

Interim Financial Statements of

Canso Select Opportunities Corporation

June 30, 2020

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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 Sumison”
Shirley Sumison
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 Statements of Financial Position
As at June 30, 2020 and December 31, 2019
(Unaudited)

	June 30, 2020	December 31, 2019 (Audited)
	\$	\$
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 6)	9,820,798	11,530,366
Investments through FVTPL (Note 6)	1,259,220	1,152,279
Cash and cash equivalents	45,045	45,820
Prepaid expenses	8,674	11,921
Total Current Assets	11,133,737	12,740,386
Non-current Asset		
Deferred tax assets	623,778	411,032
Total Assets	11,757,515	13,151,418
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	16,013	36,474
Advances from Canso Investment Counsel Ltd. (Note 5)	-	11
Total Current Liabilities	16,013	36,485
Shareholders' Equity		
Share capital (Note 4)	14,863,186	14,863,186
Contributed surplus	570,414	570,414
Deficiency	(3,692,098)	(2,318,667)
Total Shareholders' Equity	11,741,502	13,114,933
Total Liabilities and Shareholders' Equity	11,757,515	13,151,418
Shareholders' Equity		
Class A Multiple Voting Shares	\$6,852,778	\$7,654,364
Class B Subordinate Voting Shares	\$4,888,724	\$5,460,569
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	\$4.23	\$4.72
Class B Subordinate Voting Shares	\$4.23	\$4.72

Approved by the Board of Directors

(signed) "Brian Carney"
 Brian Carney
 Director

(signed) "Shirley Sumison"
 Shirley Sumison
 Director

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

Canso Select Opportunities Corporation
Interim Statements of Comprehensive Loss
Three months and six months ended June 30, 2020 and 2019
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue				
Dividend income	423	-	423	-
Interest income	-	4,176	14,685	4,176
Realized loss on investment	(168,973)	(7,249)	(315,664)	(40,268)
Realized foreign exchange gain	-	-	60,255	1,009
Change in unrealized foreign exchange (loss) gain	(9,905)	(4,737)	833	(5,107)
Change in unrealized gain (loss) on investments (Note 6)	71,068	(139,345)	(1,235,011)	136,401
Total Revenue	(107,387)	(147,155)	(1,474,479)	96,211
Expenses				
Directors fees	31,502	31,459	63,004	55,053
Administration	10,645	14,971	17,129	25,966
Bank charges	239	182	352	287
Insurance	4,577	4,577	9,154	9,072
Professional fees	12,412	24,682	22,058	52,511
Total Expenses	59,375	75,871	111,697	142,889
Net loss before income taxes	(166,762)	(223,026)	(1,586,176)	(46,678)
Income tax recovery				
Current	-	-	-	-
Deferred	(19,686)	(37,677)	(212,745)	(23,192)
Total Income tax recovery	(19,686)	(37,677)	(212,745)	(23,192)
Net loss and comprehensive loss for the period	(147,076)	(185,349)	(1,373,431)	(23,486)
Net loss, by class				
Class A Multiple Voting Shares	(\$85,839)	(\$108,177)	(\$801,586)	(\$13,707)
Class B Subordinate Voting Shares	(\$61,237)	(\$77,172)	(\$571,845)	(\$9,779)
Net loss, per share				
Class A Multiple Voting Shares	(\$0.05)	(\$0.07)	(\$0.49)	(\$0.01)
Class B Subordinate Voting Shares	(\$0.05)	(\$0.07)	(\$0.49)	(\$0.01)

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

Canso Select Opportunities Corporation
Interim Statements of Changes in Equity
Six months ended June 30, 2020 and 2019
(Unaudited)

	2020			
	\$	\$	\$	\$
	Share capital	Contributed surplus	Deficit	Total
<u>Class A Multiple Voting Shares</u>				
Opening balance, January 1, 2020	8,674,710	332,915	(1,353,261)	7,654,364
Net Loss for the period	-	-	(801,586)	(801,586)
Balance at June 30, 2020	8,674,710	332,915	(2,154,847)	6,852,778
<u>Class B Subordinate Voting Shares</u>				
Opening balance, January 1, 2020	6,188,476	237,499	(965,406)	5,460,569
Net Loss for the period	-	-	(571,845)	(571,845)
Balance at June 30, 2020	6,188,476	237,499	(1,537,251)	4,888,724
Total	14,863,186	570,414	(3,692,098)	11,741,502

	2019			
	\$	\$	\$	\$
	Share capital	Contributed surplus	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 Loss for the period	-	-	(13,707)	(13,707)
Balance at June 30, 2019	8,674,710	332,915	(1,073,939)	7,933,686
<u>Class B Subordinate Voting Shares</u>				
Opening balance, January 1, 2019	6,188,476	237,499	(756,361)	5,669,614
Net Loss for the period	-	-	(9,779)	(9,779)
Balance at June 30, 2019	6,188,476	237,499	(766,140)	5,659,835
Total	14,863,186	570,414	(1,840,079)	13,593,521

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

Canso Select Opportunities Corporation
Interim Statements of Cash Flows
Six months ended June 30, 2020 and 2019
(Unaudited)

