QUINSAM CAPITAL CORPORATION

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2021

The following Management's Discussion and Analysis ("MD&A") constitutes management's assessment of the financial condition and results of operations of Quinsam Capital Corporation ("Quinsam", the "Company" or "We") for the three and nine months ended September 30, 2021. It is supplemental to and should be read in conjunction with the unaudited condensed interim financial statements of Quinsam for the three and nine months ended September 30, 2021 and 2020 (the "Q3 2021 Financial Statements"). Except as otherwise indicated (see "Use of Non-IFRS Financial Measures" section in this MD&A), the Q3 2021 Financial Statements and the financial information contained in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. In preparing this MD&A, management has taken into account information available up to November 18, 2021, and all figures are reported in Canadian dollars ("$" or "CAD") unless otherwise stated.

This MD&A has been prepared to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators ("CSA") and Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities* (the "Staff Notice").

About Quinsam Capital Corporation

Quinsam was incorporated under the Canada Business Corporations Act on March 18, 2004 in the Province of British Columbia. The Company is a merchant banking firm focused on the small-cap market with early-stage investments in the the technology, healthcare, e-sports, and cannabis markets. The Company's business may encompass a wide 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 management believes are undervalued and where we see a viable plan for unlocking such value. The Company does not invest on behalf of any third-party and does not offer investment advice.

The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "QCA".

The Company's registered office address is at 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

Outlook

Canadian capital markets have been extremely volatile in the past year as a result of the continued evolution of the novel coronavirus ("COVID-19") pandemic and its impact on the economy, equity markets and interest rates. The pandemic initially brought about a very negative market tone, which has since been followed by a more buoyant market sentiment. Volatility is high, particularly in small cap markets. There remains substantial uncertainty about future economic conditions and market performance.

Quinsam continues to consider new cannabis sector investments. However, management is primarily interested in investments in other small cap market sectors.

While the legislative climate for cannabis remains in flux in the United States (the "U.S."), management believes that, if progress with legalization reforms continues in the U.S., merger & acquisition ("M&A") activity in the U.S. market will increase. With Canadian legalization of recreational cannabis and edibles having already laid the foundation for the industry, the Company expects to continue providing assistance to our investee companies as they look to make acquisitions, undertake M&A transactions, and undertake other strategic growth initiatives.

Recent Developments

On February 25, 2021, the Company paid its Q4 2020 quarterly dividend of $0.00125 per share, to shareholders of record on February 4, 2021.

On May 28, 2021, the Company paid its Q1 2021 quarterly dividend of $0.00125 per share, to shareholders of record on May 7, 2021.

On May 31, 2021, the Company granted 2,240,000 stock options to various officers and directors. The options are exercisable at $0.19 per share and vested immediately on grant. The Company also granted 774,000 deferred share units ("DSUs") to an officer, as payment of the management bonus related to its portfolio performance that was accrued for Fiscal 2020.

On August 27, 2021, the Company paid its Q2 2021 quarterly dividend of $0.00125 per share, to shareholders of record on August 6, 2021.

On October 28, 2021, the Board of Directors (the "Board") of the Company approved a quarterly dividend of $0.00125 per share. The dividend distribution will be paid on November 26, 2021, to shareholders of record on November 5, 2021. It will mark the 29th consecutive quarter in which Quinsam had issued dividends to its shareholders.

On October 28, 2021, the Company also announced that its 2021 annual general meeting of the shareholders will be held on November 26, 2021.

Impact of COVID-19

On January 30, 2020, the World Health Organization (the "WHO") declared the COVID-19 outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a global pandemic by the WHO. At the time of issuance of this MD&A, the COVID-19 outbreak continues to evolve, and has had far-reaching impacts on businesses and individuals globally. As Quinsam has operated on a "virtual basis" for a number of years, the general closure of non-essential businesses in response to the outbreak has not significantly impacted the Company's day-to-day operations.

As the COVID crisis continued to progress, it was generally reported that there was increasing consumer interest in legal cannabis products. In Canada, there had also been general progress in the rollout of edible products and retail locations. As a result of these factors and a general improvement in market conditions, Quinsam has seen a rebound in our investment portfolio and the market since the fall-out in March 2020. That being said, overall market conditions remain extremely volatile and at times, irrational. Until economies stabilize and that the vaccine rollout will be complete, management will remain cautious in overseeing its investment portfolio.

Canadian Companies with U.S. Marijuana-Related Assets

On February 8, 2018, the CSA published the Staff Notice, which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular state's regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in required disclosure documents.

Such disclosure includes, but is not limited to: (i) a description of the nature of a reporting issuer's involvement in the U.S. cannabis industry; (ii) disclosure that cannabis is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk; (iii) related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice.

At this time, Quinsam's involvement in the U.S. cannabis industry is limited and its industry involvement of cannabis activities is "Indirect" through investments in certain entities (the "Investees") operating in the U.S. cannabis industry. In addition, the Company does not operate, nor control any entities that is directly engaged in the cultivation or distribution of cannabis in accordance with a U.S. state license. As a result of the Investees having cannabis operations in the U.S. (as described below), the Company is subject to the requirements of the Staff Notice and accordingly provides the following disclosures:

Compliance with applicable state laws in the U.S.

The Company has not obtained legal advice regarding compliance with applicable state regulatory frameworks and exposure and implication arising from U.S. federal laws in the states where its Investees conduct operations. For each of the Investees involved in the U.S. cannabis industry listed in the below summary, to the best of the Company's knowledge, we are not aware of any non-compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state for any of such Investees' business and the Company is not aware of: (i) any non-compliance by these Investees with respect to cannabis -related activities, or (ii) any notices of violation with respect to any Investees' cannabis-related activities by its respective regulatory authorities.

Nature of investments with U.S. cannabis-related activities

Blackshire Capital Corp. (California, Washington)

In October 2018, Quinsam subscribed for units of Blackshire Capital Corp. ("Blackshire") for $385,000 through a private placement. Each unit is comprised of one common share and a half warrant exercisable for 24 months. Blackshire is a investor and asset manager focused on investing growth capital in the securities of private cannabis companies on a global basis, with positions in emerging cannabis companies operating out of Canada, in the states of California and Washington, respectively. As of the date of this MD&A, Quinsam continues to hold a position in the common shares of Blackshire.

CLS Holdings USA Inc. (Nevada)

In December 2018, Quinsam subscribed for convertible debentures of CLS Holdings USA Inc. ("CLS") for USD $400,000, which bear interest at 8% per annum for a term of three years. At Quinsam's option, the debentures are convertible into units at USD $0.80 per share. CLS is an integrated cannabis producer and retailer through its Oasis Cannabis subsidiaries in Nevada. CLS's business model includes licensing and processing operations, processing facilities, sale of products, brand creation and consulting services. As of the date of this MD&A, Quinsam continues to hold a position in the debentures and warrants of CLS.

Core Process Solutions Inc. (Colorado)

In November 2018, Quinsam subscribed for special warrants of Core Process Solutions Inc. ("Core") (formerly Critical CO2 Separation Inc.) for $375,000, which had since been converted into shares. In May 2021, Quinsam also subscribed for a new debentures issuance of Core for $125,000. Core sells extraction systems and solvents for the extraction of oil and derivatives from plant materials using carbon dioxide technology, supercritical and subcritical fluids extraction, and chromatograph processes. In March 2020, it became involved with Pueblo West Organics, LLC ("PWO"), a cannabis license holder in Colorado, which had negotiated contracts for trim to be extracted using its CO2 equipment and technology to produce distillate. Core is focused on PWO and is looking to build PWO into a multi-million dollar fully integrated cannabis facility. As of the date of this MD&A, Quinsam continues to hold a position in the common shares and debentures of Core.

Corsica Innovations Inc. (Colorado)

In March 2019, Quinsam subscribed for convertible debentures of Corsica Innovations Inc. ("Corsica") for $250,000 through a private placement. Each unit is comprised of a principal amount of $1,000 and four warrants exercisable for 36 months. The debenture units are convertible into shares at a conversion price of $0.25 for 36 months. Based in Boulder, Colorado, Corsica manufactures and markets Plug N' Plant cannabis growing systems, which monitor various aspects of grow box and keep it at optimal settings for plant growth: nutrient dosing, pH balancing, light, temperature, water level, and ventilation controls. As of the date of this MD&A, Quinsam continues to hold a position in the debentures and warrants of Corsica.

Evio Inc. (California, Florida, Oregon, Washington)

In January 2018, Quinsam subscribed for convertible debentures of Evio Inc. ("Evio") for USD $450,000 through a private placement. Each unit is comprised of one common share and a half warrant exercisable for 18 months. In Q2 2019, the Company subscribed for additional units of Evio for $80,084, comprised of one common share and one warrant exercisable for 24 months. Evio provides advisory, management, and analytical testing services to the legalized cannabis industry in the U.S. It also offers industry research, business and market intelligence, market forecasts, and operational insights; and advisory and consulting services, including license application support, regulatory compliance, and operating services for current and prospect licensed cannabis businesses. Evio is publicly-traded on the OTC market in the U.S. As of the date of this MD&A, Quinsam continues to hold a position in the debentures of Evio.

Flower One Holdings Inc. (Nevada)

In March 2019, Quinsam subscribed for convertible debentures of Flower One Holdings Inc. ("Flower One") for $450,000 through a prospectus offering. Each unit is comprised of a principal amount of $1,000 and 192 warrant exercisable for 36 months. The debenture units are also convertible into shares at a conversion price of $0.26 for 36 months. In February 2021, the Company subscribed for an additional investment of $176,348 in debentures. Since then, certain debentures had been converted into shares. Flower One is the largest cannabis cultivator, producer, and full-service brand fulfillment partner in the state of Nevada. It produces a wide range of cannabis products ranging from wholesale flower, full-spectrum oils, and distillates to finished consumer packaged goods including flower, pre-rolls, concentrates, edibles, beverages, and topicals. Its 400,000 square feet ("sq. ft.") greenhouse and 55,000 sq. ft. production facility are used for large scale cannabis cultivation, processing, and manufacturing. It also operates a second facility in North Las Vegas with 25,000 sq. ft. of indoor cultivation and production capacity. As of the date of this MD&A, Quinsam continues to hold a position in the common shares and debentures of Flower One.

<u>Gefion Canada Inc. (Various states in the U.S.)</u>

In September 2018, Quinsam subscribed for shares of Gefion Canada Inc. ("Gefion") for $300,000 through a private placement, and the Company subscribed for an additional investment of $60,000 in September 2020. Gefion is a private Canadian corporation which has licensed transdermal delivery technology from BioPhysics Pharma, Inc., for the development and sale of herbal extracts products which include cannabis and hemp-based products. In Canada, Gefion has developed products for entry into the CBD OTC market. In the U.S., it sells formula bases in bulk to extractors in all states. As of the date of this MD&A, Quinsam continues to hold a position in the common shares of Gefion.

<u>Ikänik Farms Inc. (California)</u>

In May 2019, Quinsam subscribed for convertible debentures of Ikänik Farms Inc. ("Ikänik") for USD $300,000, which bear interest at 6% per annum for a term of two years. Ikänik is a California-based multi-national operator who is building a portfolio of brands, supported by its vertically integrated retail, distribution and cultivation in California and its medical grade cultivation and laboratory in Colombia. Ikänik's operation in Colombia, through its pharma division Pideka, holds both GMP-PHARMA and (GACP) Good Agricultural and Collection Practice certifications for its Casa Flores operating facility. Ikänik commenced trading on the CSE under the symbol "IKNK" on April 6, 2021. As of the date of this MD&A, Quinsam continues to hold a position in the common shares and debentures of Ikänik.

<u>Nutritional High International Inc. (California, Colorado, Oregon)</u>

In March 2018, Quinsam subscribed for convertible debentures of Nutritional High International Inc. ("NHII") for $750,000 through a private placement. Each debenture unit is comprised of (i) $1,000 principal amount of 10% unsecured debentures convertible at $0.60, and (ii) 1,667 warrants exercisable for a period of 36 months. In May 2020, Quinsam subscribed for additional debentures from a new round of financing for $50,000; each debenture unit is comprised of (i) $10,000 principal amount of 12% unsecured debentures convertible at $0.05, and (ii) 20,000 warrants exercisable for a period of 36 months from closing. NHII develops and manufactures branded products in the cannabis products industry, with a specific focus on edibles and oil extracts for adult recreational use. NHII's flagship FLÏ™ edibles and extracts product lines are currently manufactured and marketed in California, Oregon, and Colorado. As of the date of this MD&A, Quinsam continues to hold a position in the common shares, warrants and debentures of NHII.

