

# Quinsam Announces Closing of Financing With Maryland Medical Cannabis Dispensary to Advance Secured Loan With Bonus 35% Equity Participation

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TORONTO, Oct. 19, 2017 -- Quinsam Capital Corp. (the "Company" or "Quinsam") (CSE:QCA) is pleased to announce that the Company has closed a financing with Herbiculture Inc. ("Herbiculture"), to finance the startup costs of establishing a medical marijuana dispensary located in Burtonsville, Maryland (the "Financing"). The Financing is in the form of a USD \$655,000 senior secured promissory note carrying an interest rate of 10% with a 3-year term and Quinsam has also received a 35% equity interest in Herbiculture.

Herbiculture will soon open its doors as one of the first medical cannabis dispensaries in Maryland and is currently in the process of building out its retail location. The dispensary is strategically located in the most populous county in Maryland (Montgomery County) and is situated in close proximity to two major metropolitan areas: Baltimore and Bethesda. Herbiculture is also one of only two license holders permitted to operate in Maryland's 14<sup>th</sup> Senatorial District.

In addition, Herbiculture is currently 4<sup>th</sup> in line to receive a marijuana processor license (the "Processor License") issued by the Maryland Medical Cannabis Commission. If Herbiculture is successful in securing the Processor License, Quinsam will have the right to finance 100% of the funds required to establish marijuana processing operations in the form of a senior secured promissory note (the "Processor Note") with the following terms:

- i. Quinsam will receive 75% of net income derived from marijuana processing up until the Processor Note has been repaid + a 10% IRR; and
- ii. Quinsam will receive a 51% ownership interest in the marijuana processing operation.

"With the recent closing of our successful financing of CAD\$2.42 million in gross proceeds, Quinsam has the financial resources to diversify its footprint across the North American cannabis landscape" said Roger Dent, CEO of Quinsam. "Our investment in Herbiculture is the first deployment of capital from our recent financing and helps set the stage for our growth strategy in the United States. With an attractive valuation and rewarding deal structure, we believe that this transaction is both financially accretive and strategically valuable. We think that Herbiculture has a great team and will run an efficient operation. We expect strong retail sales to drive positive investment performance as the dispensary begins servicing the significant demand for medical cannabis within Maryland."

## **About Quinsam Capital Corp.**

Quinsam is a merchant bank based in Canada that is focusing on cannabis-related investments. Our merchant banking business may encompass a range of activities including acquisitions, advisory services, lending activities and portfolio investments. Quinsam invests its capital for its own account in assets, companies or projects which we believe are undervalued and where we see a viable plan for unlocking such value. We do not invest on behalf of any third party and we do not offer investment advice.

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

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

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors that could cause actual results to differ materially from those expressed in forward-looking information expressed in this press release include, but are not limited to: market and general economic conditions, interest rates, regulatory and statutory developments, the nature of the Company’s investments, the available opportunities and competition for investments, the concentration of the Company’s investments in certain industries and sectors, reliance on key personnel, risks affecting the Company’s investments, management of the growth of the Company, and exchange rate fluctuations. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

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