



Quinsam Capital Corporation

2015 ANNUAL REPORT

QUINSAM CAPITAL CORPORATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Quinsam Capital Corporation:

We have audited the accompanying financial statements of Quinsam Capital Corporation, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income and loss, changes in shareholders' equity, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards required that we comply with ethical requirements and plan and perform the audits 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 risk 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 the 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, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 22, 2016

MNP LLP

QUINSAM CAPITAL CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31, 2015	December 31, 2014
ASSETS		
CURRENT		
Cash	\$ 1,980	\$ 45,991
Due from Brokers	135,792	42,946
Investments (Note 4)	2,235,218	2,576,664
Receivables (Note 3)	29,461	21,608
Prepays and other assets	-	5,000
	\$ 2,402,451	\$ 2,692,209

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 16,042	\$ 16,222

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 6)	2,055,625	2,055,625
SHARE-BASED PAYMENT RESERVE (Note 6)	140,206	73,689
RETAINED EARNINGS	190,578	546,673
	2,386,409	2,675,987
	\$ 2,402,451	\$ 2,692,209

Approved on behalf of the Board

"Michael Newman"
Michael Newman – Director

"Eric Szustak"
Eric Szustak – Director

The accompanying notes are an integral part of these financial statements.

QUINSAM CAPITAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME AND LOSS

	Year ended December 31, 2015	Year ended December 31, 2014
NET INVESTMENT REVENUE		
Net realized gain on sale of investments	\$ 153,154	\$ 745,371
Net change in unrealized losses on investments	(336,457)	(86,872)
	(183,303)	658,499
OTHER INCOME		
Dividend, interest and advisory services income	78,838	18,853
EXPENSES		
General and administrative (Note 8)	(146,002)	(106,900)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME	\$ (250,467)	\$ 570,452
NET (LOSS) INCOME PER SHARE – BASIC	\$ (0.01)	\$ 0.03
NET (LOSS) INCOME PER SHARE – DILUTED	\$ (0.01)	\$ 0.03
WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC (Note 6)	26,407,660	21,853,199
- DILUTED (Note 6)	26,407,660	22,286,770

The accompanying notes are an integral part of these financial statements.

QUINSAM CAPITAL CORPORATION
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital		Reserve		Retained earnings/ (deficit)	Total
	Number of shares	Amount	Option reserve			
Balance at January 1, 2014	14,570,000	\$ 2,311,107	\$ 26,949	\$ (1,531,009)	\$	807,047
Comprehensive income	-	-	-	570,452		570,452
Issuance of dividends	-	-	-	(23,779)		(23,779)
Stock-based compensation	-	-	46,740	-		46,740
Shares issued for cash	11,837,660	1,315,266	-	-		1,315,266
Share issue costs	-	(39,739)	-	-		(39,739)
Reduction of share capital to deficit (Note 6)	-	(1,531,009)	-	1,531,009		-
Balance at December 31, 2014	26,407,660	\$ 2,055,625	\$ 73,689	\$ 546,673	\$	2,675,987
Comprehensive loss	-	-	-	(250,467)		(250,467)
Issuance of dividends	-	-	-	(105,628)		(105,628)
Stock-based compensation	-	-	66,517	-		66,517
Balance at December 31, 2015	26,407,660	\$ 2,055,625	\$ 140,206	\$ 190,578	\$	2,386,409

The accompanying notes are an integral part of these financial statements.

QUINSAM CAPITAL CORPORATION

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows used in operating activities		
Net (loss) income from continuing operations	\$ (250,467)	\$ 570,452
Items not affecting cash:		
Stock-based compensation	66,517	46,740
Unrealized loss on investments	336,457	86,872
Net realized gain on sale of investments	(153,154)	(745,371)
Changes in non-cash working capital:		
Due from brokers	(92,846)	(13,096)
Receivables	(7,853)	(15,542)
Prepaid and other assets	5,000	(5,000)
Accounts payable and accrued liabilities	(180)	(7,794)
Cash flows used in operations	(96,526)	(82,739)
Cash flows from financing activities		
Issuance of shares, net	-	1,275,527
Cash flows from financing activities	-	1,275,527
Cash flows used in investing activities		
Purchase of investments	(2,244,255)	(3,906,436)
Proceeds on disposition of investments	2,402,398	2,537,411
Issuance of dividends	(105,628)	(23,779)
Cash flows from (used in) investing activities	52,515	(1,392,804)
Net decrease in cash	(44,011)	(200,016)
Cash at beginning of year	45,991	246,007
Cash at end of year	\$ 1,980	\$ 45,991

