

Interim Financial Statements of

Canso Select Opportunities Corporation

March 31, 2019

(Unaudited)

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Management’s Responsibility for Financial Reporting

The accompanying unaudited interim Financial Statements have been prepared by Management. Management is responsible for the information and representations contained in these interim Financial Statements. Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim Financial Statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts based on estimates and assumptions. The significant accounting policies that management believes are appropriate for Canso Select Opportunities Corporation (“CSOC”) are described in Note 2 to the unaudited interim Financial Statements.

The Board of Directors is responsible for reviewing and approving CSOC’s unaudited interim Financial Statements, overseeing management’s performance of its financial reporting responsibilities and engaging the independent auditors. For all share classes of CSOC, the unaudited interim Financial Statements have been reviewed and approved by the Board of Directors.

Approved by the Board of Directors

(signed) “Brian Carney”

Brian Carney
Director

(signed) “Shirley Sumsion”

Shirley Sumsion
Director

NOTICE TO SHAREHOLDERS

CSOC’s Board of Directors, appoints independent auditors to audit CSOC’s annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice. CSOC’s independent auditor has not performed a review of these interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Canso Select Opportunities Corporation
Interim Statement of Financial Position
As at March 31, 2019 and December 31, 2018
(Unaudited)

	March 31, 2019	December 31, 2018
	\$	(Audited) \$
Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 6)	13,180,731	13,158,004
Investments through FVTPL (Note 6)	305,189	-
Cash and cash equivalents	114,866	234,915
Prepaid expenses	7,294	18,692
Deferred tax assets	282,412	296,898
Total Assets	13,890,492	13,708,509
Liabilities		
Accounts payable and accrued liabilities	60,865	40,745
Advances to Canso Investment Counsel Ltd. (Note 5)	50,757	50,757
Total Liabilities	111,622	91,502
Shareholders' Equity		
Share capital (Note 4)	14,863,186	14,863,186
Contributed surplus	570,414	570,414
Deficiency	(1,654,730)	(1,816,593)
Total Shareholders' Equity	13,778,870	13,617,007
Total Liabilities and Shareholders' Equity	13,890,492	13,708,509
Shareholders' Equity		
Class A Multiple Voting Shares	\$ 8,041,862	\$ 7,947,393
Class B Subordinate Voting Shares	\$ 5,737,008	\$ 5,669,614
Number of Shares Outstanding		
Class A Multiple Voting Shares	1,621,460	1,621,460
Class B Subordinate Voting Shares	1,156,738	1,156,738
Total Shareholders' Equity per Share		
Class A Multiple Voting Shares	\$ 4.96	\$ 4.90
Class B Subordinate Voting Shares	\$ 4.96	\$ 4.90

Approved by the Board of Directors

 Brian Carney
 Director

 Shirley Sumsion
 Director

The accompanying notes are an integral part of these interim financial statements.

Canso Select Opportunities Corporation
Interim Statement of Comprehensive Income
Three months ended March 31, 2019 and 2018
(Unaudited)

	2019	2018
	\$	\$
Revenue		
Realized loss on investment	(33,019)	-
Realized foreign exchange gain	1,009	-
Change in unrealized foreign exchange loss	(370)	-
Change in unrealized gain on investment (Note 6)	275,747	-
Total Revenue	243,367	-
Expenses		
Directors fees	23,594	-
Administration	10,995	-
Bank charges	105	-
Insurance	4,495	-
Professional fees	27,828	-
Total Expenses	67,017	-
Net income before income taxes	176,350	-
Income taxes		
Current	-	-
Deferred	14,487	-
Net income and comprehensive income for the period	161,863	-
Net income, by class		
Class A Multiple Voting Shares	\$94,469	-
Class B Subordinate Voting Shares	\$67,394	-
Basic and diluted earnings per Class A Multiple Voting Shares	\$0.06	-
Basic and diluted earnings per Class B Subordinate Voting Shares	\$0.06	-

The accompanying notes are an integral part of these interim financial statements.

