quinsam was incorporated in 2004 under the Canada Business Corporations Act in the Province of British Columbia and its shares are publicly traded on the Canadian Securities Exchange (the "CSE") under the symbol "QCA". The Company is presently domiciled in the Province of Ontario, Canada and its registered office address is at 390 Bay Street, Suite 806, Toronto, Ontario, Canada, M5H 2Y2.

Quinsam is a merchant banking firm focused on the small-cap market. 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.

Overall Performance and Investments:

As at December 31, 2013, the Company held cash and investments at fair value totaling $824,997 as compared to $226,868 as at December 31, 2012, the increase primarily attributable to a private placement of 10,000,000 shares at $0.06 which was completed on November 15, 2013.

As at December 31, 2013, book value per share ("BV per share") was $0.06 as compared to $0.05 as at December 31, 2012.

The following is Quinsam's Book Value per share for the eight most recently completed interim financial periods:

	BV Per Share ($)
December 31, 2013	0.06
September 30, 2013	0.05
June 30, 2013	0.05
March 31, 2013	0.05
December 31, 2012	0.05
September 30, 2012	0.06
June 30, 2012	0.01
March 31, 2012	0.01

Investments:

Investments at cost and fair value consist of the following as at December 31:

	2013		2012	
Investments	**Fair Value($)**	**Cost($)**	**Fair Value($)**	**Cost($)**
Shares	545,890	530,284	0	0
Warrants	3,250	0	0	0

The fair value of Quinsam's publicly-traded investments is determined in accordance with the Company's accounting policy. The amounts at which the Company's publicly-traded investments could be disposed of currently may differ from their carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity, and current market prices may differ significantly from the historical prices used to calculate fair value for the purposes of the Company's consolidated financial statements.

Results of Operations:

The Company's selected annual financial information as at and for the three most recently completed financial years ended December 31 is as follows:

	2013	**2012**	**2011**
Net investment income	$ 26,340	$ 3,105	$ 6,685
Net loss for the year	$ 41,642	$ 34,597	$ 21,119
Total comprehensive loss for the year	$ 41,642	$150,359	$388,845
Loss per share- basic	.01	.03	.00
Loss per share- diluted	.01	.03	.00
Total assets	$ 831,063	$246,532	$420,278
Total liabilities	$ 24,016	$ 11,506	$ 34,893
Shareholders' equity	$ 807,047	$235,026	$ 385,385

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows.

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	$24,387	$661	$666	$626	$554	$644	$9,566	$5,518
Comprehensive Loss	$28,906	$4,389	$2,327	$6,020	$13,014	$18,468	$59,459	$59,418
Working Capital	$807,047	$222,290	$226,679	$229,006	$235,026	$248,040	$266,315	$325,739
Shareholders' Equity	$807,047	$222,290	$226,679	$229,006	$235,026	$248,040	$266,508	$325,968
Net Book Value/ Share	.06	0.05	.05	0.05	0.05	0.05	0.01	0.02
Share Outstanding	14,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	22,850,000	22,850,000

The shares were consolidated on a one new for five old shares in Q3 2012

Three Months Ended December 31, 2013 and 2012:

The net investment revenue for the three months ended December 31, 2013 was $23,706 (three months ended December 31, 2012 - $0) as a result of net realized gains on the sale of investments ($4,850) and the net change in unrealized gains on investments ($18,856).

For the three months ended December 31, 2013, the Company generated net realized gains on disposal of investments of $4,850, as compared to $0 for the three months ended December 31, 2012.

For the three months ended December 31, 2013, the Company had a net change in unrealized gains on investments of $18,856 as compared to $0 for the three months ended December 31, 2012.

For the three months ended December 31, 2013, other income totalled $681 as compared to $554 for the three months ended December 31, 2012. Other income is comprised of interest and dividend income.

Operating, general and administrative expenses for the three months ended December 31, 2013 increased to $53,293 from $13,595 for the three months ended December 31, 2012. Costs associated with the issuance of options ($22,449) were responsible for more than 50% of the expense increase on a year over year basis.

Net loss for the three months ended December 31, 2013 was $28,906 ($.006 per share) as compared to a net loss of $13,014 ($0.005 per share) for the three months ended December 31, 2012.

Year ended December 31, 2013 and 2012:

The net investment revenue for the year ended December 31, 2013 was $23,706 (2012 - $0) as a result of net gains on the sale of investments of $4,850 (2012 - $0) and the net changes in unrealized gains on investments of $18,856 (2012 - $0).

For the year ended December 31, 2013, other income totaled $2,634 as compared to $3,105 for the year ended December 31, 2012. Other income is comprised of interest and dividend income.