<u>OG DNA Genetics Inc. (California and various states)</u>

In 2017, Quinsam subscribed for common shares and units of Seed Capital Corp. ("Seed Capital") for $200,000. Seed Capital was acquired by OG DNA Genetics Inc. ("OG DNA") through an amalgamation agreement, whereby DNA issued securities for each Seed Capital security at an exchange ratio of 0.294962. OG DNA was founded in Amsterdam and is currently based in Los Angeles, California. It owns a seasoned genetic library and developed proven standard operating procedures for genetic selection, breeding, and cultivation. OG DNA is licensed in over 10 distinct jurisdictions, including Canada, and states such as Nevada, Pennsylvania, and Michigan, to name a few. As of the date of this MD&A, Quinsam continues to hold a position in the common shares of OG DNA.

<u>Phoenix Extractions Inc. (Arizona)</u>

In April 2019, Quinsam subscribed for USD $250,000 of convertible debentures of Phoenix Extractions Inc. ("Phoenix Extractions"). Each debenture unit is comprised of (i) $1,000 principal amount of 8% unsecured debentures which are convertible at a conversion rate of $0.29, and (ii) a half warrant exercisable at $0.35 for a period of 24 months from closing. Phoenix Extractions operates a hemp-extraction business out of Phoenix, Arizona. As of the date of this MD&A, Quinsam continues to hold a position in the debentures of Phoenix Extractions.

As at September 30, 2021, the Company held the following investments in the cannabis sector:

Investees	Investment relationship	Investment type	Jurisdiction	Industry involvement [1]	Cost	Fair value	Company's ownership %
					$	$	
1193269 BC Ltd. d/b/a Shelter Cannabis	Private	Shares	Canada	N/A	100,000	100,000	Under 10%
Aion Therapeutics Inc. (formerly Osoyoos Cannabis Inc.)	Publicly-listed	Warrants	Canada	N/A	7,871	1,926	Under 10%
Aleafia Health Inc.	Publicly-listed	Convertible debentures	Canada	N/A	355,991	392,500	Under 10%
Asterion Cannabis Inc.	Private	Shares	Canada, Australia	N/A	305,292	639,840	Under 10%
Blackshire Capital Corp.	Private	Shares	U.S. (California, Washington)	Indirect	335,124	39,305	Under 10%
Budd Hutt Inc.	Private	Shares, loans & promissory notes	Canada	N/A	2,866,517	2,833,571	17% [2]
Canada House Wellness Group Inc.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	150,000	142,856	Under 10%
CanaQuest Medical Corp.	Publicly-listed	Shares	Canada	N/A	122,457	112,695	Under 10%
CBD Acres Management Inc.	Private	Shares	Canada	N/A	510,000	113,095	Under 10%
City View Green Holdings Inc.	Publicly-listed	Shares & promissory notes	Canada	N/A	1,219,323	2,174,043	12% [3]
CLS Holdings USA Inc.	Publicly-listed	Convertible debentures	U.S. (Nevada)	Indirect	582,640	542,245	Under 10%
Core Process Solutions Inc.	Private	Shares & convertible debentures	U.S. (Colorado)	Indirect	350,000	372,357	Under 10%
Corsica Innovations Inc.	Private	Convertible debentures	U.S. (Colorado)	Indirect	250,000	295,412	Under 10%
Discover Wellness Solutions Inc.	Publicly-listed	Shares	Canada	N/A	525,000	102,500	Under 10%
Eden Empire Inc.	Publicly-listed	Shares	Canada	N/A	393,444	65,767	Under 10%
Embark Health Inc.	Private	Shares	Canada	N/A	408,082	942,880	Under 10%
Eve & Co Inc.	Publicly-listed	Shares	Canada, Germany	N/A	578,758	34,737	Under 10%
Evio Inc.	Publicly-listed	Convertible debentures	U.S. (Colorado, California, Florida, Massachusetts, Oregon)	Indirect	557,295	594,434	Under 10%
First Helium Inc.	Publicly-listed	Shares	Canada	N/A	315,000	210,338	Under 10%
Flower One Holdings Inc.	Publicly-listed	Shares, convertible debentures & warrants	U.S. (Nevada)	Indirect	574,163	341,008	Under 10%
Frontier Wellness Management Inc.	Private	Shares & convertible debentures	Spain	N/A	416,791	197,333	Under 10%
Gefion Canada Inc.	Private	Shares	Canada, U.S. [4]	N/A	360,000	360,000	Under 10%
Georgian Bay Biomed Inc.	Private	Shares	Canada	N/A	263,808	300,000	Under 10%
Good Buds Company Ltd.	Private	Shares	Canada	N/A	411,186	410,355	Under 10%
Green Stripe Naturals Ltd.	Private	Shares, convertible debentures & warrants	Jamaica	N/A	790,000	1,345,216	Under 10%
Harvest One Cannabis Inc.	Publicly-listed	Shares & warrants	Canada	N/A	240,250	131,750	Under 10%
Hemp Hydrate Int'l Holdings Inc.	Private	Shares	Canada	N/A	401,321	-	Under 10%
Hempsana Holdings Inc.	Publicly-listed	Shares	Canada	N/A	480,000	240,000	Under 10%
Ikänik Farms Inc.	Publicly-listed	Convertible debentures & warrants	U.S. (California)	Indirect	434,610	197,007	Under 10%
King and Pegahmagabow Inc.	Private	Convertible debentures	Canada	N/A	888,094	1,051,363	Under 10%
Med. Compassion Canni Farms Inc.	Private	Loans	Canada	N/A	2,000,000	2,000,000	Under 10%
Miraculo Inc.	Private	Shares	Canada	N/A	369,375	133,203	Under 10%
Molecule Holdings Inc.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	350,000	453,173	Under 10%

[1] Industry involvement refers to Quinsam's involvement in regard to the Investees with cannabis-related activities in the U.S. For greater clarity per the Staff Notice, Investees classified as "Indirect" in this column generally represents entities with a license to either cultivate and/or sell cannabis in the U.S., and for which Quinsam has an equity or "convertible-into-equity" stake in that particular investee.

[2] In June 2020, Budd Hutt Inc. ("Butt Hutt") received a retail cannabis license from Alberta Gaming, Liquor and Cannabis ("AGLC") at its Grand Cache, Alberta location. Three other locations are undergoing final inspections by the AGLC during June 2020. During the year ended December 31, 2020, the Company increased its investment to $2.7 million, from its initial investment of $1.1 million, under an additional loan and promissory note arrangement with Budd Hutt, which represents an ownership stake of approximately 17%.

[3] City View Green Holdings Inc. ("CVGH") is an investment which Quinsam had held prior to CVGH's RTO transaction with 2590672 Ontario Inc. As at June 30, 2021, Quinsam holds approximately 12% of CVGH's common shares. Quinsam remains a passive investor and does not participate in any decision-making of CVGH. CVGH, through its subsidiary, 2590672 Ontario Inc., also owns approximately 27.5% of issued shares of Butt Hutt.

[4] Gefion Canada Inc., through service agreements with third-parties, has access to OTC retail distribution channels for all 50 states in the U.S. Its products contain hemp extracts with CBD with 0.3% or less THC which are sold throughout the U.S. pursuant to the recently enacted 2018 Farm Act.

Nutritional High International Inc.	Publicly-listed	Convertible debentures & warrants	U.S. (Colorado, California, Washington, Nevada, Oregon)	Indirect	50,000	40,952	Under 10%
OG DNA Genetics Inc.	Private	Shares	U.S. (California and other states) [5]	Indirect	177,279	131,534	Under 10%
Orchid Ventures Inc.	Publicly-listed	Shares & warrants	Canada	N/A	272,355	302,295	Under 10%
Pharmadrug Inc.	Publicly-listed	Warrants	Germany, the Netherlands	Indirect	288	9,547	Under 10%
Pharmex Life Sciences Inc.	Private	Share	Mexico	N/A	284,091	921,360	Under 10%
Phoenix Extractions Inc.	Private	Convertible debentures	U.S. (Arizona)	Indirect	198,775	369,489	Under 10%
Phytopharma International Ltd.	Private	Convertible debentures	Israel	N/A	408,844	617,352	Under 10%
PlantExt Ltd.	Private	Shares	Israel	N/A	317,988	79,058	Under 10%
Pure Global Cannabis Inc.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	153,408	-	Under 10%
Segra International Corp.	Private	Shares	Canada	N/A	348,905	182,448	Under 10%
SugarBud Craft Growers Corp.	Publicly-listed	Shares & warrants	Canada	N/A	300,000	275,000	Under 10%
Swiss Luxe Products Inc.	Private	Shares	Canada	N/A	200,000	70,320	Under 10%
The Flowr Corporation	Publicly-listed	Shares & warrants	Canada, Portugal, Australia	N/A	30,547	47,582	Under 10%
Theracann Int'l Benchmark Corp.	Private	Convertible debentures	Panama	N/A	143,886	103,557	Under 10%
Verabys Inc.	Private	Shares	Columbia	N/A	350,000	175,000	Under 10%
Xebra Brands Ltd.	Private	Shares	Colombia, Mexico	N/A	390,000	460,000	Under 10%
					21,538,758	**20,656,403**	

As at December 31, 2020, the Company held the following investments in the cannabis sector:

Investees	**Investment relationship**	**Investment type**	**Jurisdiction**	**Industry involvement [6]**	**Cost**	**Fair value**	**Company's ownership %**
					$	**$**	
AgraFlora Organics International Inc. (formerly Spectrum Brands Canada Inc.)	Publicly-listed	Shares	Canada	N/A	330,667	24,895	Under 10%
Aion Therapeutics Inc. (formerly Osoyoos Cannabis Inc.)	Publicly-listed	Shares, convertible debentures & warrants	Canada	N/A	493,687	722,985	Under 10%
Aleafia Health Inc.	Publicly-listed	Convertible debentures	Canada	N/A	355,991	364,533	Under 10%
Ancient Strains Limited	Private	Shares & warrants	Uruguay	N/A	400,000	-	Under 10%
Asterion Cannabis Inc.	Private	Shares	Canada, Australia	N/A	305,292	728,960	Under 10%
Blackshire Capital Corp.	Private	Shares	U.S. (California, Washington)	Indirect	335,124	39,305	Under 10%
Budd Hutt Inc.	Private	Shares, loans & promissory notes	Canada	N/A	2,806,518	2,773,571	17% [7]
C21 Investments Inc.	Publicly-listed	Shares	U.S. (Nevada, Oregon)	Indirect	194,676	294,999	Under 10%
Canada House Wellness Group Inc.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	150,000	124,309	Under 10%
CanaQuest Medical Corp.	Publicly-listed	Shares	Canada	N/A	173,059	79,575	Under 10%
Cansortium Inc.	Publicly-listed	Convertible debentures & warrants	U.S. (Florida, Michigan, Pennsylvania, Texas)	Indirect	539,120	515,446	Under 10%
CBD Acres Management Inc.	Private	Shares	Canada	N/A	510,000	226,191	Under 10%

[5] OG DNA Genetics Inc. has entered into various licensing agreements with cannabis producers in ten distinct jurisdictions, including Canada, and U.S. states such as Nevada, Pennsylvania, and Michigan, to name a few. For confidentiality reasons, some states cannot be named.

[6] Industry involvement refers to Quinsam's involvement in regard to the Investees with cannabis-related activities in the U.S. For greater clarity per the Staff Notice, Investees classified as "Indirect" in this column generally represents entities with a license to either cultivate and/or sell cannabis in the U.S., and for which Quinsam has an equity or "convertible-into-equity" stake in that particular investee.

[7] In June 2020, Budd Hutt Inc. ("Butt Hutt") received a retail cannabis license from Alberta Gaming, Liquor and Cannabis ("AGLC") at its Grand Cache, Alberta location. Three other locations are undergoing final inspections by the AGLC during June 2020. During the year ended December 31, 2020, the Company increased its investment to $2.7 million, from its initial investment of $1.1 million, under an additional loan and promissory note arrangement with Budd Hutt, which represents an ownership stake of approximately 17%.

