



QUANTUM INTERNATIONAL INCOME CORP. ANNOUNCES ANNUAL FINANCIAL RESULTS FOR THE 2018 FISCAL YEAR; OTHER CORPORATE UPDATES

Revenues up 396% in 2018 Fiscal Year; Closed Two Acquisitions in Q4 2018

(Toronto: June 29, 2018) Quantum International Income Corp. (the "**Corporation**" or "**Quantum**") (TSXV: QIC) is pleased to announce the filing of its financial results for the 2018 fiscal year. For more information, please see the consolidated financial statements of the Corporation for the fiscal year ended February 28, 2018 and the related management's discussion and analysis, which are available electronically on SEDAR under Quantum's issuer profile at www.sedar.com. **All figures are in U.S. dollars unless otherwise noted.**

"Fiscal 2018 has been a transformative year for Quantum," said Manu K. Sekhri, Chief Executive Officer of Quantum. "We are now a market leader in Georgia with a considerable consolidation opportunity ahead of us. In fiscal 2018, we realized a five-fold increase in revenue and significantly grew EBITDA in our operating business. We believe this positions us well to continue to deliver sustainable growth to our shareholders in the coming financial year."

Highlights – Fiscal Year Ended February 28, 2018

- Generated gaming revenues of approximately \$51.5 million, representing a 5-fold increase compared to revenues of approximately \$10.4 million in the prior year.
- For the year ended February 28, 2018, the Corporation generated Adjusted EBITDA of \$19.1 million, compared to \$1.4 million for annual fiscal year 2017.
- Generated positive cash flow from operations of approximately \$8.2 million, compared to \$0.4 million in the same period last year.
- Net loss of approximately \$4.51 million for the fiscal year ended February 28, 2018, compared to a net loss of approximately \$3.12 million for the 2017 fiscal year.
- Basic and diluted loss per share for continuing operations was \$0.12, compared to a loss per share of \$0.082 in the same period last year.
- Working capital of approximately \$1.4 million, compared to a working capital deficit of approximately \$3.8 million as at February 28, 2017.
- For the year ended February 28, 2018, the Corporation closed nine acquisitions for a total purchase price of approximately \$36.6 million, which increased the footprint of Lucky Bucks, LLC ("**Lucky Bucks**") by over 125% in Georgia.
- Signed a commitment letter with Goldman Sachs Specialty Lending Group, L.P. for a \$75 million multi-draw credit facility; which translates to interest savings of over \$5 million per year. The credit facility subsequently closed in April 2018.
- On February 23, 2018, the Corporation was recognized in the 2018 TSX Venture 50™.

Note: Part of this comparative period pre-dates Quantum's acquisition of its 51% interest in Lucky Bucks (the "**Lucky Bucks Acquisition**"). The Corporation completed the Lucky Bucks Acquisition without having to issue any equity, other than (i) the issuance of \$3 million in common shares of the Corporation to the vendor of the business as partial consideration for the Lucky Bucks Acquisition, and (ii) \$1.5 million in common shares of the Corporation issued to Quantum's lead lender in connection with the Lucky Bucks Acquisition (which shares were included in the transaction at the insistence of the lead lender).

The consolidated financial statements of the Corporation for the fiscal year ended February 28, 2018 and the related management's discussion and analysis reflect enhanced disclosure relative to past practices in relation to the following items: business overview, operations, liquidity analysis, capital management, selected quarterly information, related party transactions, selected annual information, presentation of statement of comprehensive loss, debt covenants, long-term debt, restricted cash, warrants and share option plan. These enhanced disclosures were made by the Corporation following a continuous disclosure review of the Ontario Securities Commission.

Additional Lucky Bucks Interest Acquisition

The Corporation is also pleased to announce that Quantum and its wholly-owned subsidiary, Southern Star Gaming, LLC, have entered into a binding letter agreement dated June 28, 2018 with Lucky Bucks Ventures, Inc. and Mr. Anil Damani, pursuant to which Quantum will indirectly acquire an additional 9% of the membership interest in Lucky Bucks in exchange for cash consideration of \$6 million (the "**Additional Lucky Bucks Interest Acquisition**"). As a result of the Additional Lucky Bucks Interest Acquisition, Quantum will increase its indirect ownership interest in Lucky Bucks from 51% to 60%, with a corresponding decrease in ownership interest of Lucky Bucks Ventures, Inc. in Lucky Bucks from 49% to 40%. On the closing date of the Additional Lucky Bucks Interest Acquisition, Lucky Bucks Ventures, Inc. will receive consideration of \$3.75 million, with the remaining cash consideration of \$2.25 million to be held by Lucky Bucks Ventures, Inc. in the form of an unsecured non-interest bearing promissory note due and payable in tranches no later than December 31, 2018.