Operating, general and administrative expenses for the year ended December 31, 2013 increased to $67,982 from $36,867 for the year ended December 31, 2012. A breakdown of operating, general and administrative expenses for the indicated twelve month periods ended December 31 is set out below.

	2013 ($)	2012 ($)
Salaries, bonuses and other employee benefits	0	0
Stock-based compensation	22,449	0
Consulting and directors' fee	500	2,000
Professional fees	24,506	18,745
Transfer agent, filing fees	17,588	15,487
Travel and promotion	354	0
Other office and administration	2,585	635

Net loss for the twelve months ended December 31, 2013 was $41,642 ($0.01 per share) as compared to a net loss of $150,359 ($0.03 per share) for the twelve months ended December 31, 2012.

Cash Flow:

Net cash used in the operations for the twelve months ended December 31, 2013 was $46,640 as compared to $33,957 in the twelve months ended December 31, 2012. During the twelve months ended December 31, 2013, the Company raised $600,000 via the sale, by way of private placement, of 10,000,000 common shares of the Corporation.

Liquidity and Capital Resources:

	December 31, 2013	December 31, 2012
Total Assets	$ 831,063	$ 246,532
Total Liabilities	$ 24,016	$ 11,506
Shareholders' Capital	$ 2,338,056	$ 1,724,393
Deficit	($1,531,009)	($1,489,367)
Net Asset Value Per Share	$0.06	$0.05

Quinsam relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments, consulting fees, capital raising activities such as private placement debt and equity financings.

Quinsam believes it will be able to generate sufficient cash to fund its normal course ofoperations through the normal course of purchase and sales of existing investments.

Liabilities:

The Company's present liabilities are limited to trade payables incurred in the normal course of day to day business.

Commitments:

As at December 31 2013, the Company had commitments for cash resources of $24,016 (December 31, 2012 - $11,506) which are detailed below. The available cash on hand is sufficient to pay these commitments as at December 31, 2013.

A breakdown of the Company's liabilities and obligations as at December 31, 2013 is as follows:

	Total Due	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
A/P and Accrued Liabilities	$24,016	$24,016	-	-	-

A breakdown of the Company's liabilities and obligations as at December 31, 2012 is as follows:

	Total Due	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
A/P and Accrued Liabilities	$11,506	$11,506	-	-	-

Related Party Transactions:

All transactions with related parties have occurred in the normal course of operations. Related party transactions were as follows during the twelve months ended December 31:

Type of Service	Nature of Relationship	2013	2012
Salaries	Directors and Officers	-	-
Director fees	Directors	$ 500	-
Stock based compensation	Directors and Officers	$22,949	-

During the twelve months ended December 31, 2013, the Company granted to directors, officers and consultants the following options:

Date Granted	Options Granted	Exercise Price	Expiry Date
October 29, 2013	450,000	$ 0.10	October 29, 2018

During the year ended December 31, 2012, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry Date
-	-	-	-

Off-Balance Sheet Arrangements:

As at December 31, 2013, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Quinsam.

Investor Relations:

During the twelve months ended December 31, 2013, Quinsam's management handled the Company's investor relations activities.

Internal Controls Over Financial Reporting:

Management's Report on Disclosure Controls and Procedures:
Disclosure controls and procedures have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the disclosure committee, is responsible for the design and operations of disclosure controls and internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the year ended December 31, 2013.

Internal Control over Financial Reporting:
The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. However, the Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud or on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2013 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this MD&A and the consolidated financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

Management of Capital:

The Company includes the following items in its managed capital as at the following dates:

	December 31, 2013	**December 31, 2012**
Share Capital	$ 2,311,107	$ 1,719,893
Options Reserve	$ 26,949	$ 4,500
Deficit	($ 1,531,009)	($ 1,489,367)

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets.

There were no changes to the Company's objectives in managing and maintaining capital during thetwelve months ended December 31, 2013.

The Company's management is responsible for the management of capital and monitors the Company's capital on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at December 31, 2013.

Risk Management:

Financial Instrument Risk:

The Company's financial instruments primarily consist of investments in publicly listed companies. The investment operations of Quinsam'sbusiness involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities currently comprised of financialinstruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest rate, currency and credit risks. A discussion of theCompany's use of financial instruments and their associated risks is provided below.

Liquidity Risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines resulting in lesser proceeds from disposition and losses upon disposition.
The Company generates cash flow primarily from the issuance of share capital, proceeds from the disposition of its investments in addition to interest and dividend income earned on itsinvestments. Quinsam invests significantly in securities of "junior" issuers, which can at times be relatively illiquid, and if the Company decides to dispose of securities of a particular issuer it may not be able to do so at the time at favourable prices, or at all. Overall, the Company has sufficient marketable securities that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, absent overall market disruptions or extreme circumstances, liquidity risk can be minimized.