City View Green Holdings Inc.	Publicly-listed	Shares	Canada	N/A	697,025	1,896,492	12% [8]
CLS Holdings USA Inc.	Publicly-listed	Convertible debentures	U.S. (Nevada)	Indirect	582,640	477,015	Under 10%
Core Process Solutions Inc.	Private	Shares	U.S. (Colorado)	Indirect	225,000	225,000	Under 10%
Corsica Innovations Inc.	Private	Convertible debentures	U.S. (Colorado)	Indirect	250,000	318,093	Under 10%
Discover Wellness Solutions Inc. (formerly Rocky Mountain Marijuana Inc.)	Publicly-listed	Shares	Canada	N/A	525,000	410,000	Under 10%
Eden Empire Inc.	Private	Shares	Canada	N/A	393,444	350,755	Under 10%
Embark Health Inc.	Private	Shares	Canada	N/A	408,082	942,880	Under 10%
Eve & Co Inc.	Publicly-listed	Shares & warrants	Canada, Germany	N/A	684,617	70,330	Under 10%
Evergreen Reinsurance	Private	Shares	Canada	N/A	325,000	220,000	Under 10%
Evio Inc.	Publicly-listed	Convertible debentures & warrants	U.S. (Colorado, California, Florida, Massachusetts, Oregon)	Indirect	582,563	652,048	Under 10%
Flower One Holdings Inc.	Publicly-listed	Convertible debentures	U.S. (Nevada)	Indirect	395,281	121,951	Under 10%
Frontier Wellness Management Inc.	Private	Shares & convertible debentures	Spain	N/A	499,998	171,333	Under 10%
Gefion Canada Inc.	Private	Shares	Canada, U.S. [9]	N/A	360,000	360,000	Under 10%
Georgian Bay Biomed Inc.	Private	Shares	Canada	N/A	263,808	300,000	Under 10%
Good Buds Company Ltd.	Private	Shares & warrants	Canada	N/A	495,000	445,309	Under 10%
Green Stripe Naturals Ltd.	Private	Shares & warrants	Jamaica	N/A	640,000	1,140,000	Under 10%
Harborside Inc.	Publicly-listed	Warrants	U.S. (California, Oregon)	Indirect	62,658	864	Under 10%
Hemp Hydrate Int'l Holdings Inc.	Private	Shares	Canada	N/A	401,321	839,790	Under 10%
Hempsana Inc.	Private	Shares	Canada	N/A	480,000	449,200	Under 10%
Herbiculture Inc.	Private	Loans	U.S. (Maryland)	Indirect	1,112,676	1,078,701	Right to 35% interest [10]
Ikänik Farms Inc.	Private	Convertible debentures & warrants	U.S. (California)	Indirect	434,610	488,392	Under 10%
Inner Spirit Holdings Ltd.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	361,307	398,641	Under 10%
King and Pegahmagabow Inc.	Private	Convertible debentures	Canada	N/A	1,220,000	1,049,436	Under 10%
Med. Compassion Canni Farms Inc.	Private	Loans	Canada	N/A	2,000,000	2,000,000	Under 10%
Miraculo Inc. (formerly Cannabiverse Inc.)	Private	Shares	Canada	N/A	369,375	133,203	Under 10%
Molecule Holdings Inc. (Molecule Inc.)	Publicly-listed	Shares	Canada	N/A	200,000	200,000	Under 10%
Nutritional High International Inc.	Publicly-listed	Shares, convertible debentures & warrants	U.S. (Colorado, California, Washington, Nevada, Oregon)	Indirect	848,914	430,512	Under 10%
OG DNA Genetics Inc.	Private	Shares	U.S. (California and other states) [11]	Indirect	177,279	131,441	Under 10%
Pharmadrug Inc.	Publicly-listed	Warrants	Germany, the Netherlands	Indirect	65,754	24,608	Under 10%
Pharmex Life Sciences Inc.	Private	Shares & warrants	Mexico	N/A	300,000	931,822	Under 10%
Phoenix Extractions Inc.	Private	Convertible debentures	U.S. (Arizona)	Indirect	198,775	331,032	Under 10%
Phytopharma International Ltd.	Private	Convertible debentures	Israel	N/A	408,844	610,157	Under 10%
PlantExt Ltd.	Private	Shares	Israel	N/A	317,988	79,002	Under 10%

[8] City View Green Holdings Inc. ("CVGH") is an investment which Quinsam had held prior to CVGH's RTO transaction with 2590672 Ontario Inc. As at December 31, 2020, Quinsam holds approximately 11.9% of CVGH's common shares. Quinsam remains a passive investor and does not participate in any decision-making of CVGH. CVGH, through its subsidiary, 2590672 Ontario Inc., also owns approximately 27.5% of issued shares of Butt Hutt.

[9] Gefion Canada Inc., through service agreements with third-parties, has access to OTC retail distribution channels for all 50 states in the U.S. Its products contain hemp extracts with CBD with 0.3% or less THC which are sold throughout the U.S. pursuant to the recently enacted 2018 Farm Act.

[10] In Q4 2017, the Company signed an agreement with Herbiculture Inc. to finance the start-up costs of establishing a medical marijuana dispensary located in Maryland. The financing is structured as a USD $655,000 senior secured promissory note bearing interest at 10% with a 3-year term. On February 12, 2018, Herbiculture received a marijuana processor license from the MMCC to commence dispensary operations. On Herbiculture's receipt of the processor license, Quinsam was granted a right to a 35% interest of Herbiculture's common shares. While Quinsam had provided the above-noted financing to fund the necessary costs to complete the establishment of Herbiculture's dispensary business, its industry involvement in Herbiculture is considered indirect. While Quinsam has a non-controlling investment in Herbiculture through the right to a 35% equity interest, Quinsam has not exercised this right in question, and does not expect to trigger it in the future. Besides the financing, Quinsam had not provided any goods or services to Herbiculture.

[11] OG DNA Genetics Inc. has entered into various licensing agreements with cannabis producers in ten distinct jurisdictions, including Canada, and U.S. states such as Nevada, Pennsylvania, and Michigan, to name a few. For confidentiality reasons, some states cannot be named.

Pure Global Cannabis Inc.	Publicly-listed	Convertible debentures & warrants	Canada	N/A	350,000	-	Under 10%
Segra International Corp.	Private	Shares	Canada	N/A	348,905	182,448	Under 10%
Sproutly Inc.	Publicly-listed	Special warrants & convertible debentures	Canada	N/A	127,194	149,761	Under 10%
Stem Holdings Inc. (formerly 7LV Seven Leafs Ventures Corporation)	Publicly-listed	Shares, convertible debentures & warrants	U.S. (California, Nevada, Oregon)	Indirect	200,000	179,298	Under 10%
Swiss Luxe Products Inc.	Private	Shares	Canada	N/A	200,000	70,320	Under 10%
Theracann Int'l Benchmark Corp.	Private	Convertible debentures	Panama	N/A	143,886	103,557	Under 10%
Verabys Inc.	Private	Shares	Columbia	N/A	350,000	175,000	Under 10%
Xebra Brands Ltd.	Private	Shares	Colombia, Mexico	N/A	190,000	390,000	Under 10%
					24,791,078	**24,423,160**	

The Company's financial position for U.S. cannabis-related activities is strictly comprised of its investment portfolio. The following is a summary of the Investees from the cannabis sector, including those having U.S. cannabis-related activities, as at September 30, 2021 and December 31, 2020:

September 30, 2021	**All cannabis investments**		**Investees involved in U.S. cannabis activities**	
By type	**Cost**	**Fair value**	**Cost**	**Fair value**
	$	**$**	**$**	**$**
Equities	11,334,433	10,059,454	1,413,517	808,449
Warrants	716,400	402,449	244,562	87,507
Convertible debentures	4,512,925	5,219,499	2,034,527	2,256,253
Loans	4,975,000	4,975,000	-	-
Total	**21,538,758**	**20,656,402**	**3,692,606**	**3,152,209**

By ownership percentage	**Cost**	**Fair value**	**Cost**	**Fair value**
	$	**$**	**$**	**$**
Under 10% ownership	17,452,918	16,188,889	3,692,606	3,152,209
Over 10% ownership	4,085,840	5,007,614	-	-
Total	**21,538,758**	**21,196,503**	**3,692,606**	**3,152,209**

December 31, 2020	**All cannabis investments**		**Investees involved in U.S. cannabis activities**	
By type	**Cost**	**Fair value**	**Cost**	**Fair value**
	$	**$**	**$**	**$**
Equities	11,591,374	11,992,141	1,774,925	1,312,679
Warrants	1,004,076	187,487	509,914	85,625
Convertible debentures	6,392,952	6,474,831	2,924,521	3,035,652
Loans	5,802,676	5,768,701	1,112,676	1,078,701
Total	**24,791,078**	**24,423,160**	**6,322,036**	**5,512,657**

By ownership percentage	**Cost**	**Fair value**	**Cost**	**Fair value**
	$	**$**	**$**	**$**
Under 10% ownership	21,287,535	19,753,097	6,322,036	5,512,657
Over 10% ownership	3,503,543	4,670,063	-	-
Total	**24,791,078**	**24,423,160**	**6,322,036**	**5,512,657**

Overall Performance and Investments

As at September 30, 2021, the Company held cash and investments recorded at fair value totaling $34,012,069 (December 31, 2020 – $32,872,345). During the quarter ended September 30, 2021 ("Q3 2021") and up to the nine-month period year to date, Quinsam had funded for new investments of approxiamtely $2.1 million and $13.1 million, respectively (2020 – $1.3 million and $1.8 million) back to the portfolio. As the market had steadily rebounded in the last few months since it hit a low point in March of 2020 caused by a reaction to the COVID-19 pandemic, the Company had since then gradually reduced our position from existing cannabis investments and diversified into other industries within the portfolio. At the end of March 2020, the Company's investments portfolio was valued at $29.6 million due to the market uncertainty caused by COVID-19. Despite current cannabis market conditions which are generally favourable and positive, Quinsam may choose to look at investments outside the cannabis sector going forward.

In Q3 2021, the total fair value of the Company's investments decreased by approximately $1.8 million to $33,732,070, from a portfolio value of $35,539,352 as at June 30, 2021. The decrease in the quarter is primarily attributed to an unrealized loss on investments of $1,101,041 in addition to dispositions made in the portfolio. Overall, the Company also recorded total a realized loss on disposals of certain of its investments of $371,076 in Q3 2021.

Investment portfolio

The Company's investments portfolio consisted of the following as at September 30, 2021:

		Fair Value			
Investments by type	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	17,737,875	8,551,833	-	12,054,774	20,606,607
Warrants	1,884,785	480,875	775,665	354,425	1,610,965
Convertible debentures	5,862,926	1,005,181	1,829,796	3,704,521	6,539,498
Loans	4,950,000	-	225,000	4,750,000	6,025,064
Total investments	**30,460,586**	**10,037,889**	**2,830,461**	**20,863,720**	**33,732,070**

		Fair Value			
Investments by sector	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Cannabis-related	21,538,758	4,073,082	2,339,272	14,244,048	20,656,402
Non-cannabis	8,921,828	5,964,807	491,189	6,619,672	13,075,668
Total	**30,460,586**	**10,037,889**	**2,830,461**	**20,863,720**	**33,732,070**

In addition to the investments in the cannabis sector as described in the above section, the Company also held the following non-cannabis related investments in its investments portfolio as at September 30, 2021:

Investees	**Investment relationship**	**Investment type**	**Cost**	**Fair value**	**Company's ownership %**
			$	**$**	
Above Food Corp.	Private	Shares and warrants	300,000	331,624	Under 10%
Agriforce Growing Systems Ltd. (formerly Carnivate Growing Systems Ltd.)	Publicly-listed	Shares and warrants	860,500	1,047,928	Under 10%
Atikokan Resources Inc.	Private	Shares and warrants	50,000	48,380	Under 10%
BBTV Holdings Inc.	Publicly-listed	Convertible debentures	500,000	470,000	Under 10%
Budbank Information Systems Corp.	Private	Convertible debentures	500,000	500,000	Under 10%
C15 Solutions (formerly Cannabis OneFive Inc.)	Private	Shares	220,000	665,000	Under 10%
California Nanotechnologies Inc.	Publicly-listed	Shares	150,120	88,960	Under 10%
Canada Energy Partners Inc.	Publicly-listed	Shares and warrants	100,000	190,696	Under 10%
Cematrix Corporation	Publicly-listed	Shares and warrants	260,000	164,337	Under 10%
ChargerQuest Inc.	Private	Shares and warrants	200,000	195,675	Under 10%
Current Water Technologies Inc.	Publicly-listed	Shares and warrants	136,508	217,792	Under 10%

