



Quinsam: Record Q4/2017 Results
Strong Outlook for Q1/2018 and Q2/2018
Regular Dividend Declared

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Toronto, Ontario, April 12, 2018 – Quinsam Capital Corporation (CSE:QCA) ("Quinsam" or the "Company") is pleased to announce the strongest quarterly results in the Company's history. The Company announced operating income of \$3.9 million in Q4/2017 versus \$0.2 million in Q4/2016, which represents an extremely strong return on the Company's assets.

"Calculating our percentage return for the quarter is difficult because we closed two equity financings during the period" said Roger Dent, CEO of Quinsam. "Our operating income of \$3.9 million in the quarter was generated on total assets at the start of the quarter of only \$2.8 million. We raised a further \$2.4 million (before costs) in October 2017 and then a further \$11.5 million (before costs) in December 2017. Most of the funds raised in December remained in cash as at the end of the year. So we feel that our return on invested assets was quite extraordinary in the quarter."

During the quarter, we closed the purchase of High Standard Royalty Corp. Quinsam and its auditors considered whether to treat this as an acquisition (and as a result set up the value of the issued shares as goodwill on the balance sheet) or whether to treat the acquisition as a business expense (which has the effect of leaving the reported assets of the Company free of the intangible goodwill). We determined that it is most desirable to take the conservative approach and leave our balance sheet free of this intangible asset on a long-term basis. Accordingly, we expensed the cost of the acquisition in the quarter, which resulted in a non-cash expense. As a result, net income in the quarter was \$0.04 in Q4/2017 on a fully diluted basis versus \$0.01 in the preceding year."

Herbiculture Update

In 2017, Quinsam advanced a US\$655,000 loan to fund the start-up costs of Herbiculture Inc. (“Herbiculture”), a Maryland-based licensed dispensary. Quinsam has a right to obtain a 35% equity stake as a result.

We are pleased to say that the dispensary opened its doors over a month ago. While the dispensary has only been open for a few weeks, it has enjoyed stronger-than-expected initial patient traffic and sales. At this point, we are very comfortable with the value of our loan investment and we are excited about the potential equity value of this asset, plus its associated cannabis processing license application.

Q1 and Q2 Outlook

Quinsam is now beginning to prepare its Q1/2018 results. At this point, Quinsam expects to report a strong result. Quinsam expects to record unrealized gains on two key investments as a result of subsequent financings at higher values than our costs (Cityview Green and Osoyoos Cannabis). Quinsam expects to secure additional material gains in a number of other investments. Overall, operating income in Q1/2018 should be one of the strongest in our history.

Q2/2018 is also shaping up for additional positive results despite a significant downturn in the sector. Of particular note, the Company's \$875,000 investment in Dosecann Inc. in January 2018 (as announced by the Company on January 29, 2018) is poised for significant appreciation given the announced acquisition by Cannabis Wheaton Income Corp. at a price which is over twice our effective cost. We are also looking forward to the listing of Xanthic Biopharma Inc. (“Xanthic”), which is expected next week. Xanthic is in the process of completing a financing at 4x our cost, which implies a gain of \$900,000 on our \$300,000 investment made a few months ago.

“While the cannabis sector has shown and likely will show significant volatility, we still see many extremely interesting investment opportunities” said Roger Dent. “We will continue to look for opportunities that are generally unavailable to the typical investor. We will also remain focused on maintaining a tight cost structure. By bringing a disciplined approach to this rather volatile sector, we have to date been able to deliver strong results for our investors.”

“We are frequently asked by investors about the level of our current net asset value (“NAV”)” said Roger Dent. “However, until we have fully completed our Q1/2018 results, it is difficult to precisely calculate the figure. We still have mainly accounting variables including double checking valuations on all of our unlisted investments, evaluating the impact of our Q1/2018 new issue, evaluating the equity accounting impact, if any, of our investment in Herbiculture and examining the tax provision. Clearly, we expect a major boost in NAV per share as at March 31, 2018 versus December 31, 2017. We will push to complete our Q1/2018 results as soon as possible.”

New Investments

We have made or expect to shortly complete a number of new investments since our last report in March. A number of these investments are targeting near-term listings.

One of our previous investee companies, Evergreen Pacific Insurance Corporation, raised new funds at a little over 3x the valuation of our initial \$175,000 investment. In addition, we topped up our holding by \$150,000 on the new financing.

We also have invested or are participating in the following financings which are closing imminently:

- \$350,000 into IMC, an Israeli licensed producer. This exciting entry to the market should attract strong attention with a listing expected later this year,
- \$350,000 in IRRI-AI-Tal Ltd. ("IRRI-AL"), an Israeli based irrigation technology company which is successfully expanding to the cannabis sector. IRRI-AI has been in business for almost 15 years and is expanding its conventional and cannabis business lines at an impressive pace.
- \$310,000 into Empower Clinics, which is establishing a chain of cannabis clinics in the US northwest.
- \$400,000 in GreenTec Bio-Pharmaceuticals, a late stage ACMPR applicant.
- \$525,000 in Crossgate Capital Corporation (operating as Next Green Wave), which is building a mid-sized integrated cultivation facility in Coalinga, California.
- \$750,000 in convertible debentures (with added warrants) issued by Nutritional High International Inc. We like the company's prospects in California, Nevada and elsewhere, particularly in the context of the highly attractive investment instrument.
- \$1 million in Planet 13 Holdings, which is an integrated Nevada cannabis operation that is building a very large event-themed dispensary in Las Vegas.

With many other interesting investment opportunities in the pipeline, including the investment in some iconic California companies expanding throughout the US, Canada and elsewhere, we expect 2018 to be a banner year. With Canadian recreational "adult use" around the corner, we also expect to assist our investee companies as they look to make acquisitions, undertake M&A transactions, and undertake other strategic growth initiatives.

Dividend

The Board of Directors of Quinsam has approved the Company's fifteenth consecutive quarterly dividend. The dividend is \$0.00125 per share (\$0.005 per share per year). The distribution will be paid on May 23, 2018 to shareholders of record on May 1, 2018. This dividend will not be designated as an "eligible dividend" for Canadian income tax purposes. Future quarterly dividends will be subject to Board approval.

About Quinsam Capital Corporation

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

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

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

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors that could cause actual results to differ materially from those expressed in forward-looking information expressed in this press release include, but are not limited to: cannabis companies Quinsam has invested in obtaining and maintaining regulatory approvals including acquiring and renewing U.S. state, local or other licenses, and the uncertainty of existing protection from U.S. federal or other prosecution; regulatory or political change

such as changes in applicable laws and regulations, including U.S. state-law legalization; market and general economic conditions of the cannabis sector or otherwise, interest rates, regulatory and statutory developments, the nature of the Company's investments, the available opportunities and competition for investments, the concentration of the Company's investments in certain industries and sectors, reliance on key personnel, risks affecting the Company's investments, management of the growth of the Company, and exchange rate fluctuations. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

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