



## **Quinsam Signs LOI to Sell Stake in Maryland Dispensary Potential for Q2/2018 Gain**

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**Toronto, Ontario, May 8, 2018** – Quinsam Capital Corporation (CSE:QCA) ("Quinsam" or the "Company") is pleased to announce that it has entered an agreement to sell its right to a 35% equity stake in Herbiculture Inc. ("Herbiculture") to Lineage Grow Company Ltd. ("Lineage"). Quinsam will retain its original US\$655,000 loan to Herbiculture. Assuming that the agreement closes, Quinsam expects to trigger a material gain on the transaction given that it obtained the right to the equity stake at no cost in association with providing the loan.

Roger Dent, CEO of Quinsam said "We have been very pleased with our investment in Herbiculture and we continue to have a very positive view on its outlook. The transaction with Lineage allows us to convert an illiquid asset with no carrying value into a liquid investment with a quoted value. At the same time, we have the opportunity to continue to participate in Herbiculture through Lineage. We expect to be one of the largest shareholders of Lineage if the transaction closes."

### **Herbiculture Overview**

Herbiculture is a fully-licensed medical marijuana dispensary which opened its doors to patients in February 2018 and has achieved sales of approximately USD\$91,000 and USD\$100,000 for the months of March 2018 and April 2018, respectively.

The dispensary is one of the few licensed medical marijuana retailers operating in the state of Maryland and is one of only two license holders permitted to operate in Maryland's 14th Senatorial District. Herbiculture is strategically located in the epicenter of Montgomery County - the most populous county in Maryland and is situated in close proximity to two major metropolitan areas: Baltimore and Bethesda.

### **Transaction Details**

Pursuant to the LOI, Lineage will acquire Quinsam's 35% equity interest in Herbiculture for total consideration of US\$720,000, to be satisfied by Lineage issuing to Quinsam 3,900,000 common

shares of Lineage upon closing of the transaction at a price of US\$0.1846 per share. On closing, Lineage will also enter into an agreement with Herbiculture and its shareholders for Lineage to be granted a right of refusal to purchase 35% of securities offered by Herbiculture and a tag along right in case the majority shareholders of Herbiculture sell their stake.

The transaction is subject to a number of conditions, including but not limited to, final due diligence by the respective parties, execution of a definitive acquisition agreement which shall supersede the LOI, receipt of applicable corporate approvals, and other regulatory and/or governmental approval. There can be no assurance that the transaction will be completed as proposed or at all.

FMI Capital Advisory Inc. ("FMI") is acting as exclusive financial advisor to Lineage in connection with the Transaction. Adam Szwercas and Peter Bilodeau, directors of Quinsam, are principals of FMI. Peter Bilodeau, President of Quinsam, is also CEO of Lineage.

### **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.