There were no significant or material changes to the Company's risk management policy during thetwelve months ended December 31, 2013.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as of December 31, 2013:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	$ 24,016	$ 24,016	$ -	$ -
	$ 24,016	$ 24,016	$ -	$ -

Market Risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally, in accordance with IFRS 9, Quinsam is required to fair value its investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on Quinsam's financial position.

There were no changes to the way that the Company manages market risk since December 31, 2012. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers.

The Company also has set thresholds on purchases of investments over which the approval of the Board of Directors is required. During periods of significantly broader market volatility or volatility experienced by the small cap sector, the value of theCompany's investment portfolio can be quite vulnerable to market fluctuations.

Interest Rate Risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's profit and liabilities. As at December 31, 2013, the Company did not have any significant interest rate risk.

Currency Risk:

Currency risk is the risk that the fair value of or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time.

The Company believes that it is not exposed to foreign exchange risk as at December 31, 2013.

There were no significant or material changes to the Company's risk management policy during the twelve months ended December 31, 2013.

Additional risks not currently known to the Company or that are currently believe to be immaterial, may also affect and negatively impact the Company's business.

RISK FACTORS

The Company's investing activities are, by their nature, subject to a number of inherent risks, including liquidity, market, interest rate, currency and credit risks associated with financial instruments, all of which can have, and have had over recent reporting periods, a significant impact on the Company's financial condition and results of operations. Stock market volatility may result in increased market risk and losses within our investment portfolio.

Some risks are described below. Additional risks not currently known to us, or that we currently believe to be immaterial, may also affect and negatively impact our business.

Portfolio Exposure:

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Company's portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which Quinsam invests. Quinsam's investments are mostly in 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.

Junior exploration, biotechnology and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in the Company's revenues (if any). Additionally, macro factors such as fluctuations in commodity prices and global political, economic and market conditions could have an adverse effect on one or more sectors to which the Company is exposed, and a disproportionate effect on the sectors as compared to the overall market, thereby negatively impacting one or more of the portfolio companies concurrently. Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the Company's portfolio companies at any point in time.

Cash Flows/Revenue:

Quinsam generates revenue and cash flows primarily from its proceeds from the disposition of its investments, in addition to interest and dividend income earned on the Company's investments. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to Quinsam, or if the value of the Company's investments decline, resulting in lesser proceeds of disposition and capital losses for Quinsam upon disposition.

Share Prices of Investments:

Quinsam's investments in securities of public companies are subject to volatility in the shareprices of the companies. There can be no assurance that an active trading market for anyof the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond the control of Quinsam, including quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. Such market fluctuations could adversely affect the market price of the Company's investments and significantly negatively impact upon the Company's operating results.

Dependence on Management:

Quinsam is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's continued success will depend upon the continued service of these individuals who are not obligated to remain employed with Quinsam. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and couldharm the Company's ability to maintain or grow existing assets and raise additional fundsin the future.

Additional Financing Requirements:

Quinsam anticipates ongoing requirements for funds to support the Company's growth and may seek to obtain additional funds for these purposes through public or private equity shares or debt financing. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its investment portfolio.

Outstanding Share Data:

The Company is authorized to issue an unlimited number of common shares (no par value).

As at April 25, 2014, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Quinsam are as follows:

Common Shares	Number Outstanding
Outstanding	23,777,660
Issuable Under Options	450,000
Total Diluted Common Shares	24,227,660

Additional information about the Company's share capital can be found in Note 7 of the Notes to the financial statements as at and for the twelve months endedDecember 31, 2013.

Segmented Information:

The Company has a single reportable geographic segment, Canada, and all of the Company's Management and assets are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the twelve months ended December 31, 2013.

Changes in Accounting Policies:

Except as described below, the same accounting policies and methods of computation were followed in the preparation of the interim statements as were followed in the preparation of the annual financial statements as at and for the year ended December 31, 2013.

Effective January 1, 2013, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions under IFRS.

IFRS 13 Fair Value Measurements: This standard establishes a single source of guidance for all fair value measurements required by other IFRS, clarifies the definition of fair value, and enhances disclosures about fair value measurements. IFRS 13 applies when other IFRS require or permit fair value measurements or disclosures. IFRS 13 specifies how an entity should measure fair value and disclose fair value information. It does not specify when an entity should measure an asset, a liability, or its own equity instrument at fair value. The Company started the application of IFRS 13 in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

IAS 1 Presentation of Financial Statements: The standard provides guidance on the presentation of items of OCI and their classification within OCI. The Company started the application of this standard in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

Future Accounting Policies

IFRS 9 Financial Instruments: This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective date of IFRS 9 is January 1, 2018. The Company has not yet evaluated the impact on the financial statements.