Cypress Development Corp.	Publicly-listed	Warrants	47,842	88,511	Under 10%
Deveron Corp. (formerly Deveron UAS Corps.)	Publicly-listed	Shares	50,000	345,000	Under 10%
Electro Metals and Mining (formerly Ancient Strains Limited)	Private	Shares	318,313	-	Under 10%
Forrest Innovations Ltd.	Private	Convertible debentures	350,000	350,000	Under 10%
Giyani Metals Corp.	Publicly-listed	Shares and warrants	340,000	230,947	Under 10%
Green Impact Partners Inc.	Publicly-listed	Shares	400,000	298,000	Under 10%
Intelgenx Technologies Corp.	Publicly-listed	Warrants	62,157	16	Under 10%
INX Ltd.	Private	Shares	125,000	125,000	Under 10%
LexaGene Holdings Inc.	Public-listed	Warrants	93,525	22,207	Under 10%
Liquid Meta Capital Holdings Ltd.	Private	Shares	99,900	99,900	Under 10%
Merrco Payments Inc.	Private	Shares	150,000	33,992	Under 10%
Microbix Biosystems Inc.	Private	Shares and warrants	180,000	215,178	Under 10%
Music Royalties Inc.	Private	Shares	400,000	400,000	Under 10%
New Hope Medical Group of Companies Inc. (formerly Peak Health Ontario Inc.)	Private	Shares	180,000	720,000	Under 10%
Newlox Gold Ventures Corp.	Publicly-listed	Shares	397,393	1,605,596	Under 10%
Pathway Health Corp.	Publicly-listed	Shares	35,241	30,713	Under 10%
Peninsula Capital Corp.	Private	Shares	324,000	480,000	Under 10%
Pfane Incorporated	Private	Shares	250,000	250,000	Under 10%
Platinex Inc.	Publicly-listed	Warrants	9,688	285	Under 10%
Pluribus Technologies Inc.	Private	Shares and warrants	275,415	405,379	Under 10%
PMML Corp.	Private	Shares	100,000	1,333,332	Under 10%
RooGold Inc.	Publicly-listed	Shares	200,000	200,000	Under 10%
Saturn Oil and Gas Inc.	Publicly-listed	Shares and warrants	253,429	748,125	Under 10%
Sernova Corp.	Publicly-listed	Warrants	40,319	50,520	Under 10%
Strategic Minerals Europe Inc.	Private	Shares and warrants	350,000	348,846	Under 10%
Umajin Limited	Private	Shares	50,020	50,020	Under 10%
Virotek Biosciences Inc.	Private	Shares	150,000	150,000	Under 10%
Vitalhub Corp.	Publicly-listed	Shares	42,000	242,760	Under 10%
WealthCraft Capital Inc.	Publicly-listed	Shares	13,346	6,371	Under 10%
Wildpack Beverage Inc.	Publicly-listed	Shares and warrants	76,260	78,888	Under 10%
XS Financial Inc.	Publicly-listed	Shares and warrants	150,000	113,165	Under 10%
Zodiac Gold Inc.	Private	Shares and warrants	130,851	132,525	Under 10%
			8,921,828	**13,075,668**	

The Company's investments portfolio consisted of the following as at December 31, 2020:

		Fair Value			
Investments by type	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	14,566,206	6,608,858	-	10,786,074	17,394,932
Warrants	1,463,671	584	1,066,339	573,183	1,640,106
Convertible debentures	6,919,232	-	4,058,635	2,894,324	6,952,959
Loans	5,802,676	-	-	5,768,701	5,768,701
Total	**28,751,785**	**6,609,442**	**5,124,974**	**20,022,282**	**31,756,698**

		Fair Value			
Investments by sector	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Cannabis-related	24,791,078	3,496,611	3,641,651	17,284,898	24,423,160
Non-cannabis	3,960,707	3,112,831	1,483,323	2,737,384	7,333,538
Total	**28,751,785**	**6,609,442**	**5,124,974**	**20,022,282**	**31,756,698**

In addition to the investments in the cannabis sector as described in the above section, the Company also held the following non-cannabis related investments in its investments portfolio as at December 31, 2020:

Investees	Investment relationship	Investment type	Cost	Fair value	Company's ownership %
			$	$	
Agriforce Growing Systems Ltd. (formerly Carnivate Growing Systems Ltd.)	Private	Shares and warrants	860,500	1,166,909	Under 10%
C15 Solutions (formerly Cannabis OneFive Inc.)	Private	Shares	220,000	490,000	Under 10%
California Nanotechnologies Inc.	Publicly-listed	Shares	150,120	111,200	Under 10%
Commercial Royalty Corp	Private	Shares	50,000	-	Under 10%
Deveron Corp. (formerly Deveron UAS Corps.)	Publicly-listed	Shares	50,000	210,000	Under 10%
Helix TCS Inc.	Publicly-listed	Shares and debentures	626,217	573,296	Under 10%
Intelgenx Technologies Corp.	Publicly-listed	Warrants	62,157	1,755	Under 10%
LexaGene Holdings Inc.	Public-listed	Warrants	93,525	123,153	Under 10%
Merrco Payments Inc.	Private	Shares	150,000	33,992	Under 10%
Newlox Gold Ventures Corp.	Publicly-listed	Shares & warrants	137,993	1,181,757	Under 10%
Peak Health Ontario Inc.	Private	Shares	180,000	180,000	Under 10%
Pioneering Technology Corp.	Publicly-listed	Warrants	25,961	-	Under 10%
Platinex Inc.	Publicly-listed	Warrants	9,688	13,639	Under 10%
PMML Corp.	Private	Shares & warrants	50,000	816,463	Under 10%
Solarvest BioEnergy Inc.	Publicly-listed	Shares	28,175	21,413	Under 10%
Skylight Health Group Inc. (formerly CB2 Insights Inc.)	Publicly-listed	Shares and warrants	194,333	1,666,680	Under 10%
Therma Bright Inc.	Publicly-listed	Options	68,331	75,015	Under 10%
Tuscany Energy Limited	Publicly-listed	Shares	40,000	-	Under 10%
Umajin Limited	Private	Shares	50,020	50,020	Under 10%
Vitalhub Corp.	Publicly-listed	Shares	42,000	239,400	Under 10%
Water Ways Technologies Inc.	Publicly-listed	Shares & warrants	350,000	105,022	Under 10%
WealthCraft Capital Inc.	Publicly-listed	Shares	13,346	103,766	Under 10%
XS Financial Inc. (formerly Xtraction Services Holdings Corp.)	Publicly-listed	Shares	508,341	170,058	Under 10%
			3,960,707	**7,333,538**	

Financial Results

The Company's selected financial results for the eight most recently completed quarters are as follows:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
	$	$	$	$
Investment revenue (loss)	(1,472,117)	(801,485)	3,796,830	1,130,271
Interest, advisory services and other income	409,311	383,111	780,557	641,559
Net income (loss)	(721,550)	(777,454)	3,581,306	1,760,824
Working capital	35,562,285	36,861,546	37,668,923	34,174,191
Net Asset Value per share (NAV)	0.34	0.34	0.35	0.32
Shares outstanding	100,882,606	103,492,106	104,992,106	104,992,106

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	$	$	$	$
Investment revenue (loss)	460,872	2,187,860	(3,396,023)	(5,710,388)
Interest, advisory services and other income	643,444	501,705	926,482	497,819
Net income (loss)	895,327	2,373,855	(2,589,999)	(5,808,950)
Working capital	32,734,629	32,179,099	30,139,934	32,758,573
Net Asset Value per share (NAV)	0.30	0.29	0.26	0.29
Shares outstanding	106,689,058	108,939,058	111,172,693	111,172,693

Three Months ended September 30, 2021

Results of operations

During Q3 2021, the Company had a total net investment loss of $1,472,117, as compared to a total net investment revenue of $460,872 in the comparative period in 2020. The net investment loss in Q3 2021 is due to fluctuations in the capital markets and a general decrease in the fair value of certain warrants' holdings experienced in the current quarter. As a result, the Company recorded an unrealized loss of $1,101,041 (2020 – unrealized gain of $1,262,568). During Q3 2021, the Company also recorded a realized loss of 371,076 (2020 – realized loss of $801,696), due to disposals of certain of its investments, as well as expiry of certain warrants which contributed to the loss.

During Q3 2021, other income totaled $409,311 (2020 – $643,444). Other income is comprised of interest income from loans and convertible debentures, advisory services and other income associated with the Company's investments. While the Company continued to earn and accrue interest on its loans and convertible debentures investments, the comparable decrease is primarily related to conversion of certain debentures in shares, which resulted in a lower amount of interest income recognized.

Total operating expenses incurred during Q3 2021 was $84,234 (2020 – $258,988), for a decrease of $174,754. The decrease in operating expenses for the current quarter was primarily driven by a decrease of $111,798 in salaries, bonus and other employment benefits to a recovery of $5,577 (2020 – $106,221) which included an adjustment on management bonus as a result of the net investment loss for the quarter. The decrease in operating expenses is also due to lower stock-based compensation of $19,719 (2020 – $79,906) being recorded as the majority of options previously granted had now vested. Otherwise, other operating expenses were fairly in line with expectations.

During Q3 2021, the Company recorded an income tax recovery of $425,490 (2020 – $50,000), based on the estimated federal income tax payable at period-end.

As a result of the above, net loss and comprehensive loss for Q3 2021 was $721,550 (net loss of $0.01 per share on a basic and diluted basis), as compared to a net income and comprehensive income of $895,328 (net income of $0.01 per share on a basic and diluted basis, respectively) for the comparative period in 2020.

Cash flows

Net cash flows provided by operating activities for Q3 2021 was $712,184, as compared to net cash flows provided by operations of $208,907 in the comparative period in 2020. During the current quarter, the Company continued to be active in terms of portfolio activities as compared to the start of the prior year, as new investments of $2,120,055 were subscribed for in the portfolio (2020 – $1,254,855). The Company also disposed of substantial investments during the quarter for total proceeds of $2,662,797 (2020 – $1,376,787), which had been deployed for new investments.

Net cash used in financing activities for Q3 2021 was $597,430, which comprised the quarterly dividend of $129,366 paid to shareholders in August (2020 – $136,174). The Company also repurchased more than 2.6 million common shares under a normal course issuer bid (the "Bid") for $468,064 (2020 – $283,529). Otherwise, the Company did not undertake any other financing activities.

Nine Months ended September 30, 2021

Results of operations

During the nine months ended September 30, 2021, the Company had a total net investment revenue of $1,523,228, as compared to a total net investment loss of $747,291 in the comparative period in 2020. While the Company recorded an investment loss during Q3 2021, the investment performance year-to-date remains strong. Since the lowest point seen at the onset of COVID-19 in March 2020, the global market had more or less stabilized. Vaccine roll-out through out the world had also created a sense of optimism among investors. In light of the generally improving market conditions, the Company disposed of certain of its investments, and recorded a realized gain on disposals of certain of its investments of $1,644,732 during the period year-to-date (2020 – realized loss of $1,786,804).

During the nine months ended September 30, 2021, other income totaled $1,572,979 (2020 – $2,071,631). Other income is comprised of interest income from loans and convertible debentures, advisory services and other income associated with the Company's investments. While the Company continued to earn and accrue interest on its loans and convertible debentures investments, the comparable decrease is primarily related to conversion of certain debentures in shares, which resulted in a lower amount of interest income recognized.

Total operating expenses incurred during the nine months ended September 30, 2021 was $826,895 (2020 – $725,658), for an increase of $101,237. The increase in operating expenses for the period was primarily driven by a management bonus of $155,000 (2020 – $nil) recorded due to the year-to-date positive performance of the investment portfolio, which is included in salaries, bonus and other employment benefits, as well as stock-based compensation of $295,611 (2020 – $264,470) recorded given the grant of more than 2.2 million stock options at the end of May 2021. Excluding the management bonus and one-time stock-based compensation, operating expenses for the current period would have been lower than the comparative period.

During the nine months ended September 30, 2021, the Company recorded an income tax provision of $187,010 (2020 – income tax recovery of $80,500), based on the estimated federal income tax payable at period-end.

As a result of the above, net income and comprehensive income for the nine months ended September 30, 2021 was $2,082,302 (net income of $0.02 per share on a basic and diluted basis), as compared to a net income and comprehensive income of $679,182 (net income of $0.01 per share on a basic and diluted basis, respectively) for the comparative period in 2020.