Canso Select Opportunities Corporation
Interim Statement of Changes in Equity
Three months ended March 31, 2019 and 2018
(Unaudited)

	2019			
	\$	\$	\$	\$
	Share capital	Contributed surplus	Retained Earnings/ (Deficit)	Total
<u>Class A Multiple Voting Shares</u>				
Opening balance, January 1, 2019	8,674,710	332,915	(1,060,232)	7,947,393
Net Income for the period	-	-	94,469	94,469
Balance at March 31, 2019	8,674,710	332,915	(965,763)	8,041,862
<u>Class B Subordinate Voting Shares</u>				
Opening balance, January 1, 2019	6,188,476	237,499	(756,361)	5,669,614
Net income for the period	-	-	67,394	67,394
Balance at March 31, 2019	6,188,476	237,499	(688,967)	5,737,008
Total	14,863,186	570,414	(1,654,730)	13,778,870

	2018			
	\$	\$	\$	\$
	Share capital	Contributed surplus	Retained Earnings/ (Deficit)	Total
<u>Class A Multiple Voting Shares</u>				
Opening balance, February 16, 2018	-	-	-	-
Net Income for the period	-	-	-	-
Share issuance	10	-	-	10
Balance at March 31, 2018	10	-	-	10
<u>Class B Subordinate Voting Shares</u>				
Opening balance, February 16, 2018	-	-	-	-
Net income for the period	-	-	-	-
Share issuance	-	-	-	-
Balance at March 31, 2018	-	-	-	-
Total	10	-	-	10

The accompanying notes are an integral part of these interim financial statements.

Canso Select Opportunities Corporation
Interim Statement of Cash Flows
Three months ended March 31, 2019 and 2018
(Unaudited)

	2019	2018
	\$	\$
Operating Activities		
Net Income	161,863	-
Adjustments for:		
Realized loss on investment	33,019	-
Change in unrealized appreciation on investment	(275,747)	-
Purchase of investments	(305,189)	-
Proceeds on sale of investment	220,001	-
Prepaid expenses	11,398	-
Deferred tax assets	14,486	-
Accounts payable and accrued liabilities	20,120	-
Net Cash Generated (Used In) by Operating Activities	(120,049)	-
Financing Activities		
Issue of Class A Multiple Voting Share	-	10
Issue of Class B Subordinate Voting Shares	-	-
Net Cash Used In Financing Activities	-	10
Cash and cash equivalents — Beginning of period	234,915	-
Cash and cash equivalents — End of period	114,866	10

The accompanying notes are an integral part of these interim financial statements.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the three months ended March 31, 2019
(Unaudited)

1. General Information

Canso Select Opportunities Corporation ("CSOC" or "Company") was incorporated by articles of incorporation under the Ontario Business Corporations Act on February 16, 2018. Effective September 4, 2018, the Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC were eligible to commence trading on the TSX Venture Exchange under the symbols CSOC.A representing the Class A Multiple Voting Shares and CSOC.B representing the Class B Subordinate Voting Shares. Canso Select Opportunities Fund ("CSOF") is a wholly-owned investment held by CSOC. CSOC indirectly holds all of the investments of CSOF through its ownership of CSOF.

CSOC is an Ontario-based investment corporation. CSOC's investment objective is to provide capital gains and dividend income to its shareholders. Consistent with this objective, the Corporation evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on both the attractiveness of new investment opportunities and the availability of capital as generated from the realization of value from existing portfolio investments.

2. Basis of Presentation and Significant Accounting Policies

These unaudited interim financial statements of CSOC have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

The accounting policies applied by CSOC in these interim financial statements are the same as those applied by CSOC in its annual audited financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS. Since its inception, CSOC has applied IFRS 9, Financial Instruments, which deals with the recognition, derecognition, classification and measurement of financial instruments. CSOC has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Critical Accounting Estimates and Judgements

The preparation of these interim financial statements requires management to use judgement in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

There have been no changes in the critical accounting estimates and judgments which were set out in detail in note 3 of CSOC's annual audited financial statements for the year ended December 31, 2018.

