



Quinsam Provides Corporate Update

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TORONTO, Oct. 15, 2019 -- Quinsam Capital Corporation (CSE:QCA) ("Quinsam" or the "Company") is pleased to provide investors with an operational update.

"We are now at work on preparing our Q3/2019 financial results. We expect to issue results in mid-November" said Roger Dent, CEO of Quinsam.

Market Commentary

Quinsam notes that the cannabis sector generally has had negative recent performance. For example, the Horizon Marijuana Life Sciences Index ETF NAV fell from \$21.58 at the end of March 2019 to \$18.25 at the end of June 2019. At the time of the last corporate update in August 2019 this ETF stood at \$15.19 and it now stands at \$10.36.

"The suddenness with which cannabis stocks have fallen out of favour has been jarring. While we thought that some companies in the sector were overvalued, the decline in the ETF by almost a third in the last six weeks and by over 40% since the end of Q1/2019 is one of the worst sector downturns we have seen in Canadian markets in many years. We think a number of factors have led to the decline, including poor operating results from some issuers, Canntrust's regulatory issues, initially overly robust expectations, a general decline in the appetite for risk, tax loss selling and an ongoing supply of new issue product by cannabis issuers. While the catalyst that will end the sector decline to end is not clear, it rarely is in painful bear markets. In our opinion, we are now entering the phase of the cannabis bear market where good quality issuers with good business prospects are being indiscriminately sold. Some very nice buying opportunities are being created."

"The prevailing negative market tone for cannabis stocks has had an impact on our asset value. However, as a result of our portfolio selection, we continue to believe that our NAV will outperform the overall cannabis market as measured by the Horizon ETF."

At the time of our last corporate update, Quinsam highlighted potential liquidity events by IMC, Embark and Hemp Hydrate as possible positive factors in Q3/2019. In September, IMC completed a \$20 million unit financing at \$1.05 per unit and trading is expected to commence in the very near term. We invested \$445,000 in this company at \$0.40 a unit (with a half warrant) in early 2018 and we have carried this at cost since acquisition. Embark completed a financing at \$3.20 per unit in October 2019. We invested \$500,000 in this company at \$1.25 per unit (with a half warrant) approximately one year ago and have carried it at cost since acquisition. Hemp Hydrate has not yet closed on its expected new financing round. However, the company continues to perform well and continues to work toward closing a new round at an improved valuation. In addition, Pharmex completed a private placement at \$0.50 per share. We invested \$200,000 in this company at \$0.10 per share about a year ago and we have also carried it at cost. As a result of these events, we will have at least three important contributions to NAV in Q3 and Q4.

As we look forward into Q4, a number of issuers have indicated to us that they hope to raise funds, achieve an exit and/or list their shares at improved valuations including Xebra, Molecule, Hemp Hydrate, Seven Leaf Ventures, Phoenix Extractions, Sixth Wave and CBX. Given current market conditions, it is not possible to predict with accuracy the success of these plans. However, they are potential positive events over the balance of the year.

"While recent markets have been unfavourable for cannabis companies, we continue to be of the view that our share price does not reflect our current underlying asset value" said Roger Dent. "We reported NAV per share of \$0.38 as at June 30, 2019. While it would be reasonable to expect markets to have impacted this figure, we do not believe that the current share price reflects our underlying asset value."

Issuer Bid Update

Quinsam announced a normal course issuer bid to purchase up to 5,733,635 of its common shares (the "Bid") in August 2019. The Bid commenced on August 28, 2019 and will terminate on August 27, 2020, or on an earlier date in the event that the number of common shares sought in the Bid has been repurchased. The Company reserves the right to terminate the Bid earlier if it feels that it is appropriate to do so.

In the quarter ending September 30, 2019, Quinsam repurchased and cancelled 2,000,000 shares pursuant to the bid. The

shares were purchased at a large discount to NAV and the repurchases had a positive impact on NAV per share for remaining shareholders.

Warrant Update

On October 13, 2019, a total of approximately 7,647,439 warrants to purchase Quinsam shares expired. The exercise prices on these warrants were \$0.15 and \$0.30, which was below our most recently reported NAV per share. Accordingly, fully diluted NAV per share improved as a result.

About Quinsam Capital Corporation

Quinsam is a merchant bank based in Canada with a focus on cannabis-related investments. Quinsam also invests in non-cannabis related enterprises. 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.