Cash flows

Net cash flows used in operating activities for the nine months ended September 30, 2021 was $308,972, as compared to net cash flows provided by operations of $714,267 in the comparative period in 2020. During the current period, the Company was very active as compared to the prior year, as new investments of $13,060,836 were subscribed for in the portfolio (2020 – $1,819,331). The Company also disposed of substantial investments during the period for total proceeds of $12,855,013 (2020 – $3,729,885), which had been deployed for new investments and working capital use. In the comparative period, the Company also repaid $699,974 back to its broker margin facility.

Net cash used in financing activities for the nine months ended September 30, 2021 was $1,144,620 (2020 – $967,596), which comprised the quarterly dividend totalling $391,846 paid to shareholders in February, May and August (2020 – $414,106). The Company also repurchased more than 4.1 million common shares under the Bid for $752,774 (2020 – $553,490). Otherwise, the Company did not undertake any other financing activities.

Liquidity and Capital Resources

	September 30, 2021	**December 31 2020**	**December 31, 2019**	**December 31, 2018**
	$	**$**	**$**	**$**
Total assets	36,496,311	34,833,643	34,467,139	48,351,400
Total liabilities	934,026	659,452	1,708,566	4,918,547
Shareholders' equity	35,562,285	34,174,191	32,758,573	43,432,853
Retained earnings	14,135,531	11,304,190	4,000,881	12,627,021
Net Asset Value per share – basic	0.34	0.32	0.29	0.37
Net Asset Value per share – diluted	0.34	0.33	0.30	0.39

The Company relies upon various sources of funding for its ongoing operating and investing activities. These sources include proceeds from disposals of investments, interest and dividend income earned from investments, consulting fees, and capital raising activities such as debt and equity private placement financings.

During the nine months ended September 30, 2021, the Company had paid total dividends of $391,846 (2020 – $414,106) to its shareholders. As disclosed in the Company's financial statements, when the Company raises funds from financings, it classifies this inflow as a "financing activity", whereas when these funds raised from financings are deployed, this outflow of net investments is classified as an operating cash flow. Therefore, in periods where new funds are raised and deployed in any material extent, the Company's financial statements would show negative operating cash flows, and vice versa.

During the nine months ended September 30, 2021, the Company disposed of certain of its investments for total proceeds of dispositions of $12,855,013 (2020 – $3,729,885) and was able to continue deploying funds for new investments into its investment portfolio, for a net purchase of $205,823 (2020 – net disposals of $1,910,554) into the investments portfolio.

The raising and deployment of funds are inextricably linked from a management point of view, as the Company will only deploy the after they have been raised. Therefore, the sustainability of paying dividends to shareholders is tied to the Company's ability over time to deploy funds to earn a quarterly return that is in excess of the payment of the quarterly dividend. In order to fund dividend payments, the Company has the direcretion to use available cash or dispose of some of its publicly-listed investees for liquidity. Despite the unfavorable performance in the early part of 2020 due to COVID-19, the market had seen a rebound in the second half of 2020, of which the trend had carried over into 2021. The Company anticipates that future dividends will be sustainable and it will revaluate the payment of dividends to shareholders, as required.

The Company's present liabilities are limited to trade payables incurred in the normal course of business. Management believes that the Company will be able to generate sufficient cash to fund its normal course of operations through the course of purchases and disposals of existing investments.

Related Party Transactions

Key management personnel compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2021 and 2020 were as follows:

	2021	2020
	$	$
Salaries, bonus and other benefits	**309,887**	355,894
Professional fees	**81,360**	87,010
Stock-based compensation	**295,611**	248,530
	686,858	691,434

During the nine months ended September 30, 2021, officers and directors of the Company were paid compensation benefits of $309,887 (2020 – $355,894) for services rendered, including a provision for management bonus of $155,000 (2020 – $185,000), based on 5% of net investment income on a quarterly basis), which was charged to salaries, bonus and other benefits. As at September 30, 2021, accrued management bonus of $155,000 (December 31, 2020 – $150,000) was included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2021, Roger Dent, the Chief Executive Officer (the "CEO") and Eric Szustak, the Chairman of the Company, were issued 58,038.74 and 2,771.78 DSUs (2020 – 81,155.49 and 4,271.34 DSUs), respectively, upon distribution of the cash dividends paid, as adjustments in accordance with the terms of the DSU Plan. These DSUs were valued at $11,036 (2020 – $9,672) and recorded as stock-based compensation.

During the nine months ended September 30, 2021, the CEO of the Company also received 774,000 DSUs as payment of the management bonus related to the Company's portfolio performance, that was accrued for the year ended December 31, 2020.

During the nine months ended September 30, 2021, Branson Corporate Services Ltd. ("Branson"), where Keith Li, the Chief Financial Officer ("CFO") of the Company is employed, was paid professional fees of $81,360 (2020 – $81,360), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at September 30, 2021, no balance was owed to Branson (December 31, 2020 – $nil).

During the nine months ended September 30, 2020, Peter Bilodeau, the former President and a former director of the Company, was paid $5,650 for consulting services provided to the Company, which are included in professional fees.

During the nine months ended September 30, 2021, officers and directors of the Company received stock-based compensation of $284,575 (2020 – $238,858) on vesting of options granted.

Investments on companies with common management personnel

As at September 30, 2021, the Company held investment positions in the following issuers with common officers and directors:

	Investments	Holdings	Fair Value
		#	$
California Nanotechnologies Inc. (1)	Common shares	1,112,000 shares	88,960
Deveron Corp. (1)	Common shares	500,000 shares	345,000
New Hope Medical Group of Companies Inc. (formerly Peak Health Ontario Inc.) (1)	Common shares	900,000 shares	720,000
Pharmadrug Inc. (2)	Warrants	375,000 units	9,547
Vitalhub Corp. (1)	Common shares	84,000 shares	242,760
			1,406,267

(1) Roger Dent is also a Director of California Nanotechnologies Inc., Deveron Corp. New Hope Medical Group of Companies Inc. and Vitalhub Corp.
(2) Keith Li is also the CFO of Pharmadrug Inc.

Off-Balance Sheet Arrangements

As at September 30, 2021 and the date of this MD&A, 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 the Company.

Financial Instruments

The Company's financial instruments consist primarily of cash, receivables, investments and accounts payable. The Company is exposed to various risks as it relates to these financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

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 and receivables. The risk in cash 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 other receivables.

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 invests from time to time into securities, debentures and loan investments issued and denominated in foreign currencies, notably in United States dollars. The Company's primary exposure to foreign exchange risk is that investments in foreign securities may expose the Company to the risk of exchange rate fluctuations. Due to the low number of investments issued and denominated in foreign currencies, management believes that the foreign exchange risk with respect to investments is low.

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 convertible debentures and loan investments affected by changes in short-term interest rates will be minimal. The Company does not use any derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2021, the Company had a cash balance of $279,999 (December 31, 2020 – $1,115,647) to settle current liabilities of $934,025 (December 31, 2020 – $659,452).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at September 30, 2021:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	218,413	218,413	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at September 30, 2021.

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 portfolio would impact net income by $337,321 based upon balances as at September 30, 2021.

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China. The WHO declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout Europe and the Middle East and there have been cases of COVID-19 in Canada and the U.S. and has continued to cause companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The duration of the business disruptions internationally and related financial impact to the global economy remains highly uncertain at this time, as COVID-19 continues to evolve.

To date, the outbreak has not had a material adverse impact on the Company's operations. As mentioned in the section titled "Impact of COVID-19", Quinsam has operated on a "virtual basis" for a number of years, restrictions and the general closure of non-essential businesses in response to the COVID-19 outbreak has not significantly impacted the Company's day-to-day operations. However, the future impact of the outbreak remains potentially and highly uncertain for certain of Quinsam's investee companies, and may not be predicted. Until economies stabilize and that the vaccine rollout will be complete, there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

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 sufficient liquidity to allow the Company to pursue business opportunities expeditiously; &
(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. There were no changes in its approach to capital management during the nine months ended September 30, 2021 and the year ended December 31, 2020.

The Company is not subject to externally imposed capital requirements.

Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These are described in greater detail in Note 2(d) to the Company's Q3 2021 Financial Statements.

Significant Accounting Policies

The accounting policies applied in the Q3 2021 Financial Statements are the same as those applied in the Company's audited financial statements for the year ended December 31, 2020, unless otherwise noted below.

(a) Changes in accounting policies

The Company adopted the following amendments, effective January 1, 2021. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. The Company early-adopted these amendments as permitted. The Company had assessed that there was no material impact upon the adoption of the amendments on its unaudited condensed interim financial statements.

Outstanding Share Data

As at November 18, 2021, 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**
Issued and Outstanding	100,882,606
Issuable under DSU Plan	3,501,512
Issuable under Options	6,740,000

Subsequent Event

On October 28, 2021, the Board approved a quarterly dividend of $0.00125 per share. The dividend distribution will be paid on November 26, 2021, to shareholders of record on November 5, 2021.

Segmented Information

Quinsam's management is responsible for the Company's entire investments 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.

Quinsam has a single reportable geographic segment, Canada, and all of the Company's management are based 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 nine months ended September 30, 2021 and the year ended December 31, 2020.

Regulatory Overview

U.S. federal law

While cannabis ("marijuana") and cannabis-infused products are legal under the laws of several U.S. states (with vastly differing restrictions), presently the concept of "medical", "retail" or "adult-use" cannabis does not exist under U.S. federal law. The U.S. Federal Controlled Substances Act ("FCSA") classifies cannabis as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of safety for the use of the drug under medical supervision.

The U.S. Supreme Court has ruled in a number of cases that the federal government does not violate the federal constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of cannabis pre-empts state laws that legalizes its use for medicinal and adult-use purposes.

The U.S. Department of Justice (the "DOJ") has issued official guidance regarding cannabis enforcement in 2009, 2011, 2013, 2014 and 2018 in response to state laws that legalize medical and adult-use cannabis. In each instance, the DOJ has stated that it is committed to the enforcement of federal laws and regulations related to cannabis. However, the DOJ has also recognized that its investigative and prosecutorial resources are limited. As of January 4, 2018, the DOJ has rescinded all federal enforcement guidance specific to cannabis (including the Cole memo, discussed below) and has instead directed federal prosecutors to follow the "Principles of Federal Prosecution" originally set forth in 1980 and subsequently refined over time in chapter 9-27.000 of the U.S. Attorney's Manual. This direction has created broader discretion for federal prosecutors to potentially prosecute state-legal medical and adult-use cannabis businesses, even if they are not engaged in cannabis-related conduct enumerated by the Cole Memo.

Prior to 2018 and in the Cole Memo (issued on August 29, 2013), the DOJ acknowledged that certain U.S. states had enacted laws relating to the use of cannabis and outlined the U.S. federal government's enforcement priorities with respect to cannabis notwithstanding the fact that certain states have legalized or decriminalized the use, sale, and manufacture of cannabis. The Cole Memo was addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the U.S., indicating that federal enforcement of the applicable federal laws against cannabis-related conduct should be focused on eight priorities, which are to prevent:

(i) Distribution of cannabis to minors.
(ii) Criminal enterprises, gangs, and cartels from receiving revenue from the sale of cannabis.
(iii) Transfer of cannabis from states where it is legal to states where it is illegal.
(iv) Cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity.
(v) Violence or use of firearms in cannabis cultivation and distribution.
(vi) Drugged driving and adverse public health consequences from cannabis use.
(vii) Growth of cannabis on federal lands; and
(viii) Cannabis possession or use on federal property.

In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ did not provide specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memo standard.

On January 4, 2018, the Cole Memo was rescinded by a one-page memo signed by Jeff Sessions, then the U.S. Attorney General (the "Sessions Memo"). The result of the rescission of the Cole Memo is that federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions; however, discretion is still given to the federal prosecutor to weigh all relevant considerations of the crime, including the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. No direction was given to federal prosecutors as to the priority they should ascribe to such activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities.

Furthermore, the Sessions Memo did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis was protected against enforcement by enacted legislation from U.S. Congress in the form of the Rohrabacher-Blumenauer Amendment (as defined herein) which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding (see "U.S. Enforcement Proceedings"). Due to the ambiguity of the Sessions Memo in relation to medical cannabis, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law (see "Risk Factors").