The accompanying notes are an integral part of these financial statements.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars)

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

The Company is domiciled in Canada and its registered and records office is located 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 22, 2016.

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 judgment considered by management in preparing the financial statements are as follows:

Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Fair value of financial derivatives:

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 that 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. Advisory fees are earned on a fixed monthly basis.

Financial Instruments

The Company's financial instruments consist of the following:

Financial assets:

Cash – classified as loans and receivables

Investments – classified at fair value through profit or loss

Due from brokers and receivables – classified as loans and receivables

Classification

All investments are classified upon initial recognition at fair value through profit or loss. The Company's equity component feature of debentures and warrants fall into this category of financial instruments. Assets in this category are measured at fair value with gains or losses recognized in profit (loss).

Recognition, derecognition and measurement

Purchases and sales of investments are recognized on the transaction date.

Investments at fair value through profit or loss are initially recognized at fair value plus transaction costs. Investments are derecognized when the rights to receive cash flows from the investments have expired.

When the Company holds debentures that are convertible into the issuer's equity shares at the Company's option, the equity conversion feature represents an embedded option written by the issuer on its equity shares. The Company records the combined instrument at fair value through profit and loss.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the statements of comprehensive (loss) income within net change in unrealized gains or losses on investments in the period in which they arise.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Note 4).

- 1) Publicly-traded investments (i.e., securities of issuers that are public companies):
 - a. Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period. These are included in Level 1 in Note 4.
 - b. For warrants and options which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the end of the reporting period of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2 in Note 4.
- 2) Private company investments (securities of issuers that are not public companies):

All privately-held investments (other than warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 4. Warrants of private companies are carried at their intrinsic value.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

The fair value of a privately-held investment may be adjusted if:

- a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;
- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. release by the investee company of positive/negative exploration results; and
- f. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

3) Other investment instruments:

Convertible debentures and convertible notes are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the combined instrument is adjusted to fair value based on the higher of the fair value of the debt or the equity instruments that would be received if converted.

In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

Financial liabilities:

Accounts payable and accrued liabilities – classified as other financial liabilities.

The fair value of the Company's financial assets and liabilities measured at amortized cost 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.

The classification of financial instruments is detailed in Note 4 to the financial statements.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (loss) per Share

Basic earnings (loss) per share is calculated by dividing the comprehensive income or loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings (loss) attributable to common shareholders equals the reported earnings attributable to owners of the Company. Diluted earnings (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 earnings (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.

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 tax:

Deferred 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 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 tax asset to be utilized.

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

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

There have been no changes in accounting policies for the year ended December 31, 2015.

Future Accounting Policies

IFRS 9 – Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting. This standard is mandatorily effective from January 1, 2018, with earlier application permitted.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

The Company is currently assessing the effects of these new standards and intends to adopt them on their effective dates.

NOTE 3 – RECEIVABLES

	December 31, 2015	December 31, 2014
Sales tax receivable	\$ 3,104	\$ 12,851
Trade receivables	26,357	8,757
	\$ 29,461	\$ 21,608

NOTE 4 – INVESTMENTS

Investments consist of the following as at December 31, 2015:

Investments	Cost	Level 1	Fair Value		Total Fair Value
			Level 2	Level 3	
Equities	\$ 2,220,537	\$ 1,355,452	\$ -	\$ 496,936	\$ 1,852,388
Warrants	52,710	-	-	-	-
Convertible Debentures	382,830	-	-	382,830	382,830
Total Investments	\$ 2,656,077	\$ 1,355,452	\$ -	\$ 879,766	\$ 2,235,218

The following table presents the changes in fair value measurements classified as Level 3. The financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net change in unrealized gains (losses) are recognized in the financial statements of comprehensive income (loss).