4. Share Capital

The Company is authorized to issue an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the three months ended March 31, 2019
(Unaudited)

4. Share Capital (Cont'd)

At March 31, 2019 share capital consists of the following:

	Number of shares #	Amount \$
1,621,460 Class A Multiple Voting Shares		8,674,710
1,156,738 Class B Subordinate Voting Shares		6,188,476
		<u>14,863,186</u>
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, January 1, 2019	1,621,460	8,674,710
Class A multiple voting shares issued	-	-
Class A multiple voting shares outstanding, March 31, 2019	<u>1,621,460</u>	<u>8,674,710</u>
Class B Subordinate Voting Shares:		
Class B subordinate voting shares outstanding, January 1, 2019	1,156,738	6,188,476
Class B subordinate voting shares issued	-	-
Class B subordinate voting shares outstanding, March 31, 2019	<u>1,156,738</u>	<u>6,188,476</u>
	<u>2,778,198</u>	<u>14,863,186</u>

At March 31, 2018 share capital consisted of the following:

	Number of shares #	Amount \$
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, February 16, 2018 on incorporation	1	10
Class A multiple voting shares outstanding, March 31, 2018	<u>1</u>	<u>10</u>

5. Related Party Transactions

On August 1, 2018 CSOC entered into an operational services agreement with Canso Investment Counsel Ltd. ("Canso"). The operational services agreement sets out that Canso will provide the day-to-day operational services to carry out the business affairs of CSOC. For the first 24 months from the Effective Date, no fees will be payable for services provided by Canso to CSOC. At the end of 24 months this arrangement may be extended for another 12 month period or amended as agreed between Canso and CSOC. If amended, the fees payable to Canso shall not exceed 1.00% per annum of the net assets of CSOC. There are no management fees charged for the three months ended March 31, 2019 (March 31, 2018: \$0).

Included in Advances to Canso Investment Counsel Ltd. is \$50,757 (December 31, 2018: \$50,757) relating to filing fees paid by Canso on behalf of CSOC. This amount will be repaid within the next 3 months.

6. Investments

In determining whether CSOC has control or significant influence over an investment, CSOC assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. CSOC qualifies as an investment entity under IFRS 10, and therefore accounts for investments it controls at fair value through profit and loss ("FVTPL"). CSOC's primary purpose is defined by its investment objectives. CSOC also measures and evaluates the performance of any investment on a fair value basis.

For the three months ended March 31, 2019, CSOC reported a net income of \$161,863 (March 31, 2018: \$0). This is the result of \$275,747 (March 31, 2018: \$0) in changes in unrealized mark to market gains primarily on CSOF's public equity holdings of ClearStream Energy Services Inc., Second Cup Ltd. and M-Split.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
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6. Investments (Cont'd)

As at March 31, 2019, CSOF's investment portfolio consists of equity and debt securities in 11 different issuers. The portfolio also included cash and cash equivalents.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Cash & Cash Equivalents	270,433	270,433	2.05%
Equities Held Long	15,200,165	12,797,619	96.81%
Hubba, Inc.	3,401,863	5,281,497	39.95%
Second Cup Ltd.	3,400,936	1,717,756	12.99%
Xplornet Communications	141,651	1,557,392	11.78%
Yellow Pages Limited	2,095,719	1,109,519	8.39%
BZ Holdings Inc. (Formerly Purch Group Inc.)	918,783	1,004,787	7.60%
ClearStream Energy Services Inc. - Preferred	729,400	729,000	5.51%
M-Split	838,474	638,141	4.83%
Torstar Corporation	1,392,200	225,621	1.71%
Canadian Life Companies Split	78,572	84,420	0.64%
ClearStream Energy Services Inc.	2,012,939	316,346	2.39%
Genworth MI Canada Inc. Jan 20 P28	10,480	4,300	0.03%
Genworth MI Canada Inc. Jan 20 P32	682	365	0.00%
Genworth MI Canada Inc. Jan 20 P38	79,786	52,700	0.40%
Genworth MI Canada Inc. Jan 20 P40	19,380	14,475	0.11%
Genworth MI Canada Inc. Jan 20 P42	17,820	12,200	0.09%
Genworth MI Canada Inc. Jan 21 P36	43,360	37,050	0.28%
Genworth MI Canada Inc. Jan 21 P38	18,120	12,050	0.09%
Telepath Networks, Inc. - Warrants	-	-	0.00%
Equities Held Short	(382,772)	(463,611)	(3.51%)
Genworth MI Canada Inc.	(382,772)	(463,611)	(3.51%)
Fixed Income	1,340,700	614,537	4.65%
Telepath Networks, Inc.	1,340,700	614,537	4.65%
Grand Total	16,428,526	13,218,978	100.00%
Other Assets, Net of Liabilities		(38,247)	
CSOF'S Investments at Fair Value through Profit or Loss		13,180,731	