	2020	2019
	\$	\$
Operating Activities		
Net loss	(1,373,431)	(23,486)
Adjustments for:		
Realized loss on investment	315,664	40,268
Realized foreign exchange gain on investment	(59,081)	-
Interest income on investment	(14,685)	-
Change in unrealized depreciation (appreciation) investments	1,235,011	(136,401)
Change in unrealized foreign exchange gain	(833)	-
Purchase of investments	(1,438,549)	(304,628)
Proceeds from sale of investments	1,565,100	290,000
Prepaid expenses	3,247	15,399
Deferred tax assets	(212,746)	(23,192)
Accounts payable and accrued liabilities	(20,461)	825
Advances from Canso Investment Counsel Ltd.	(11)	(50,757)
Net Cash Used In Operating Activities	(775)	(191,972)
Cash and cash equivalents — Beginning of period	45,820	234,915
Cash and cash equivalents — End of period	45,045	42,943

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

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the six months ended June 30, 2020
(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. The Company's registered head office is 100 York Blvd., Suite 550, Richmond Hill, Ontario, L4B 1J8. CSOC's investment objective is to provide capital gains and dividend income to its shareholders. Consistent with this objective, the Company 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, 2019, 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 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, 2019.

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.

At June 30, 2020 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
		14,863,186
Class A Multiple Voting Shares:		
Class A multiple voting shares outstanding, January 1, 2020	1,621,460	8,674,710
Class A multiple voting shares issued	-	-
Class A multiple voting shares outstanding, June 30, 2020	1,621,460	8,674,710
Class B Subordinate Voting Shares:		
Class B subordinate voting shares outstanding, January 1, 2020	1,156,738	6,188,476
Class B subordinate voting shares issued	-	-
Class B subordinate voting shares outstanding, June 30, 2020	1,156,738	6,188,476
	2,778,198	14,863,186

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the six months ended June 30, 2020
(Unaudited)

4. Share Capital (Cont'd)

At June 30, 2019 share capital consisted 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, June 30, 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, June 30, 2019	<u>1,156,738</u>	<u>6,188,476</u>
	<u>2,778,198</u>	<u>14,863,186</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. Until September 4, 2020, no fees will be payable for services provided by Canso to CSOC. At September 4, 2020, 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 were no management fees charged for the six months ended June 30, 2020 (June 30, 2019: \$0).

CSOC repaid the advance from Canso in January 2020 in the amount of \$11 relating to the computer software expense that Canso paid on behalf of CSOC. As such, the advances from Canso balance is \$nil at June 30, 2020 (December 31, 2019: \$11).

CSOC is pleased to announce that it has closed the previously announced sale of 112,668 Series 4 Class A preferred shares of Hubba Inc. to Skunkworks Investment Corporation ("Skunkworks") for total cash consideration to the Company of US\$1,823,249.91 pursuant to a share transfer agreement dated March 11, 2020 (the "Transaction"). The purpose of the Transaction is to free up capital and provide the Company with more funds with which to diversify its portfolio base. As at December 31, 2019, the Hubba position accounted for approximately 25.6% of the Company's assets. The Transaction is intended to reduce the Hubba position to 6% of the Company's assets. The Company wanted to reduce this position and use the gross proceeds of the Transaction to pursue several investment opportunities currently under investigation and for general working capital purposes.

The Transaction is deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101—Protection of Minority Security Holders in Special Transactions ("MI 61-101") since John Carswell, a director of CSOC and Skunkworks, beneficially owns, directly or indirectly, or exercises control or direction over, approximately 45% of the voting rights of CSOC and more than 50% of the securities of Skunkworks. Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the Transaction was subject to minority shareholder approval, which required approval by a majority of the votes cast at a meeting of shareholders excluding any shares held by the directors and officers CSOC, its affiliates and joint actors (collectively, "Minority Approval"). The Company received Minority Approval at its annual and special meeting of shareholders held on May 26, 2020. In addition, the Transaction received approval of the TSX Venture Exchange prior to closing.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the six months ended June 30, 2020
(Unaudited)

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. CSOC's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the Circular to meet those objectives. CSOC also measures and evaluates the performance of any investment on a fair value basis. As described in note 1, CSOF is a wholly owned investment of CSOC.

During the period ended June 30, 2020, CSOC reported a net loss of \$1,373,431 (June 30, 2019: (\$23,486)) or (\$0.49) (June 30, 2019: (\$0.01)) per CSOC Class A and B shares. This is the result of \$(1,235,011) (June 30, 2019: \$136,401) in net unrealized mark to market (loss) gain primarily on CSOF's public equity holdings of BZ Holdings Inc., ClearStream Energy Services Inc., M-Split, Second Cup Ltd. and US Treasury Bond.