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – INVESTMENTS (CONTINUED)

	Opening Balance, January 1 (\$)	Purchases /loans (\$)	Conversions (\$)	Proceeds (\$)	Net Realized Gains/(losses) (\$)	Net unrealized Gains/ (losses) (\$)	Transfer out of Level 3 (\$)	Ending Balance (\$)
December 31, 2015	500,000	643,270	(200,000)	(17,170)	-	(46,334)	-	879,766
December 31, 2014	0	500,000	-	-	-	-	-	500,000

Within Level 3, the Company included private company investments and other investment instruments such as convertible debentures which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

	December 31, 2015		December 31, 2014	
	Fair Value (\$)	Unobservable Inputs (\$)	Fair Value (\$)	Unobservable Inputs (\$)
Recent financings	316,686	Transaction price		Transaction price
Trends in comparable publicly traded companies and general market conditions	563,080	-	500,000	-
Discounted cash flows	-	-	-	-
	879,766	-	500,000	-

For those investments valued based on recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2015 and December 31, 2014. For those investments valued based on trends in comparable publicly-traded companies and general market conditions, the inputs can be highly judgmental. A 10% change in the fair value of these investments would result in a corresponding +/- \$87,977 (December 31, 2014 +/- \$50,000) change to the fair value of the investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – INVESTMENTS (CONTINUED)

Investments consist of the following as at December 31, 2014:

Investments	Cost	Level 1	Fair Value Level 2	Level 3	Total Fair Value
Equities	\$ 2,160,586	\$ 1,961,964	\$ -	\$ 50,000	\$ 2,011,964
Warrants	52,710	200	114,500	-	114,700
Convertible Debentures	450,000	-	-	450,000	450,000
Total Investments	\$ 2,663,296	\$ 1,962,164	\$ 114,500	\$ 500,000	\$ 2,576,664

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014
Trade payables	\$ 3,042	\$ 8,722
Accrued liabilities	13,000	7,500
	\$ 16,042	\$ 16,222

All trade payables are current as at December 31, 2015. Accrued liabilities reflect accrual of professional fees incurred in the normal course of business.

NOTE 6 - SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

Issued:

At December 31, 2015 there were 26,407,660 issued and fully paid common shares (December 31, 2014 – 26,407,660).

	Number of Common Shares	Amount
Balance as at December 31, 2014	26,407,660	\$ 2,055,625
Balance as at December 31, 2015	26,407,660	\$ 2,055,625

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.

QUINSAM CAPITAL CORPORATION
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NOTE 6 - SHARE CAPITAL (CONTINUED)

Reduction of share capital to deficit

At the annual meeting of shareholders on June 26, 2014, a shareholders' resolution was passed to reduce the stated share capital of the common shares to an amount more representative of the value of the Company's net assets. The Company elected to remove the \$1,531,009 cumulative impacts of the previous operations involving the acquisition and development of mineral property interests and other assets or businesses related to the resource industry.

Normal course issuer bid

During the year the Company proceeded with the commencement of a normal course issuer bid to acquire up to 1,320,383 common shares representing 5% of the Company's outstanding shares. The bid will be terminated on November 22, 2016 or on an earlier date in the event that the number of common shares sought in the bid has been repurchased. As at December 31, 2015, no shares have been repurchased.

Share Issuances

There were no share issuances in the current year. During the year ended December 31, 2014, the Company issued 11,837,660 common shares via two non-brokered private placements at \$0.10 per share (9,207,660 shares) and \$0.15 per share (2,630,000 shares).

Basic and diluted (loss) earnings per share

The calculations of basic and diluted (loss) earnings per share for the year ended December 31, 2015 was based on the loss from operations attributable to common shareholders of (\$250,467) (2014 income - \$570,452) and the weighted average number of basic common shares outstanding of 26,407,660 (2014 - 21,853,199) and diluted of 27,407,660 (2014 - 22,286,770).

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.

