

Unaudited Financial Statements of

Canso Select Opportunities Corporation

September 30, 2018

Canso Select Opportunities Corporation
September 30, 2018
(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. The Board of Directors is composed of three members who are independent of management. 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


Brian Carney
Director


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 condensed 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
September 30, 2018
(unaudited)

	<u>\$</u>
Assets	
Investments at fair value through profit or loss (Note 6)	15,042,595
Cash	760
Prepaid expenses (Note 5)	16,583
Deferred tax assets (Note 7)	<u>98,486</u>
Total Assets	<u><u>15,158,424</u></u>
Liabilities	
Accounts Payable and accrued liabilities	<u>16,939</u>
Total Liabilities	<u>16,939</u>
Shareholder's Equity	
Share Capital (Note 3)	15,433,600
Deficiency	<u>(292,115)</u>
Total Shareholder's Equity	<u>15,141,485</u>
Total Liabilities and Shareholder's Equity	<u><u>15,158,424</u></u>
Shareholder's Equity	
Class A Multiple Voting Shares	\$ 8,837,135
Class B Subordinate Voting Shares	\$ 6,304,349
Number of shares outstanding	
Class A Multiple Voting Shares	1,621,460
Class B Subordinate Voting Shares	1,156,738
Total shareholders' equity per share	
Class A Multiple Voting Shares	\$ 5.45
Class B Subordinate Voting Shares	\$ 5.45

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
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

	July 1 -Sept 30 2018 \$	Period from Incorporation Feb 16 - Sept 30 2018 \$
Revenue		
Dividend income	-	-
Realized gains on investments	-	-
Change in unrealized loss on investment (Note 6)	<u>(371,645)</u>	<u>(371,645)</u>
Total Revenue	(371,645)	(371,645)
Expenses (Note 4)		
Directors fees	6,577	6,577
Administration	1,086	1,537
Travel and meals	1,411	1,411
Insurance	1,911	1,911
Professional fees	<u>7,520</u>	<u>7,520</u>
Total Expenses	18,505	18,956
Net loss before income taxes	(390,150)	(390,601)
Income taxes (Note 7)		
Current	-	-
Deferred	<u>98,486</u>	<u>98,486</u>
Net loss	<u>(291,664)</u>	<u>(292,115)</u>
Net loss, by class		
Class A Multiple Voting Shares	(\$170,226)	(\$170,489)
Class B Subordinate Voting Shares	(\$121,438)	(\$121,626)
Basic and diluted loss per Class A Multiple Voting Shares	(\$0.10)	(\$0.11)
Basic and diluted loss per Class B Subordinate Voting Shares	(\$0.10)	(\$0.11)

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

Canso Select Opportunities Corporation
Interim Statement of Changes in Equity
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

	\$	\$	\$
	Share capital	Retained earnings /(Deficit)	Total
<u>Class A Multiple Voting Shares</u>			
1 Class A Multiple Voting Share issued to CSOF (Note 1)	10	-	10
Net loss for the period from incorporation to September 30, 2018	-	(170,489)	(170,489)
1 Class A Multiple Voting Share issued to CSOF Share purchased for cancellation (Note 1)	(10)	-	(10)
Share exchange (Note 1)	9,007,625		9,007,625
Balance at September 30, 2018	9,007,625	(170,489)	8,837,136
<u>Class B Subordinate Voting Shares</u>			
Class B Subordinate Voting Shares	-	-	-
Net loss for the period from incorporation to September 30, 2018		(121,626)	(121,626)
Share exchange (Note 1)	6,425,975		6,425,975
Balance at September 30, 2018	6,425,975	(121,626)	6,304,349
Total	15,433,600	(292,115)	15,141,485

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

Canso Select Opportunities Corporation
Interim Statement of Cash Flows
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

	July 1 -Sept 30 2018 \$	Period from Incorporation Feb 16 - Sept 30 2018 \$
Cash Flows from Operating Activities		
Net Loss	(291,664)	(292,115)
Adjustments for:		
Change in unrealized (appreciation) depreciation on investments	371,645	371,645
Prepaid expenses	(16,583)	(16,583)
Deferred tax assets	(98,486)	(98,486)
Accounts payable and accrued liabilities	16,939	16,939
Expenses paid by CSOF on CSOC's behalf	19,360	18,360
Advances from related company	(1,000)	1,000
Net Cash Used by Operating Activities	<u>211</u>	<u>760</u>
Investing Activities		
Class A Multiple voting share purchased for cancellation (Note 1)	(10)	(10)
Net Cash Generated by Investing Activities	<u>(10)</u>	<u>(10)</u>
Cash — Beginning of period	559	10
Cash — End of period	<u>760</u>	<u>760</u>