On March 22, 2018, the House of Representatives and Senate voted in favor of approving the Omnibus Spending Bill (the "Bill") and it was signed into law the following day by former U.S. President Donald Trump. With the Bill's approval came an extension of Rohrabacher-Leahy Amendment until September 2018, which is represented by Section 538 of the Bill. The Rohrabacher-Leahy Amendment prevents the DOJ from using federal funds in enforcing federal law relating to medical cannabis, which effectively allows states to implement their own laws that authorize the use, distribution, possession, or cultivation of medical cannabis. The amendment was first introduced in 2014 and has been reaffirmed annually since then. It should be noted that this amendment does not apply to adult-use cannabis.

On November 7, 2018, Mr. Sessions resigned after the U.S. mid-term elections, both developments potentially impacting the U.S. cannabis industry. While pro-cannabis legislation would still require passage by the Senate and enactment by the U.S. federal executive branch of government, the path to legalization seems to have opened up with Mr. Sessions' departure. With divided congressional power, there will be opportunity for bipartisanship on a number of issues, including the Strengthening the Tenth Amendment Through Entrusting States (STATES) Act, S. 3032 ("STATES Act"), which would protect individuals working in cannabis sectors from federal prosecution. The STATES Act was introduced in June 2018 through bipartisan efforts initiated by former Colorado U.S. Senator Cory Gardner together with Massachusetts U.S. Senator Elizabeth Warren. In addition, constituents of the State of Michigan voted to legalize recreational cannabis, making Michigan the first state in the Midwest U.S. to do so and the 10th in the U.S. overall, demonstrating growing sentiment among Americans towards legalization. Voters in the states of Missouri and Utah also approved ballot measures legalizing cannabis for medical use, making their states the 31st and 32nd to do so.

On December 20, 2018, the 2018 Farm Bill was signed by President Trump, and it permanently removed hemp and hemp derivatives such as CBD from the purview of the FCSA.

On July 10, 2019, the House Judiciary Subcommittee on Crime, Terrorism and Homeland Security gathered to debate cannabis reform, as lawmakers sought input on federal laws reform in a hearing titled "Marijuana Laws in America: Racial Justice and the Need for Reform." Numerous members of Congress had indicated their intention to loosen U.S. federal laws, and to even legalize cannabis. Despite the optimism, lawmakers did not appear to have a clear consensus on the best approach, such as whether to give states the right to legalize on their own, remove cannabis from Schedule 1 of the FCSA, legalize it or include promote social and racial equity in cannabis laws.

On September 25, 2019, the House voted in favor of the Secure and Fair Enforcement (SAFE) Act ("SAFE Banking Act"). The historic vote was the first time that a standalone cannabis bill has come before the House. The vote needed a two-thirds majority to pass and was supported by 321 votes in favor to 103 against.

On November 21, 2019, the House Judiciary Committee voted 24 to 10 in favor of passing the Marijuana Opportunity Reinvestment and Expungement (MORE) Act ("MORE Act") of 2019. The bill effectively put an end to cannabis prohibition in the U.S. on the federal level by removing it from Schedule 1 of the FCSA, and past federal cannabis convictions would be expunged. Additionally, if fully passed, the law would allow the Small Business Administration to issue loans and grants to cannabis-related businesses and provide a green light for physicians in the Veterans Affairs system to prescribe medical cannabis to patients, as long as they abide by state-specific laws.

On May 15, 2020, provisions of the SAFE Banking Act have been incorporated into the stimulus package passed by the House. The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act is a $3 trillion stimulus bill passed in response to the economic and health crisis caused by COVID-19.

On November 3, 2020, the U.S. held its 2020 presidential election, and adult-use cannabis legalization was approved via ballot measures in four additional states: Arizona, Montana, South Dakota and New Jersey. Additionally, medical cannabis was legalized via ballot measures in Mississippi and South Dakota, which became the first state to legalize medical and recreational cannabis simultaneously. In total, 15 states and Washington, DC have legalized cannabis for adult-use over the age of 21, while 36 states have legalized cannabis for medical use.

On November 4, 2020, the House passed the MORE Act, the first time that either Congressional house voted to de-schedule cannabis from the FCSA and thus decriminalize manufacturing, distribution, and possession. However, the Senate did not act before the end of the 2020 session.

On January 20, 2021, Joseph R. Biden was sworn in as the 46th President of the U.S, having announced a goal during his campaign to decriminalize cannabis possession federally; Democrats maintained their House majority and achieved control of the Senate. On March 10, 2021, House Democrats voted 220 to 211 in favor of passing the American Rescue Plan (ARP) Act, a $1.9 trillion coronavirus relief package, which is among the largest economic stimulus packages in U.S. history. The ARP Act was signed by President Biden on March 11, 2021. While cannabis companies will likely see increased sales resulting from this third round of federal stimulus payments in the U.S., some industry experts have claimed that cannabis companies may be ineligible for certain small business credit initiatives outlined in the relief package.

In March 2021, New York became the 16th state to legalize adult-use cannabis, both doing so through legislative action. In the same month, Senate Majority Leader Chuck Schumer of New York, and Senators Ron Wyden of Oregon, and Cory Booker of New Jersey met with cannabis industry advocates including the National Cannabis Industry Association and the Minority Cannabis Business Association to announce their intention to introduce legislation in the U.S. Senate that would legalize, tax and regulate commercial cannabis activity at the federal level. While President Biden has supported decriminalization of possession and has not expressed support for de-scheduling cannabis, Vice President Harris was one of the original sponsors of the MORE Act while she was still serving in the U.S. Senate, and has publicly stated her support for cannabis de-scheduling. Senate Majority Leader Schumer has indicated the Senate leadership's willingness to champion full cannabis legalization even without the support of President Biden. However, the legislation has not yet been introduced, and its passage is not assured, notwithstanding Democratic control of the federal executive and legislature. As such, such statements of support for de-scheduling do not materially affect the likelihood of federal enforcement of current cannabis laws against the Company or any other state-licensed cannabis enterprise.

While current U.S. Attorney General Merrick Garland had previously commented that he would deprioritize enforcement of low-level cannabis crimes such as possession, and that federal reforms are closely tied to the larger issue of social justice for minorities, Attorney General Garland has yet to offer further clarity on how he will enforce federal law or how to deal with states that have legalized medical or recreational cannabis. While bipartisan support is gaining traction on decriminalization and reform, there is no imminent timeline on any potential legislation. There is no guarantee that the Biden Presidential administration will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with state laws.

Any changes in the U.S. federal government's enforcement of current U.S. federal law could cause adverse financial impact and remain a significant risk to the Company and its Investees' businesses, which could in turn have an impact on the Company's investments portfolio and financial results. See "Risk Factors".

U.S. enforcement proceedings

The U.S. Congress has passed appropriations bills (at various times, the "Rohrabacher-Farr Amendment," the "Leahy Amendment" and the "Joyce Amendment," hereinafter the "Budget Rider Protections") each of the last several years to prevent the federal executive branch (and specifically the DOJ) from using congressionally appropriated funds to enforce the FCSA against regulated medical cannabis businesses operating in compliance with state and local laws, which effectively allows states to implement their own laws that authorize the use, distribution, possession, or cultivation of medical cannabis. The Budget Rider Protections were first introduced in 2014 and has been reaffirmed annually since then as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The current Budget Rider Protections will remain in effect until December 3, 2021. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution, and its inclusion or non-inclusion, as applicable, is subject to political changes. It should be noted that this amendment does not apply to adult-use cannabis.

U.S. courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with applicable state law. However, because this conduct continues to violate U.S. federal law, U.S. courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the FCSA, any individual or business – even those that have fully complied with applicable state law – could be prosecuted for violations of U.S. federal law. Therefore, until Congress amends the FCSA regarding cannabis, enforcement of U.S. federal law remains a significant risk. Any increase in the U.S. federal government's enforcement of current U.S. federal law could cause adverse financial impact and remain a significant risk to the Investees' business, which could in turn have an impact on the Company's operations or financial results. A change in its enforcement policies could indirectly impact the ability of the Company to continue as a going concern (see "Risk Factors").

State-level overview

Regulations differ significantly amongst U.S. states. Some states only permit the cultivation, processing and distribution of medical cannabis and cannabis-infused products. Some others may also permit the cultivation, processing, and distribution of cannabis for adult purposes and retail cannabis-infused products. The following sections present an overview of state-level regulatory conditions for the cannabis industry in which the Investees have an operating presence:

<u>Arizona</u>

On November 2, 2010, Arizona passed legislation under Proposition 203 to legalize the use of medical cannabis under the "Arizona Medical Marijuana Act" ("AMMA"). The AMMA allows residents in the state with specific medical conditions to be treated with certain amounts of cannabis for personal use. The AMMA also appointed the Arizona Department of Health Services ("ADHS") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. ADHS Regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the ''Rules'').

In order for an applicant to receive a Dispensary Registration Certificate (the "Certificate") they must: (i) fill out an application proscribed by the ADHS, (ii) submit the applying entity's articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Rules to ensure that the dispensary will operate in compliance and (v) designate an Arizona-licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with the ADHS and pays the renewal fee and submits an independent third-party financial audit.

Once an applicant has been issued the Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from the ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by the ADHS of the applicable location to ensure compliance with the Rules and consistency with the dispensary's applicable policies and procedures. The ADHS may revoke the Certificate if a dispensary does not comply with the requirements of the AMMA or the Rules, implement the policies and procedures or, comply with the statements provided to the ADHS with the dispensary's application.

On July 22, 2019, Attorney General of Arizona, Mark Brnovich, indicated that he did not want Arizona voters to decide on adult-use cannabis legalization via ballot initiative, rather be in favor of seeing state lawmakers pass a law legalizing cannabis. He also noted that lawmakers should handle the issue because it is "far too complex to be left to a take-it-or-leave-it ballot measure," "Generally speaking, as a matter of public policy, the public policy makers, i.e., the Legislature should step up and address issues so voters don't have to do it via the initiative process." Arizona Governor Doug Ducey, who opposes recreational cannabis, had also indicated that he likely would prefer having a Legislature-crafted recreational cannabis legalization law in Arizona than a voter-approved law. "Of course, I want to protect the will of the voters. But I also think we have a legislative process for a reason, and that's to adjust and improve policy when we can."

On September 26, 2019, the Arizona Dispensaries Association filed a ballot initiative application called the "Smart and Safe Act". For inclusion on the November 3, 2020 ballot, the initiative would first require 237,645 signatures from registered Arizona voters no later than July 2, 2020. On August 11, 2020, it was reported by Secretary of State Katie Hobbs that the Smart and Safe Arizona campaign had successfully submitted 255,080 valid signatures to her office, which qualified the cannabis legalization initiative on the November 3, 2020 ballot.

On November 3, 2020, adult-use cannabis legalization was approved via ballot measures in Arizona. Possession and use of cannabis for adults (age 21 years or older) are now legal in Arizona. Individuals were permitted to grow no more than six cannabis plants in their residences, as long as the plants are within a lockable enclosed area and beyond public view.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Arizona.

California

In 1996, California was the first U.S. state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996. The City of Oakland was the first jurisdiction to license commercial cannabis activities in the U.S. This legalized the use, possession and cultivation of medical cannabis by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which cannabis provides relief. However, there was no state licensing authority to oversee businesses that emerged.

In September of 2015, the California state legislature (the "Legislature") passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("MCRSA"). The MCRSA establishes a licensing and regulatory framework for medical cannabis businesses in California. The system has multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible-infused product manufacturers will require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies will oversee different aspects of the program and businesses will require a State license and local approval to operate.

On November 8, 2016, California residents voted to approve the "Adult Use of Marijuana Act" ("AUMA") to tax and regulate for all adults 21 years of age and older.

On June 27, 2017, the Legislature passed Senate Bill 94, known as the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" ("MAUCRSA"), which amalgamates the MCRSA and AUMA frameworks to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in California. On November 16, 2017, the state government introduced the emergency regulations, which shall be governed by the California Bureau of Cannabis Control, the California Department of Public Health and the California Department of Food and Agriculture, which provide further clarity on the regulatory framework that will govern cannabis businesses. The regulations build on the regulations provided by MCRSA and AUMA, and also specify that the businesses will need to comply with the local law in order to also comply with the state regulations. On January 1, 2018, the new state regulations took effect as California moved to full adult-use state legalization for cannabis products.

To legally operate a medical or adult-use cannabis business in California, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining the state license, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The state license approval process is not competitive and there is no limit on the number of state licenses an entity may hold. Although vertical integration across multiple license types is allowed under the MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are no residency requirements for ownership under the MAUCRSA.