As at June 30, 2020, CSOF's investment portfolio consists of equity and debt securities in 22 different issuers. The portfolio also included cash and cash equivalents.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Cash & Cash Equivalents	3,691,278	3,691,568	37.64%
Equities Held Long	12,737,342	5,853,679	59.69%
BCE Inc.	44,010	31,321	0.32%
BMO Laddered Preferred Share Index ETF	137,614	118,512	1.21%
Bombardier Inc.	282,022	235,478	2.40%
BZ Holdings Inc.(Formerly Purch Group Inc.)	918,783	717,065	7.31%
BZ Holdings Inc.(Formerly Purch Group Inc.) - Warrants	-	-	0.00%
Canadian Life Companies Split	78,572	77,280	0.79%
ClearStream Energy Services Inc.	2,012,939	158,173	1.61%
ClearStream Energy Services Inc. - Preferred	729,400	510,300	5.20%
Enbridge Inc.	220,912	178,263	1.82%
Genworth MI Canada Inc. Jan 21 P27	43,360	15,000	0.15%
Genworth MI Canada Inc. Jan 21 P29	18,120	5,700	0.06%
Hubba, Inc.	509,952	818,740	8.35%
Manulife Financial Corp	6,744	5,340	0.05%
M-Split	838,474	517,433	5.28%
Second Cup Ltd.	3,400,936	657,864	6.71%
Stuart Olson Inc	1,995	1,995	0.02%
TC Energy Corp	5,590	3,925	0.04%
Telepath Networks, Inc. - Warrants	-	-	0.00%
Torstar Corporation	1,392,200	163,381	1.67%
Xplornet Mobile Inc.	-	13,401	0.14%
Xplornet Wireless Inc.	-	26,801	0.27%
Yellow Pages Limited	2,095,719	1,597,707	16.29%
Fixed Income	2,360,682	1,096,486	11.18%
Exxon Mobil Corp.	317,811	382,232	3.90%
Kraft Heinz Foods Co	645,171	690,382	7.04%
Stuart Olson Inc	57,000	23,872	0.24%
Telepath Networks, Inc.	1,340,700	-	0.00%
Fixed Income Held Short	(721,931)	(834,872)	(8.51%)
US Treasury Bond	(721,931)	(834,872)	(8.51%)
Grand Total	18,067,371	9,806,861	100.00%
Other Assets, Net of Liabilities		13,937	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		9,820,798	

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the six months ended June 30, 2020
(Unaudited)

6. Investments (Cont'd)

As at June 30, 2020, CSOC's investment portfolio consists of equity and debt securities in 6 different issuers.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Equities Held Long	1,122,661	1,123,036	89.19%
Brill Power Limited	105,559	108,586	8.62%
Bombardier Inc	17,102	14,450	1.15%
Fibrecast Special Warrant	400,000	400,000	31.77%
Neptune Acquisition GP Inc.	400,000	400,000	31.77%
Reformulary Group Inc.	200,000	200,000	15.88%
Fixed Income	132,837	136,184	10.81%
HashTag Paid Inc.	132,837	136,184	10.81%
CSOC's Investments at Fair Value through Profit or Loss	1,255,498	1,259,220	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
- 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 CSOF's assets and liabilities measured at fair value, as described in Note 6, as at June 30, 2020 and December 31, 2019 (audited).

As at June 30, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	\$ 1,096,486	\$ -	\$ -	\$ 1,096,486
Equities - CSOF	3,767,372	-	2,086,307	5,853,679
Fixed Income held in CSOC	-	-	136,184	136,184
Equities held in CSOC	14,450	-	1,108,586	1,123,036
Total	\$ 4,878,308	\$ -	\$ 3,331,077	\$ 8,209,385

As at June 30, 2020	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income - CSOF	\$ (834,872)	\$ -	\$ -	\$ (834,872)
Total	\$ (834,872)	\$ -	\$ -	\$ (834,872)

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the six months ended June 30, 2020
(Unaudited)

7. Fair Value Hierarchy (Cont'd)

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	\$ 1,082,889	\$ -	\$ -	\$ 1,082,889
Equities - CSOF	4,772,266	-	6,405,573	11,177,839
Fixed Income held in CSOC	-	711,713	129,668	841,381
Equities held in CSOC	-	-	310,898	310,898
Total	\$ 5,855,155	\$ 711,713	\$ 6,846,139	\$ 13,413,007

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income - CSOF	\$ (453,007)	\$ -	\$ -	\$ (453,007)
Equities - CSOF	(315,351)	-	-	(315,351)
Total	\$ (768,358)	\$ -	\$ -	\$ (768,358)

	June 30, 2020	December 31, 2019
Level 3 Reconciliation		
Balance, beginning of year	\$ 6,846,139	\$ 9,431,610
Purchases - held in CSOC	800,000	438,396
Sales - CSOF	(4,127,234)	(2,100,000)
Realized gains, net	2,446,301	-
Change in unrealized depreciation - CSOF	(2,638,334)	(926,037)
Change in unrealized appreciation - held in CSOC	4,205	2,170
Balance, end of period/year	\$ 3,331,077	\$ 6,846,139

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
\$				\$
1,369,242	CSOF's investments - Private placement financing technique	Price of last capital raise	+/-30%	410,773
1,244,770	CSOC's investments - Private placement financing technique	Price of last capital raise	+/-30%	373,431
717,065	CSOF's investments - 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%	86,048

8. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on August 25, 2020.