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

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

1. General Information

Canso Select Opportunities Corporation ("CSOC") was incorporated by articles of incorporation under the Ontario Business Corporations Act on February 16, 2018. During the period from incorporation to August 31, 2018, the Company did not commence operations, however, upon completion of the Arrangement which is outlined in the Management Information Circular dated March 16, 2018 and filed on Sedar by Canso Select Opportunities Fund ("CSOF"), CSOC has acquired all of the issued and outstanding Class A Units and Class F Units of CSOF and therefore, indirectly holds all of the investments of CSOF through its ownership of CSOF. Effective September 4, 2018 CSOC closed the Arrangement which, pursuant to elections previously made, resulted in unitholders of CSOF receiving 1,621,460 Class A Multiple Voting Shares and 1,156,738 Class B Subordinate Voting Shares of CSOC in exchange for units of CSOF in the initial amount of \$15,433,600 which was CSOF's Net Asset Value (NAV) at the close of trading August 31, 2018. At the same time, the 1 Class A Multiple Voting Share that was outstanding and issued to CSOF for \$10 was purchased for cancellation. As a result of the Arrangement, the CSOF is a wholly-owned investment held by CSOC.

On August 31, 2018, the units of CSOF were delisted from the Toronto Stock Exchange and 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.

The Company's registered head office is 100 York Blvd. Suite 550, Richmond Hill Ontario, L4B 1J8. The business investment objective of CSOC is to seek to maximize long-term total returns to shareholders by investing in an actively managed portfolio consisting primarily of Canadian and global holdings, potentially taking large private positions and illiquid investments in private and public equity and debt, loans, real estate and infrastructure.

2. Basis of Presentation and Significant Accounting Policies

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board and as required by Canadian securities legislation and the Canadian Accounting Standards Board. They are presented in compliance with International Accounting Standard 34 'Interim Financial Reporting'. The Company qualifies as an Investment entity under IFRS 10 'Consolidated Financial Statements'. Comparative figures have not been presented as CSOC was incorporated February 16, 2018 and has not yet completed a full year.

The following significant accounting policies were used in the preparation of these interim financial statements:

Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Cash

Cash comprises cash on hand and is stated at fair value.

Prepaid expenses

Prepaid expenses mainly consists of a Directors and Officers insurance policy which has an expiry date of August 23, 2019 and as such is being expensed over the term of the policy.

Deferred income taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

2. Basis of Presentation and Significant Accounting Policies Con't

IFRS 9 Financial Instruments ("IFRS 9")

CSOC has adopted IFRS 9, Financial Instruments, which deals with the recognition, derecognition, classification and measurement of financial instruments. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, Cash, prepaid expenses and accounts payable and accrued liabilities are all carried at amortized cost. All other financial assets would be measured at fair value. IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The ECL impairment model did not have a material impact on the Company's financial assets given that the majority of the Company's financial assets are measured at Fair value through profit or loss.

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL")

Assets

CSOC classifies its investments in debt and equity securities and investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. CSOC also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") has not been taken.

Consequently, these financial assets are mandatorily measured at FVTPL.

Liabilities

CSOC may make short sales in which a borrowed security is sold in anticipation of a future decline in its market value, or used as an arbitrage strategy.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

Financial assets and financial liabilities at amortized cost

The financial assets and liabilities measured at amortized cost include cash, accrued income, prepaid expenses and other short term receivables and payables.

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. The manager 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, 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.

2. Basis of Presentation and Significant Accounting Policies
IFRS 9 Financial Instruments ("IFRS 9") Con't

Fair Value Measurements

The securities in the CSOC's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the period-end date. The quoted market price used for financial assets and financial liabilities of CSOC is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. CSOC uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, CSOC selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

CSOC uses widely recognized valuation techniques for determining the fair value of financial and non-financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing techniques, and v) internally developed models. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models.

Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued.

2. Basis of Presentation and Significant Accounting Policies
IFRS 9 Financial Instruments ("IFRS 9") Con't
Fair Value Measurements Con't

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation).

For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services.

Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Company also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation.

Recognition, Derecognition and Measurement

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or CSOC has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Interest income is recorded on an accrual basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income.

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or losses from disposition of the related investments at the exercise price of the option.

Accounting Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

3. 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.

Class A Multiple Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class A Multiple Voting Shares are as follows:

Dividends - The holders of Class A Multiple Voting Shares shall be entitled to receive and the Company shall pay thereon, as and when declared from time to time by the Board of Directors of the Company (the "Board") out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class A Multiple Voting Shares without also concurrently declaring a dividend on the Class B Subordinate Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion - The Class A Multiple Voting Shares are convertible, at any time, at the option of the holder and without payment of additional consideration, into Class B Subordinate Voting Shares on the basis of one Class B Subordinate Voting Share for each one Class A Multiple Voting Share so converted. A holder of Class A Multiple Voting Shares may convert less than all of the Class A Multiple Voting Shares held, but only a whole number of Class A Multiple Voting Shares may be converted.

Voting - The holders of the Class A Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, in person or by proxy, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such Class A Multiple Voting Share shall confer the right to thirty (30) votes.

Liquidation - The holders of the Class A Multiple Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class A Multiple Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class B Subordinate Voting Shares, in such assets of the Corporation as are available for distribution.

Class B Subordinate Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class B Subordinate Voting Shares are as follows:

Dividends - The holders of Class B Subordinate Voting Shares shall be entitled to receive and the Company shall pay thereon, as and when declared from time to time by the Board out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class B Subordinate Voting Shares without also concurrently declaring a dividend on the Class A Multiple Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion - In the event that an Exclusionary Offer is made for the Class A Multiple Voting Shares, the Class B Subordinate Voting Shares are, subject to certain conditions, convertible at the option of the holder into Class A Multiple Voting Shares on a one for one basis for purposes of the holder tendering such converted shares to the Exclusionary Offer.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

3. Share Capital Con't
Class B Subordinate Voting Shares Con't

"Exclusionary Offer" means an offer to purchase Class A Multiple Voting Shares that:

(A) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Multiple Voting Shares are listed, be made to all or substantially all holders of Class A Multiple Voting Shares who are residents of a province of Canada to which the requirement applies; and

(B) is not made concurrently with an offer to purchase Class B Subordinate Voting Shares that is identical to the offer to purchase Class A Multiple Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Class A Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Multiple Voting Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Multiple Voting Shares, and for the purposes of this definition if an offer to purchase Class A Multiple Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for this sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Subordinate Voting Shares.

Voting - The holders of the Class B Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such Class B Subordinate Voting Share shall confer the right to one (1) vote in person or by proxy.

Liquidation - The holders of the Class B Subordinate Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class B Subordinate Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class A Multiple Voting Shares, in such assets of the Company as are available for distribution.

Preference Shares

The Preference Shares may at any time and from time to time be issued in one or more series, to consist of such number of shares as may, before issuance of such series, be fixed by the Board by Articles of Amendment in accordance with the procedure set forth in the Business Corporations Act (Ontario) (the "OBCA") respecting the issuance of shares in series. The Board may, subject to the limitations set forth in the OBCA, fix by Articles of Amendment the designation of each series of Preference Shares and the rights, privileges, restrictions and conditions assigned to such series. There are no Preference Shares issued as of September 30, 2018.

		\$
1,621,460 Class A Multiple Voting Shares		9,007,625
1,156,738 Class B Subordinate Voting Shares		6,425,975
		<u>15,433,600</u>
Class A Multiple Voting share-opening balance	1	10
Class A Multiple Voting share-September 4, 2018 purchased for cancellation (Note 1)	(1)	(10)
Class A Multiple Voting Shares of CSOC issued in exchange for A Units of CSOF (Note 1)	1,621,460	9,007,625
Class B Subordinate Voting Shares of CSOC issued in exchange for F Units of CSOF (Note 1)	1,156,738	6,425,975
	<u>2,778,198</u>	<u>15,433,600</u>

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Period from incorporation February 16, 2018 to September 30, 2018
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4. Related Party Transactions

There are no management fees charged.