The changes in options during the year ended December 2015 and 2014 are as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	2,376,000	\$ 0.10	450,000	\$ 0.10
Options issued	200,000	\$ 0.13	1,926,000	\$ 0.10
Options expired	-	\$ -	-	\$ -
Options outstanding, end of year	2,576,000	\$ 0.10	2,376,000	\$ 0.10
Options exercisable, end of year	941,500	\$ 0.10	546,300	\$ 0.10

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 - SHARE CAPITAL (CONTINUED)

Option Reserve

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

On July 27, 2014, 1,926,000 options, vesting equally over a period of five years, 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 141%, risk free return of 1.50% and an expected remaining life of 5 years. The Company has recorded a total of \$60,517 (2014 - \$46,740) as stock based compensation in connection with the vesting of these options.

On July 1, 2015, 200,000 options, vesting equally over a period of five years, were issued to directors of the Company. The options were valued using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 3%, expected volatility of 146%, risk free return of 0.82% and an expected remaining life of 5 years. The total value attributable to the options is \$19,966 of which \$6,000 was recorded as stock-based compensation in connection with the vesting of these options during the year.

The following are the options outstanding as at December 31, 2015:

Security Type	Number of Options Issued	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Options	450,000	\$ 0.10	2.83	October 29, 2018
Options	1,926,000	\$ 0.10	3.57	July 26, 2019
Options	200,000	\$ 0.13	4.50	July 1, 2020
Total	2,576,000	\$ 0.10	3.52	

NOTE 7 – RELATED PARTY TRANSACTIONS

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

Type of Service	Nature of Relationship	December 31, 2015	December 31, 2014
Salaries, consulting fees and other benefits	Officers	\$ 5,175	\$ -
Director fees	Directors	-	-
Stock-based compensation expense	Directors and officers	66,517	46,740
		\$ 71,692	\$ 46,740

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars)

NOTE 8 - EXPENSES BY NATURE

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

	December 31, 2015	December 31, 2014
Stock-based compensation expense (Notes 6 and 7)	\$ 66,517	\$ 46,740
Professional fees	24,720	17,846
Other office and administrative	19,666	5,678
Transfer agent, filing fees	15,287	17,296
Travel and promotion	14,637	3,340
Salaries, bonuses, and other employment benefits (Note 7)	5,175	-
Consulting and directors' fees (Note 7)	-	16,000
	\$ 146,002	\$ 106,900

NOTE 9 – INCOME TAXES

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, 2015	December 31, 2014
Non-capital losses carried forward	\$ 1,300,330	\$ 1,369,830
Share issuance costs	\$ 27,360	\$ 37,060
Mineral properties	\$ 102,050	\$ 102,050
Marketable securities	\$ 421,810	\$ 85,900

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

Share issue costs will be fully amortized in 2018.

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
2026	\$ 110,970
2027	165,500
2028	167,810
2029	116,460
2030	142,630
2031	185,880
2032	366,560
2033	44,520
2034	-
	\$ 1,300,330

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars)

NOTE 10 – 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. The risk in cash and due from brokers 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 flows from 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 \$1,378 based upon balances as at December 31, 2015.

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, 2015, the Company was holding cash and monies at deposit in brokers' accounts of \$137,772.

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, 2015:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	\$ 16,042	\$ 16,042	\$ -	\$ -

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, 2014:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	\$ 16,222	\$ 16,222	\$ -	\$ -

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 unfavorable market conditions could result in dispositions of investments at less than favorable prices. A 1% change in closing trade price of the Company's investments would impact net income by \$22,352 based upon balances as at December 31, 2015.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
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NOTE 11 – 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, 2015.

NOTE 12 – 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, 2015. As at December 31, 2015 the Company has a diversified portfolio of investments where no single investment accounts for more than 12% of the portfolio.

NOTE 13 – SUBSEQUENT EVENT

Subsequent to year end, in connection with the normal course issuer bid (Note 6), the Company repurchased 30,000 shares at \$0.08 per share for total consideration of \$2,400.

Management's Discussion and Analysis

For the Year Ended: December 31, 2015

Date of Report: April 22, 2016

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, 2015.