Critical Accounting Estimates:

The preparation of the Company'sfinancial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Critical accounting estimates used in the preparation of the Company's financial statements are the recognition of the Company's deferred tax asset ("DTA"), the Company's estimate of inputs for the calculation of the value of stock-based compensation expense.

Recognition of Deferred Tax Assets:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at September 30, 2013, management determined, based upon the Company's historical level of taxable income that no value should be assigned to the deferred tax asset.

Stock-based Compensation Expense and Warrants:

The Company uses the Black-Scholes option pricing model ("B-S") to calculate stock-based compensation expense and the value of warrants and broker warrants issued as part of theCompany's private placements. The B-S requires six key inputs to determine a value for anoption, warrant or broker warrant: risk free interest rate, exercise price, market price at date ofissue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the optionor a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

The following table summarizes stock options granted during the twelve months ended December 31, 2013:

Date Granted	Options Granted	Exercise Price	Expiry Date
October 29, 2013	450,000	$ 0.10	October 29, 2018

The expected volatility is based on the historical volatility over the life of the option at Quinsam's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years representsthe period of time that options granted are expected to be outstanding based on historical options granted.

Black-Scholes option valuation model assumptions used	
Expected volatility	132%
Expected dividend yield	0.00%
Risk-free interest rate	1.70%
Expected option life in years	5
Expected forfeiture rate	0.00%
Fair value per stock option granted on October 29, 2013	$ 0.04989

Valuation of Unlisted Warrants of Public Companies:

The Company uses the B-S to calculate the fair value of unlisted warrants of public companies ifthere are sufficient and reliable observable market inputs. If there are no reliable observable and no sufficient market inputs available, the warrants are valued using their intrinsic value. B-S requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts notestimates, while the expected life and expected volatility are based on the Company's estimates.

For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

As at December 31, 2013, the Company has valued all non-tradable warrants using intrinsicvalue for a total fair value of $3,250 (2012 - $0), which is consistent with prior quarters andwith the Company's accounting policy for valuing non-tradable warrants.

Subsequent Events:

On March 21, 2014 the Company completed a non brokered private placement of 9,207,660 shares at $0.10 for gross proceeds of $920,766 and net proceeds of $899,166.

Outlook:

The Company's outlook is in large part dependent on overall conditions in the investment market and in particular on conditions in the small cap market. After the market turmoil in 2008, there was a visible reduction in investors' overall appetite for small cap investment. Commencing in mid-2013, management of Quinsam detected an improving trend in small cap investment performance and investor demand for small cap risk.

While market conditions, particularly in the small cap market, continue to be volatile, management of the company believe that current market conditions are favourable and that the potential for creating positive investment returns exists.

Use of Non-GAAP or IFRS Financial Measures:

This MD&A contains references to "book value per share" (basic and diluted) ("BV") which is a non-GAAP or IFRS financial measure. BV is calculated as the value of total assets less the value oftotal liabilities divided by the total number of common shares outstanding as at a specific date.BV (diluted) is calculated as total assets less total liabilities divided by the total number ofcommon shares of the Company outstanding as at a specific date, calculated based upon the assumption that all outstanding securities of the Company that are convertible into or exercisable for common shares have been converted or exercised. The term BV does not have anystandardized meaning according to GAAP or IFRS and therefore may not be comparable to similarmeasures presented by other companies. There is no comparable GAAP or IFRS financial measure presented in Quinsam's financial statements and thus no applicable quantitative reconciliation for such non-GAAP or IFRS financial measure. The Company believes that the measure provides information useful to itsshareholders in understanding our performance, and may assist in the evaluation of theCompany's business relative to that of its peers.

Additional Information:

Additional information relating to Quinsam Capital Corporation, including its annual management information circular for the Company's most recently completed financial year, is available under the Company's profile on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Directors

Eric Szustak*
Oakville, Ontario, Canada

Roger Dent**, ***
Toronto, Ontario, Canada

Michael Newman*, **, ***
Toronto, Ontario, Canada

Mark Steinley*, **,***
Leduc, Alberta, Canada

Officers

Eric Szustak
President

Roger Dent
Chief Executive Officer

Bryan Knebel
Chief Financial Officer

***Member Audit Committee**
****Member Compensation & Nominating Committee**
*****Member Corporate Governance Committee**

Offices

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Shares Traded

Canadian Securities Exchange
Symbol: QCA

Annual Meeting

June 26th, 2014 at 12:00 Noon
Peterson Law Professional Corporation
390 Bay Street, Suite 806
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