On May 29, 2018, federal and state authorities announced a joint effort to target illegal cannabis grows, with $2.5 million in federal money backing the effort. McGregor Scott, U.S. Attorney for the Eastern District of California, said he will prioritize illegal cannabis rather than going after the legal recreational cannabis market even though U.S. federal law bans cannabis. He stated, "The reality of the situation is there is so much black-market marijuana in California that we could use all of our resources going after just the black market and never get there," "So for right now, our priorities are to focus on what have been historically our federal law enforcement priorities: interstate trafficking, organized crime, and the federal public lands."

On August 6, 2019, the California DOJ released the "Guidelines for the Security and Non-Diversion of Cannabis Grown for Medicinal Use" to clarify the state's laws governing medicinal cannabis, specifically those related to the enforcement, transportation, and use of medicinal cannabis. The guidelines come after significant changes in state law on recreational cannabis use. The revised guidelines include:

- A summary of applicable laws.
- Guidelines regarding individual qualified patients and primary caregivers.
- Best practices for the recommendation of cannabis for medical purposes.
- Enforcement guidelines for state and local law enforcement agencies; and
- Guidance regarding collectives and cooperatives.

On October 12, 2019, California Governor Gavin Newsom signed several cannabis-related bills that, among other things, are designed to bolster minority participation in the industry, ensure labor peace and institute a vaporizer cartridge labeling requirement, and including one that will let legal businesses take advantage of more tax deductions. Gov. Newsom also signed Assembly Bill 37, that allows cannabis business owners to deduct business expenses at the state level, something that remains illegal federally.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of California.

<u>Colorado</u>

On November 6, 2012, Colorado Amendment 64 was passed to amend Colorado's constitution, subsequently enacted as Article 18, section 16 of the Colorado constitution, addressing "personal use and regulation of cannabis" for adults 21 and over, as well as commercial cultivation, manufacture, and sale, effectively regulating cannabis in a manner similar to alcohol. Pursuant to the Retail Code adopted in April 2017, by the state of Colorado, licensed operators are subject to residency requirements. Medical and retail cannabis programs in the state are regulated by the Marijuana Enforcement Division of the Department of Revenue.

Businesses must be licensed to operate a retail cannabis establishment including, retail cannabis stores; retail cannabis products manufacturers; retail cannabis cultivation facilities; retail cannabis testing facilities; retail cannabis transporters; and retail cannabis business operators. The state licensing authority must act on applications within 45 to 90 days after receipt. A license applicant must undergo a criminal background check and a license can be denied based on certain previous criminal convictions. All officers, managers, and employees of a retail cannabis business must be residents of Colorado, and all owners must be residents of Colorado for at least two years prior to applying for licensure.

As one of the first states to legalize recreational cannabis, Colorado has continued to advocate for the legalization of cannabis delivery services. On May 29, 2019, Colorado Governor Jared Polis singed House Bill 1234, to legalize cannabis delivery services in Colorado as long as local municipalities approve. The bill creates cannabis delivery permits for licensed medical cannabis centers and transporters and licensed retail cannabis stores and transporters that allow the centers, stores, and transporters to deliver medical cannabis, medical cannabis-infused products, retail cannabis, and retail cannabis products to customers. The bill gives the state licensing authority rule-making authority over the permit and delivery system. Medical cannabis delivery permitting began on January 2, 2020, and retail cannabis delivery permitting began on January 2, 2021. Gov. Polis pointed at the passing of legislation by saying, "We just passed the enabling legislation around that, beginning with medical marijuana and then moving to full regulated sale of marijuana so people exercise – in our state, it's a constitutional right to use marijuana in their home – [that right] without the risk of them using it somewhere else and driving. We're really looking at a wide variety of tactics to decrease that risk." The first permit was issued in March 2020.

On September 23, 2019, Attorney General of Colorado, Philip Weiser, was among a bipartisan coalition of 21 state Attorneys General, which urged Congress to pass the STATES Act of 2019 or similar measures that would allow legal cannabis-related businesses to access the banking system. "We are a bipartisan group of state and territorial attorneys general who share a strong interest in defending states' rights, protecting public safety, improving our criminal justice systems, and regulating new industries appropriately," said Attorney General Weiser. "Legislation like the proposed STATES Act is simply meant to ensure that if a state or territory does choose to legalize some form of marijuana use – which at least 33 states and several territories have done – its residents are not subject to a confusing and dangerous regulatory limbo."

In addition to House Bill 1234, a second law came into effect on January 1, 2020. House Bill 1230 allows two new types of cannabis-related businesses in the state. Businesses can apply to be licensed as a tasting room that can sell cannabis products on-site. The law also allows for "marijuana hospitality establishments," which allow the on-site consumption of cannabis, but the not sale of it. Hospitality establishments can be mobile, such as a tour bus.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Colorado.

<u>Florida</u>

In 2016, Florida voters passed a constitutional amendment known as the "Florida Medical Marijuana Legalization Initiative" ("Amendment 2"). Amendment 2 came info effect on January 3, 2017, and legalized medical cannabis for individuals with specific debilitating diseases or comparable debilitating conditions as determined by a licensed state physician. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecutions or civil sanctions under Florida laws. The state of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed producers, which are statutorily defined as "'Medical Marijuana Treatment Centers" ("MMTC"), to both cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Applicants must demonstrate (and licensed MMTCs must maintain) that: (i) they have been registered to do business in the state of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture ("FDOA"), (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any byproducts to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the FDOA, (vii) they have the financial ability to maintain operations for the duration of the 2-year approval cycle, including the provision of certified financial statements to the department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the FDOA, the applicant must post a performance bond of up to USD $5 million, which may be reduced by meeting certain criteria.

While residents of Florida overwhelmingly voted in favor of a constitutional amendment to allow medical cannabis in 2016, then Florida Governor Rick Scott signed a law in 2017 that banned cannabis smoking in all forms. The ban was overturned on March 18, 2019, when current Governor Ron DeSantis signed legislation to repeal it. Shortly after Gov. DeSantis took office in January 2018, he called on the Florida legislature to send a bill to his desk that would legalize medical cannabis. The enacted law allows patients to receive 2.5 ounces of whole flower cannabis every 35 days. Patients younger than 18 can smoke medical cannabis if they have a terminal condition and get a second opinion from a pediatrician.

Legalizing recreational cannabis in Florida will likely be on the ballot in upcoming elections, according to Florida Senator Jeff Brandes, who co-sponsored the medical cannabis legislation back in 2016. "I think the likelihood that it passes is pretty good in 2022 or 2024, and we should prepare for its passage" said Senator Brandes.

Despite a brief but expensive campaign, the Make it Legal Florida political committee did not make it on the 2020 ballot. The campaign, which raised over USD $8.7 million in primarily cannabis industry money since it launched in August 2019, has spent USD $7.7 million on the effort. The signed petitions, which are valid for two years, will be used for a 2022 ballot initiative campaign.

On April 22, 2021, the Florida Supreme Court, in a 5-2 decision, ruled a constitutional ballot initiative by Make it Legal Florida to be "misleading." The ruling came after Attorney General of Florida, Ashley Moody, asked the justices to advise whether the potential constitutional initiative would be suitable for a future ballot. If it wants to make a future ballot, Make It Legal Florida would now have to redraft the amendment and start from scratch.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Florida.

Nevada

In 2001, the use of medical cannabis was legalized in Nevada, and state-certified medical cannabis establishments, like dispensaries, became operational in 2015. The Nevada Medical Marijuana Program is governed by Nevada Revised Statute ("NRS") 453A and Nevada Administrative Code 453A. Patients meeting certain criteria can apply for a Nevada medical marijuana card. The medical cannabis card allows patients to legally purchase cannabis from a state-certified medical cannabis dispensary and a registry of medical cannabis patient cardholders is administered by the Division of Public and Behavioral Health ("DPBH").

The sale of cannabis for adult-use in Nevada was approved by ballot initiative on November 8, 2016 and NRS 453D exempts a person who is 21 years of age or older from state or local prosecution for possession, use, consumption, purchase, transportation or cultivation of certain amounts of cannabis and requires the Nevada Department of Taxation ("NDT") to begin receiving applications for the licensing of cannabis establishments on or before January 1, 2018. As of July 1, 2017, NDT is responsible for licensing and regulating and retail cannabis businesses in Nevada and for the state medical cannabis program. The legalization of retail cannabis does not change the medical cannabis program.

Licensing and operations requirements for production and distribution of medical cannabis are set out in NRS 435A. Each medical cannabis establishment must register with the NDT and apply for a medical cannabis establishment registration certificate. Among other requirements, there are minimum liquidity requirements and restrictions on the geographic location of a medical cannabis establishment as well as restrictions relating to the age and criminal background of employees, owners, officers, and board members of the establishment. All employees must be over 21 and all owners, officers and board members must not have any previous felony conviction or had a previously granted medical cannabis registration revoked. Additionally, each volunteer, employee, owner, officer, and board member of a medical cannabis establishment must be registered with the NDT as a medical cannabis agent and hold a valid medical cannabis establishment agent card. The establishment must have adequate security measures and use an electronic verification system and inventory control system. If the proposed medical cannabis establishment will sell or deliver edible cannabis products or cannabis-infused products, proposed operating procedures for handling such products which must be preapproved by the NDT.

On October 11, 2019, Nevada Governor Steve Sisolak had expressed outrage and vowed to tighten control of the state's lucrative legal cannabis marketplace in response to reports that a foreign national contributed to two top state political candidates last year in a bid to skirt rules to open a legal cannabis store. Gov. Sisolak declared in a statement that there has been "lack of oversight and inaction" of the recreational and medical pot industry by the state Marijuana Enforcement Division. He also said he is commissioning a multi-agency task force to "root out potential corruption or criminal influences in Nevada's marijuana marketplace."

Effective July 1, 2020, the medical cannabis program in Nevada is now administered by the Cannabis Compliance Board.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Nevada.

Oregon

At present, the state of Oregon has both medical and adult-use cannabis programs. In 1998, Oregon voters passed a limited non-commercial patient/caregiver medical cannabis law with an inclusive set of qualifying conditions that include chronic pain. In 2013, the Oregon legislature passed, and House Bill 3460 created a regulatory structure for existing unlicensed medical cannabis businesses. However, the original regulations created by the Oregon Health Authority ("OHA") after the passage of House Bill 3460 were minimal and only regulated storefront dispensaries, leaving cultivators and infused-product manufacturers within the unregulated patient/caregiver system. On June 30, 2015, Oregon Governor Kate Brown signed House Bill 3400 into law, which improved on the existing regulatory structure for medical cannabis businesses and created a licensing process for cultivators (growers) and processors. The OHA is the state agency that licenses and regulates medical cannabis businesses. The medical cannabis regulatory framework is referred to as the Oregon Medical Marijuana Program.

In November of 2014, Oregon voters passed Measure 91, the "Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act," creating a regulatory system for individuals 21 years of age and older to purchase cannabis for personal use from licensed retail cannabis stores, as well as cultivating cannabis at home. The OLCC licenses and regulates adult-use cannabis businesses. On October 15, 2015, the OLCC published draft recreational cannabis rules, which were finalized and took effect on June 29, 2016, as OLCC Division 25 of the Oregon Administrative Rules ("OAR Division 25"). These rules have been updated on a regular basis since that time, due to administrative prerogative and legislative changes. Currently licensed cannabis companies in Oregon are not subject to residency requirements. OAR Division 25 will continue to evolve and there is no certainty that changes will not adversely affect the Company's operations or financial results, as the changes are subject to OLCC's review and approval.

In Oregon, there are six types of recreational cannabis licenses for commercial uses: Producer, Processor, Wholesaler, Retail, Laboratory, a Certificate for Research, and a Hemp Certificate. While there is no limit on the number of licenses being issued, state regulators in Oregon had temporarily discontinued processing new adult-use licenses effective June 15, 2018, due to an oversupplied recreational cannabis market and a backlog of applications in the state.

In February 2018, U.S. Attorney Billy Williams told a gathering that included Gov. Brown, law enforcement officials and representatives of the cannabis industry that Oregon has an "identifiable and formidable overproduction and diversion problem." In May 2018, Attorney Williams issued a memorandum spelling out five U.S. federal enforcement priorities for illegal cannabis operations that violate US federal laws, with the first priority to crack down on the leakage of surplus cannabis into bordering states where cannabis is still illegal. The memo also stated that U.S. federal prosecutors will also target keeping cannabis out of the hands of minors, any crimes that involve violence or firearm violations or organized crime, and cultivation that threatens to damage U.S. federal lands through improper pesticide and water usage.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Oregon.