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 such forward-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 other factors 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, 2015, the Company held cash and investments at fair value totaling \$2,372,990 as compared to \$2,665,601 as at December 31, 2014. The decrease in value was primarily attributable to a reduction in the carrying value of investments experienced in the second half of the year combined with annual cash operating costs (\$79,485) and disbursement of dividends to shareholders throughout the year(\$105,628)

As at December 31, 2015, the book value per share ("BV per share") on an issued and outstanding basis was \$0.09 as compared to \$0.10 as at December 31, 2014.

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

	BV Per Share (\$)
December 31, 2015	0.09
September 30, 2015	0.10
June 30, 2015	0.12
March 31, 2015	0.11
December 31, 2014	0.10
September 30, 2014	0.11
June 30, 2014	0.08
March 31, 2014	0.08

Investments:

Investments at cost and fair value consist of the following as at December 31, 2015:

Investments	Cost	Fair Value			Total Fair Value
		Level 1	Level 2	Level 3	
Equities	\$ 2,220,537	\$ 1,355,452	\$ -	\$ 496,936	\$ 1,852,388
Warrants	52,710	-	-	-	-
Convertible Debentures	382,830	-	-	382,830	382,830
Total Investments	\$ 2,656,077	\$ 1,355,452	\$ -	\$ 879,766	\$ 2,235,218

Investments at cost and fair value consist of the following as at December 31, 2014:

Investments	Cost	Fair Value			Total Fair Value
		Level 1	Level 2	Level 3	
Equities	\$ 2,160,586	\$ 1,961,964	-	\$ 50,000	\$ 2,011,964
Warrants	52,710	200	114,500	-	114,700

Convertible Debentures	450,000	-	-	450,000	450,000
Total Investments	\$ 2,663,296	\$ 1,962,164	\$ 114,500	\$ 500,000	\$ 2,576,664

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 financial statements.

In cases where there is no quoted market, the shares are valued at the lower of cost or realizable value based upon Management's best estimate.

If there is no quotable market for Warrants, the investments are valued at their intrinsic value.

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:

	2015	2014	2013
Net investment income	\$ (104,465)	\$ 677,352	\$ 26,340
Net income/ (loss) for the year	\$ (250,467)	\$ 570,452	\$(41,642)
Total comprehensive income/(loss) for the year	\$ (250,467)	\$ 570,452	\$(41,642)
Income/ (loss) per share- basic	\$(0.01)	\$0.03	\$(0.01)
Income/ (loss) per share- diluted	\$(0.01)	\$0.03	\$(0.01)
Total assets	\$ 2,402,451	\$ 2,692,209	\$ 831,063
Total liabilities	\$ 16,042	\$ 16,222	\$ 24,016
Shareholders' equity	\$ 2,386,409	\$ 2,675,987	\$ 807,047

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net Investment Income/ Revenue	\$ (135,506)	\$ (488,552)	\$ 320,300	\$ 198,293	\$(216,404)	\$ 690,950	\$ 85,510	\$ 117,296

Comprehensive Income/(loss)	\$(168,131)	\$ (519,175)	\$ 269,789	\$ 167,050	\$(268,443)	\$ 671,741	\$ 62,276	\$ 104,878
Working Capital	\$ 2,386,409	\$ 2,559,704	\$3,090,195	\$2,831,722	\$2,675,987	\$2,546,173	\$1,868,238	\$1,805,962
Shareholders' Equity	\$ 2,386,409	\$ 2,559,704	\$3,090,195	\$2,831,722	\$2,675,987	\$2,546,173	\$1,868,238	\$1,805,962
Net Book Value/ Share	\$0.09	\$ 0.10	\$ 0.12	\$ 0.11	\$ 0.10	\$ 0.11	\$ 0.08	\$ 0.08
Share Outstanding	26,407,660	26,407,660	26,407,660	26,407,660	26,407,660	23,777,660	23,777,660	23,777,660

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

Three Months Ended December 31, 2015 and 2014:

The net investment revenue for the three months ended December 31, 2015 was (\$135,506) (three months ended December 31, 2014 - (\$216,404)). In the Quarter, the TSX.V Composite Index was essentially flat and the Company's performance was essentially in line with the composite index.