As at March 31, 2019, CSOC's investment portfolio consists of equity and debt securities in 2 different issuers.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Equities Held Long	200,000	200,000	65.53%
Reformulary Group Inc.	200,000	200,000	65.53%
Fixed Income	105,559	105,189	34.47%
Brill Power Limited	105,559	105,189	34.47%
CSOC's Investments at Fair Value through Profit or Loss	305,559	305,189	100.00%

7. Fair Value Hierarchy

CSOC classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
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7. Fair Value Hierarchy (Cont'd)

□ Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. Management assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable data requires significant judgment by the investment committee. CSOC considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following fair value hierarchy table presents information about CSOC's assets and liabilities measured at fair value, as described in Note 6, as at March 31, 2019 and December 31, 2018:

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	\$ -	\$ -	\$ 614,537	\$ 614,537
Equities - CSOF	4,224,943	-	8,572,676	12,797,619
Fixed Income held in CSOC	-	-	105,189	105,189
Equities held in CSOC	-	-	200,000	200,000
Total	\$ 4,224,943	\$ -	\$ 9,492,402	\$ 13,717,345

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Equities - CSOF	\$ (463,611)	\$ -	\$ -	\$ (463,611)
Total	\$ (463,611)	\$ -	\$ -	\$ (463,611)

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	\$ -	\$ -	\$ 628,268	\$ 628,268
Equities - CSOF	3,730,574	-	8,803,342	12,533,916
Total	\$ 3,730,574	\$ -	\$ 9,431,610	\$ 13,162,184

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Equities - CSOF	\$ (460,290)	\$ -	\$ -	\$ (460,290)
Total	\$ (460,290)	\$ -	\$ -	\$ (460,290)

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
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(Unaudited)

7. Fair Value Hierarchy (Cont'd)

	March 31, 2019	December 31, 2018
Level 3 Reconciliation		
Balance, beginning of period	\$ 9,431,610	\$ 9,747,000
Purchases - held in CSOC	305,559	-
Sales	-	(1,235,814)
Transfers in	-	729,400
Transfers out	-	-
Realized gains, net	-	121,954
Change in unrealized (depreciation) appreciation - CSOF	(244,397)	69,070
Change in unrealized (depreciation) appreciation - held in CSOC	(370)	-
Balance, end of period	\$ 9,492,402	9,431,610

The fair value of each Level 3 financial instrument is generally measured using unobservable market inputs with the best information available at the time. Various valuation techniques are utilized, depending on a number of factors including key inputs and assumptions, which are company specific and may include estimated discount rates and expected price volatilities.

The table below presents investments in CSOC and CSOF whose fair values are determined based in valuation techniques that utilize unobservable market inputs. The effects of changing one or more of those inputs are indicated in the table below:

Fair Value	Valuation Technique	Unobservable Input	Reasonable Possible Change in Input	Impact on Fair Value
\$				\$
8,182,426	CSOF's investment - Private placement financing technique	Price of last capital raise	+/-30%	2,454,728
305,189	CSOC's investments - Private placement financing technique	Price of last capital raise	+/-30%	91,557
1,004,787	CSOF's investment - Internal Model that includes a combination: 1) discounted value of expected cash flows 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding to confirm its reasonability	Audited Financial statement data, recent private offering valuation multiples of competitors, and liquidation preference rights	+/-12%	120,574

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
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(Unaudited)

8. Subsequent Event

On May 28, 2019, CSOC and Skunkworks Investment Corporation ("Skunkworks") entered into a share transfer agreement, whereby CSOC agreed to sell certain of its assets consisting of 99,006 Series 4 Class A preferred shares of Hubba Inc. to Skunkworks, for total cash consideration of \$2,100,000 (the "RP Transaction"). The RP Transaction is expected to close on or about June 19, 2019. Closing of the RP Transaction is subject to the approval of the TSX Venture Exchange.

As at April 30, 2019, the Hubba position accounted for 38.8% of CSOC's assets. The RP Transaction will reduce the Hubba position to 23.4% of CSOC's assets. The gross proceeds of the RP Transaction will be used by CSOC to pursue several investment opportunities currently under investigation and for general working capital purposes. This proposed transaction is deemed to be a related party transaction under IFRS and securities laws.

9. Approval of financial statements

These interim financial statements were approved by the Board of Directors and authorized for issue on May 22, 2019.