Washington

The state of Washington has both medical and adult-use cannabis programs. The original medical law, passed by voters in 1998, allows physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a patient/caregiver system without explicitly permitting businesses. But, unlike Colorado, the legislature was unable to pass laws regulating the medical cannabis businesses that developed around 2008.

On November 6, 2012, Initiative 502 was passed to legalize cannabis for adults 21 years of age and older in 2012. It regulated adult-use cannabis businesses and left the unregulated medical cannabis establishments in a precarious situation. Christine Gregoire, then Governor of Washington, signed SB 5052 in 2015, which forced the closure of existing unregulated medical dispensaries and allows existing adult-use retail cannabis stores to apply for a "medical marijuana endorsement" to sell medical cannabis tax free to registered qualifying patients and their designated caregivers.

The Washington State Liquor and Cannabis Board (the "WSLCB") regulates adult-use cannabis businesses and those with a medical endorsement. The WSLCB licenses cultivation facilities, product manufacturing facilities ("processors"), retail stores, transportation licensees, and testing facilities. All individuals and entities considered a "true party of interest" in a cannabis business license must have at least six months of Washington residency.

Unlike many other states, the state of Washington prohibits vertical integration between adult-use cannabis retailers and cultivators. Common ownership between cultivation and processors is permitted. A single entity, and/or principals within an entity, are limited to no more than three cannabis producer licenses, and/or three cannabis processor licenses, or five retail cannabis licenses.

On May 13, 2019, Gov. Inslee signed Senate Bill 5605, a new law went into effect on July 28, 2019. Beginning that date, every person convicted of misdemeanor cannabis possession offenses in the state of Washington, who was 21 years of age or older at the time of the offense, may apply to the sentencing court to vacate his or her conviction record for the cannabis offense. And if an individual has multiple cannabis convictions from different courts, then the individual will need to apply to vacate each conviction separately in the court in which the conviction was prosecuted. The court will then vacate that qualifying individual's cannabis conviction record.

On April 1, 2020, in an effort to ensure the spoils of cannabis legalization are available to everyone, Gov. Inslee signed a bill to allow state regulators to funnel unused cannabis business licenses to people from communities that have been negatively impacted by the drug war. The legislation came at the request of state cannabis regulators, who have pointed out that Washington's legalization law, which voters approved in 2012, failed to include any provisions aimed at addressing past prohibition harms. The new law aims to diversify the industry by issuing more business licenses to people negatively affected by drug law enforcement and providing them with technical assistance to get their companies off the ground. It creates a state Marijuana Equity Task Force and allows the WSLCB to grant forfeited, canceled, revoked or otherwise unissued cannabis business licenses to qualified equity applicants. "House Bill 2870 creates a new social equity program that provides business opportunities to people from disproportionately-harmed communities so they can benefit economically from the cannabis industry and become a cannabis retailer," Gov. Inslee said in a statement issued from his office.

To the knowledge of the Company's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in the state of Washington.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such case, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

Portfolio exposure

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of securities that comprise the Company's investments portfolio. Quinsam invests primarily in small-cap businesses which the Company believes exhibit potential for growth and sustainable cash flows, but which may not ever mature or generate returns the Company expects or may require a number of years to do so.

Junior cannabis companies may never achieve commercial discoveries and productions. This may create an irregular pattern in the Company's revenue and profitability. 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 Investees concurrently.

Risks related to the U.S. regulatory environment

As a specialty investor focusing in the cannabis industry, the Company is making substantial investments in entities operating in a highly regulated industry which is rapidly evolving. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

Investees incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the business units and, it may may negatively affect the performance of the Company's investment portfolio.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Investees and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Investees' earnings and could make future capital investments or their operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants, and which cannot be reliably predicted.

The Company is expected to have a substantial portion of its revenues derived from its investments in Investees that are engaged in the cannabis industry in certain states of the U.S., which industry is illegal under U.S. federal law. Quinsam is indirectly involved in cannabis-related activities in the U.S., through the entities held in the Company's investments portfolio, which may engage in the cultivation or distribution of cannabis in the U.S. The enforcement of relevant laws is a significant risk.

Over half of the states in the U.S. have enacted legislation to regulate the sale and use of medical cannabis without limits on THC, while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Other U.S. states had also legalized cannabis for adult use. Notwithstanding the permissive regulatory environment of medical or adult-use cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the FCSA. As such, cannabis-related practices, or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution, are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company and its Investees of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against them. Any such proceedings brought against the Investees may adversely affect the Company's financial performance.

Because of the conflicting views between state legislatures and the federal government of the U.S. regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation, regulation, and enforcement. Unless and until the U.S. Congress amends the FCSA with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the current and future investments of the Company in the U.S. As a result of the tension between state and federal law, there are a number of risks associated with the Company's existing and future investments in the US.

Regulatory changes and compliance

The Company's activities, as well as those of the Investees, are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required for certain of its Investees to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on these Investees' business and results of operations, which may negatively affect the performance of the Company's investment portfolio.

Certain Investees' operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company cannot predict the nature of any future laws, regulations, interpretations, policies, or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on the Investees' operations. Changes to such laws, regulations, and guidelines due to matters beyond the control of the Investees may cause adverse effects to the Company's operations.

Local, state, and federal laws and regulations governing cannabis for medicinal and adult-use purposes are broad in scope and are subject to evolving interpretations, which could require certain Investees the invest to incur substantial costs associated with bringing the operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Investees' operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's investment portfolio.

U.S. federal laws on cannabis industry

Cannabis is illegal under U.S. federal laws and enforcement of relevant laws is a significant risk. Therefore, the business operations of many of the cannabis-related securities that the Company invests in, are dependent on U.S. state laws pertaining to the cannabis industry. Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt legal manufacturer and sale of cannabis, which would negatively impact the return on the Company's investment portfolio.

The concepts of "medical cannabis" and "retail cannabis" do not exist under U.S. federal law. The FCSA classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices, or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with State laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Investees.

Violations of any U.S. federal law and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect, and as a result the Company, including their reputation and ability to conduct business, their holdings (directly or indirectly) of medical cannabis licenses in the U.S., and the listing of their securities on various stock exchanges, their financial position, operating results, profitability or liquidity or the market price of their publicly-traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

To the Company's knowledge, 36 states, the District of Columbia, Puerto Rico and Guam allow their residents to use medical cannabis as of the date of this MD&A. Voters in the states of Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, Oregon, South Dakota, Vermont and Washington have approved and have implemented or are implementing regulations to legalize cannabis for adult use. The state laws are in conflict with the FCSA, which makes cannabis use and possession illegal on a national level. The Obama administration has made numerous statements indicating that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical cannabis. While the status quo has been maintained by the Trump administration, there is no guarantee that President Biden and his administration will not change the government's stated policy regarding the low-priority enforcement of federal laws and decide to enforce the federal laws to the fullest extent possible.

Any changes in the U.S. federal government's enforcement of current U.S. federal law could cause adverse financial impact and remain a significant risk to the Company and its Investees' businesses, which could in turn have an impact on the Company's investments portfolio and financial results.

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the Company's operations. Local, state, and federal medical cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Investees to incur substantial costs associated with legal and compliance fees and ultimately require the Investees to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt the business of the Investees and result in a material adverse effect on operations. In addition, the Company cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to the business of the Investees, which could have on the Company's investment portfolio.

Local regulation could change and negatively impact on the Company's operations

Most U.S. states that permit cannabis for adult-use or medical use provide local municipalities with the authority to prevent the establishment of medical or adult use cannabis businesses in their jurisdictions. If local municipalities where the Investees or their Licensed Operators have established facilities decide to prohibit cannabis businesses from operating, the Investees or their Licensed Operators could be forced to relocate operations at great cost to the Investees, and the Investees or their Licensed Operators may have to cease operations in such state entirely if alternative facilities cannot be secured.

Reliance on securing agreements with Licensed Producers

The regulatory framework in most states may restrict the Investees from obtaining a License to grow, store and sell cannabis products. As such, these Investees rely on securing agreements with Licensed Producers in the targeted jurisdictions that have been able to obtain a License with the appropriate regulatory authorities. Failure of a Licensed Producer to comply with the requirements of their License or any failure to maintain their License would have a material adverse impact on the business, financial condition and operating results of the Investees, and indirectly, the operations of the Company. Should the regulatory authorities not grant a License or grant a License on different terms unfavorable to the Licensed Operators, and should the Investees be unable to secure alternative Licensed Operators, the business, financial condition and results of the operation of the Investees would be materially adversely affected.

If the U.S. federal government changes its approach to the enforcement of laws relating to cannabis, the Investees would need to seek to replace those tenants with non-cannabis tenants, who would likely pay lower rents. It is likely that the Investees would realize an economic loss on its capital acquisitions and improvements made to its capital assets specific to the cannabis industry, and the Investees would likely lose all or substantially all of its investments in the markets affected by such regulatory changes.

The Investees may have advanced, and may continue to advance, significant funds to potential sellers in the form of promissory notes, which the Investees may not be able to collect if the sellers fail to profitably operate its business. There is no assurance that any or all of the amounts loaned will be recovered by the Investees.

Reliance on third-party suppliers, manufacturers, and contractors

Some of the Investees may intend to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the U.S., these Investees' third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Investees' operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Investees' business and operational results, which could have on the Company's investment portfolio.

Cash flows and revenue

The Company generates revenue and cash flows primarily from proceeds from the disposition of its investments, in addition to a lesser degree income from interest, dividend and financial advisory services. 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 the Company, of if the value of the Company's investments decline, resulting in lesser proceeds of disposition and capital losses for the Company upon disposition.

Share prices of investments

The Company'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 the Company, including quarterly variations in the subject companies' results of operations, changes in earnings, analyst estimates, industry conditions and general market and economic conditions. Such 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

The Company 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. The Company 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

The Company 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 the Company. 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 and grow existing assets and raise additional funds in the future.

Dependence on suppliers and skilled labor

The ability of the Company to compete and grow is dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts, and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts, and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial and operational results of the Company.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Shares or Warrants to sell their securities at an advantageous price. Market price fluctuations in the shares and warrants may be due to the Company's operating results or its U.S. Investees' operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares and warrants.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares and warrants may decline even if the Company's investment results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur.

If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares and warrants may be materially adversely affected.

Additional financing requirements

The Company 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 share offerings. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or prices. Any additional equity financings may cause shareholders to experience dilution. 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.

Ability to access public and private capital

The Company has historically, and continues to have, access to both public and private capital in Canada in order to support its continuing operations. Since the Company had started making investments in entities operating in the cannabis market as a focused specialty investor, it has completed private placement financings ("Offerings"), including the October 2017 Offering which raised $2.4 million of capital, the December 2017 Offering which raised $11.5 million, and the March 2018 Offering which raised $13.1 million for the Company. Although the Company has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants, given that cannabis is illegal under U.S. federal law. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company has never needed to access public equity capital in the U.S.

Operating risk and insurance coverage

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken a number of procedures to help ensure the reliability of its financial reports, including those required of the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations, or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the value of the Company's equity securities.

Data breaches and privacy law

The Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage, and may face risks related to breaches of applicable privacy laws. The Company has previously provided medical cannabis to patients and maintains patient records. Due to the sensitive nature of this information, the Company could be found liable if a breach of security at its facility resulted in the theft, loss, or mishandling of electronic data. If such a breach did occur, the Company could be liable for fines, penalties and for any third-party liability which could result in a material adverse effect to the financial or operating condition of the Company.

Liability for activity of employees, contractors, and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including the risk that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's and its Investees' operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the WHO declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines, and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Use of Non-IFRS Financial Measures

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-IFRS financial measure. NAV 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. NAV (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 NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS financial measure presented in Quinsam's financial statements and thus no applicable quantitative reconciliation for such non-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.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. In contrast to non-venture issuers this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

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, the 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 "Risk Management" 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 forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Q3 2021 Financial Statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Q3 2021 Financial Statements in all material aspects.

The Audit Committee has reviewed the Q3 2021 Financial Statements and this MD&A with management of Quinsam. The Board has approved the Q3 2021 Financial Statements and this MD&A on the recommendation of the Audit Committee.

Additional Information

Additional information relating to Quinsam, 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.

November 18, 2021

Roger Dent
Chief Executive Officer