For the three months ended December 31, 2015, other income totaled \$10,154 as compared to \$12,678 for the three months ended December 31, 2014. Other income is comprised of interest advisory services and dividend income.

Operating, general and administrative expenses for the three months ended December 31, 2015 decreased to \$33,625 from \$52,039 for the three months ended December 31, 2014. A substantial portion of the operating costs (\$16,629) in the current quarter were related to stock based compensation expense incurred in the issuance of stock options which are vesting on a quarterly basis over a five year period.

Net loss for the three months ended December 31, 2015 was \$168,131 (\$0.01 per share) as compared to a net loss of \$268,443 (\$0.01 per share) for the three months ended December 31, 2014.

Year ended December 31, 2015 and 2014:

The net investment revenue for the year ended December 31, 2015 was (\$183,303) (2014 - \$658,499) as a result of net gains on the sale of investments of \$ 153,154 (2014 - \$745,371) and the net changes in unrealized losses on investments of \$ 336,457 (2014 - (\$86,872)). For the Year, the TSX.V Composite Index declined approximately 26% while the Company's portfolio declined by approximately 5%.

For the year ended December 31, 2015, other income totaled \$78,838 as compared to \$18,853 for the year ended December 31, 2014. Other income is comprised of interest on investments, dividend income and other revenue generated from corporate financial advisory services.

Operating, general and administrative expenses for the year ended December 31, 2015 increased to \$146,002 from \$106,900 for the year ended December 31, 2014. A breakdown of operating, general and administrative expenses for the indicated twelve month periods ended December 31 is set out below.

	2015 (\$)	2014 (\$)
Salaries, bonuses and other employee benefits	5,175	-
Stock-based compensation	66,517	46,740
Consulting and directors' fee	-	16,000
Professional fees	24,720	17,846
Transfer agent, filing fees	15,287	17,296
Travel and promotion	14,637	3,340
Other office and administration	19,666	5,678

Net and comprehensive loss for the twelve months ended December 31, 2015 was \$250,467 (\$0.01 per share) as compared to a net and comprehensive income of \$570,452 (\$0.03 per share) for the twelve months ended December 31, 2014.

Cash Flow:

Net cash used in the operations for the twelve months ended December 31, 2015 was \$96,526 as compared to \$82,739 in the twelve months ended December 31, 2014.

The Company did not raise any monies in the current year from the sale of securities. In 2014, the Company raised a net total of \$1,275,527 via the sale, by way of private placement, of 11,837,660 common shares of the Corporation.

Liquidity and Capital Resources:

	December 31, 2015	December 31, 2014
Total Assets	\$ 2,402,451	\$ 2,692,209
Total Liabilities	\$ 16,042	\$ 16,222
Shareholders' Capital	\$ 2,195,831	\$ 2,129,314
Retained Earnings	\$ 190,578	\$ 546,673
Net Asset Value Per Share	\$ 0.09	\$ 0.10

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 of operations 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 2015, the Company had commitments for cash resources of \$16,042 (December 31, 2014 - \$16,222) which are detailed below. The available cash on hand is sufficient to pay these commitments as at December 31, 2015.

A breakdown of the Company's liabilities and obligations as at December 31, 2015 is as follows:

	Total Due	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
A/P and Accrued Liabilities	\$ 16,042	\$ 16,042	-	-	-

A breakdown of the Company's liabilities and obligations as at December 31, 2014 is as follows:

	Total Due	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
A/P and Accrued Liabilities	\$16,222	\$16,222	-	-	-

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	2015	2014
Salaries	Directors and Officers	5,175	-
Director fees	Directors	-	-
Stock based compensation	Directors and Officers	66,517	\$ 46,740

During the year ended December 31, 2015, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry Date
July 1, 2015	200,000	\$0.13	July 1, 2020

During the year ended December 31, 2014, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry Date
July 27, 2014	1,926,000	\$ 0.10	July 27, 2019

Off-Balance Sheet Arrangements:

As at December 31, 2015 and December 31, 2014, 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, 2015, 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, 2015.