The closing of the Additional Lucky Bucks Interest Acquisition remains subject to, among other things, the receipt of all necessary regulatory approvals (including the approval of the TSX Venture Exchange) and the parties entering into additional definitive transaction documents. Quantum expects to close the Additional Lucky Bucks Interest Acquisition in mid-July 2018.

The Additional Lucky Bucks Interest Acquisition is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* of the TSX Venture Exchange, as Mr. Anil Damani, an "insider" of the Corporation, is the sole shareholder of Lucky Bucks Ventures, Inc. The Corporation is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Corporation is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on sections 5.5(a) and (b) of MI 61-101 as the fair market value of the transaction, insofar as it involves interested parties, is not more than the 25% of the Corporation's market capitalization, and no securities of the Corporation are listed or quoted for trading on prescribed stock exchanges or stock markets. Additionally, the Corporation is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(b) as the fair market value of the transaction, insofar as it involves interested parties, is not more than the 25% of the Corporation's market capitalization. The board of directors of Quantum unanimously approved the Additional Lucky Bucks Interest Acquisition.

About Quantum International Income Corp.

Quantum International Income Corp. is a gaming company. Quantum's vision is to build a diversified portfolio of world class gaming operations. The Corporation looks to enhance shareholder value by growing organically and through acquisitions. The Corporation has an active acquisition strategy with a particular focus on cash-flows and high margins. Currently, the Corporation is the largest route operator of skill-based gaming machines in the State of Georgia, United States of America.

Material information pertain to the Corporation may be found on SEDAR under Quantum's issuer profile at www.sedar.com or on Quantum's website at www.quantumincomecorp.com.

Cautionary Statement Regarding Forward-Looking Information

*This news release may contain forward-looking statements or "forward-looking information" within the meaning of applicable Canadian securities laws ("**forward-looking statements**"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. In this press release, forward-looking statements pertain, among other things, to the Corporation's ability to deliver sustainable growth to its shareholders; the success of the Corporation in the Georgia gaming market; the ability of the Corporation to execute upon a consolidation strategy in the Georgia gaming market; the timing and ability of the Corporation to complete the Additional Lucky Bucks Interest Acquisition, if at all; the Additional Lucky Bucks Interest*

Acquisition being exempt from the requirement to obtain a formal valuation and minority shareholder approval under MI 61-101 and the rules of the TSX Venture Exchange; and the ability of the Corporation to complete the Additional Lucky Bucks Interest Acquisition on terms announced.

All forward-looking statements reflect the Corporation's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation's forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions listed below. Although the Corporation believes that these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include the following: the digital gaming terminals being fully-licensed by the Georgia State Lottery, the continuation of the Corporation's consolidation strategy in the Georgia gaming market, the growing footprint of Quantum in the Georgia gaming market, generating value for the shareholders of the Corporation, the regulatory regime governing the business of Quantum in Georgia, the exchange rate between the U.S. dollar and Canadian dollar, the ability to grow the business and generate stable distributions for shareholders, the availability of high growth, high margin opportunities, and the execution of the Corporation's business strategy.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the availability of opportunities to consolidate additional assets in the Georgia gaming market, the availability of investment opportunities on terms acceptable to the Corporation, the regulatory regime in the State of Georgia, the licensing regime governing the Georgia State Lottery, the exchange rate between the U.S. dollar and Canadian dollar, and other internal and external factors disclosed in the most recent annual information form of the Corporation and other documents publicly filed by the Corporation. Although Quantum has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise, except in accordance with applicable securities laws.

Non-IFRS Financial Measures

Statements in this news release make reference to Adjusted EBITDA, which is a non-IFRS (as defined herein) financial measure that the Corporation believes is appropriate to provide meaningful comparison with, and to enhance an overall understanding of, the Corporation's past financial performance and prospects for the future. The Corporation believes that Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses and items that management believe are not indicative of Quantum's core operating results. Adjusted EBITDA is a financial measure that does not have a standardized meaning under International Financial Reporting Standards ("IFRS"). Adjusted EBITDA is defined as earnings before financing costs, income taxes, depreciation, amortization of property and equipment and intangible assets, stock-based compensation, foreign exchange, impairment, gain/loss on settlement of accounts payable, financing income, business acquisition costs, warrant fair value adjustment and derivative asset fair value adjustment. As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Corporation considers Adjusted EBITDA to be a relevant indicator for measuring trends in performance and its ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.

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