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, 2015 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 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, 2015	December 31, 2014
Share Capital	\$ 2,055,625	\$ 2,055,625
Options Reserve	\$ 140,206	\$ 73,689
Retained Earnings	\$ 190,578	\$ 546,673

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 the twelve months ended December 31, 2015.

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, 2015.

Risk Management:

Financial Instrument Risk:

The Company's financial instruments primarily consist of investments in publicly listed companies. The investment operations of Quinsam's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest rate, currency and credit risks. A discussion of the Company'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 its investments. 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 the twelve months ended December 31, 2015.

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, 2015:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	\$ 16,042	\$ 16,042	\$ -	\$ -
	\$ 16,042	\$ 16,042	\$ -	\$ -

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, 2014. 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 the Company's investment portfolio can be quite vulnerable to market fluctuations. As at December 31, 2015, a 1% change in the market value of investments would impact net investment revenue by \$5,588 per quarter.

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, 2015, 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, 2015.

There were no significant or material changes to the Company's risk management policy during the twelve months ended December 31, 2015.

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.

Credit Risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities (convertible securities, for example) will not perform their underlying obligations. There were no changes to the way that the Company manages credit risk since December 31, 2014. As at December 31, 2015, the total fair value of the Company's investments in convertible debentures, convertible notes, and promissory notes was \$382,830 (2013 - \$450,000). The Company believes that it is not significantly exposed to credit risk, as these investments comprise 17.1% (2014 - 17.5%) of the Company's total investments.

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 share prices of the companies. There can be no assurance that an active trading market for any of 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.

Private or Illiquid Securities:

Quinsam invests in securities of private issuers with a near term plan to complete a going public transaction. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for a private company investment or that the Company will otherwise be able to realize a return on such investments. Quinsam may also invest in illiquid securities of public issuers. A period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

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 could harm the Company's ability to maintain or grow existing assets and raise additional funds in 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 22, 2016, 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	26,377,660
Issuable Under Options	941,500
Total Diluted Common Shares	27,319,160

Additional information about the Company's share capital can be found in Note 6 of the Notes to the financial statements as at and for the twelve months ended December 31, 2015.

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, 2015.

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, 2015.

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.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

Critical Accounting Estimates:

The preparation of the Company's financial 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 December 31, 2015, 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 the Company's private placements. The B-S requires six key inputs to determine a value for an option, warrant or broker warrant: risk free interest rate, exercise price, market price at date of issue, 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 option or 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, 2015:

Date Granted	Options Granted	Exercise Price	Expiry Date
July 1, 2015	200,000	\$0.13	July 1, 2020

The expected volatility is based on the historical volatility over the life of the option at Quinsam's share price. Up until recently, the Company has not paid any cash dividends historically and future payments are dependent upon performance of the operation. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the 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	146%
Expected dividend yield	3.00%

Risk-free interest rate	0.82%
Expected option life in years	5
Expected forfeiture rate	0.00%
Fair value per stock option granted on July 1, 2015	\$ 0.0998

Valuation of Unlisted Warrants of Public Companies:

The Company uses the B-S to calculate the fair value of unlisted warrants of public companies if there 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 not estimates, 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, 2015, the Company has valued all non-tradable warrants using intrinsic value for a total fair value of \$0 (2014 - \$114,700), which is consistent with prior quarters and with the Company's accounting policy for valuing non-tradable warrants.

Subsequent Events:

Pursuant to a Normal Course Issuer Bid announced on November 17, 2015, the Company has repurchased for cancellation a total of 30,000 share since January 1, 2016. These shares were purchased at an average market price of \$0.08 per share.

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 of total 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 of common 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 any standardized meaning according to GAAP or IFRS and therefore may not be comparable to similar measures 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 its shareholders in understanding our performance, and may assist in the evaluation of the Company'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

Ross Geddes
Oakville, Ontario, Canada

Anthony Roodenburg
Toronto, Ontario, 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

Annual Meeting

June 28th, 2016 at 4:30 P.M.
Peterson & Company LLP
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Registered & Mailing Office

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Shares Traded

Canadian Securities Exchange
Symbol: QCA

All information is as of the record date
May 24, 2016