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 the investment.

During the period, certain expenses were paid by CSOF on behalf of CSOC.

5. Prepaid Expenses

Prepaid expenses substantially consists of a Directors and Officers insurance policy which has an expiry date of August 23, 2019 and as such is being expensed over the term of the policy.

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. In instances where CSOC has control over an investment, CSOC qualifies as an investment entity under IFRS 10 – Consolidated Financial statements, 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 CSOC's 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, there was a \$371,645 unrealized loss which related to mark to market losses primarily on the public equity holdings of Yellow Pages Limited, Second Cup Ltd. and M-Split.

At September 30th CSOF's investment portfolio consisted of equity and debt securities in eleven different portfolio companies. The portfolio also included cash and cash equivalents.

Description	Book Value	Market Value	% of Portfolio
Cash	\$399,013	\$401,478	2.7%
Equity	\$14,436,603	\$14,042,472	93.4%
Common Shares	\$7,227,740	\$3,575,393	23.8%
Second Cup Ltd.	\$3,655,435	\$2,893,457	19.2%
Yellow Pages Limited	\$1,292,367	\$1,544,450	10.3%
Torstar Corporation	\$1,384,497	\$350,102	2.3%
ClearStream Energy Services Inc.	\$2,012,939	\$210,897	1.4%
M-Split	\$50,875	\$65,007	0.4%
Genworth MI Canada Inc.	(\$1,168,374)	(\$1,488,521)	-9.9%
Options	\$75,591	\$67,350	0.4%
Genworth MI Canada Inc. Jan 20 P38	\$45,731	\$40,500	0.3%
Genworth MI Canada Inc. Jan 20 P40	\$19,380	\$17,850	0.1%
Genworth MI Canada Inc. Jan 20 P28	\$10,480	\$9,000	0.1%
Preferred Shares	\$6,991,620	\$8,842,337	58.8%
Hubba, Inc.	\$3,401,863	\$5,213,696	34.7%
Purch Group Inc.	\$2,030,147	\$2,198,004	14.6%
ClearStream Energy Services Inc.	\$729,000	\$729,000	4.8%
M-Split	\$745,182	\$616,444	4.1%
Canadian Life Companies Split	\$85,428	\$85,193	0.6%
Warrants	\$141,651	\$1,557,392	10.4%
Xplornet Communications	\$141,651	\$1,557,392	10.4%
Telepath Networks, Inc.	\$0	\$0	0.0%
Fixed Income	\$1,339,402	\$598,644	4.0%
Fixed Income	\$1,339,402	\$598,644	4.0%
Telepath Networks, Inc.	\$1,339,402	\$598,644	4.0%
Grand Total	\$16,175,017	\$15,042,595	100.0%

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Period from incorporation February 16, 2018 to September 30, 2018
(Unaudited)

7. Income Taxes

CSOC, as a public corporation, is subject to income taxes on its net investment income and net realized gain on investments at rates of approximately 26.50% and 13.25%, respectively. Taxable dividends from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The effective income tax rates for deferred income taxes are approximately 26.50% on investment income and 13.25% on net realized gains.

As at September 30, 2018, CSOC had a deferred tax asset of \$98,486 relating to an unrealized loss on its investment in its wholly-owned investment, CSOF.

8. Risk Management

CSOC's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk (including interest rate risk, currency risk, and price risk). The value of the investments in the Company's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the investment committee will diversify the portfolio based on industry and credit rating category. Significant risks that are relevant to the Company are discussed below.

Credit Risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Company's main exposure to credit risk consists of investments in debt instruments, such as bonds. The Company is also exposed to counterparty risk from other assets, such as amounts due from investment dealers or subscriptions receivable. To manage this risk, the investment committee monitors the Company's credit exposure and counterparty ratings. The Company measures credit risk and lifetime expected credit losses related to the trade receivables using historical analysis and forward looking information in determining the expected credit loss.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations. Liquidity risk is managed by investing a significant portion of the Company's assets in investments that are traded in an active market and that can be readily sold. All liabilities of CSOC are due within one year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market interest rates. To manage interest rate risk, the investment committee monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Company.

Currency Risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. The currency risk will typically be hedged by entering into foreign currency forward contracts if required, however some moderate currency exposure may be assumed if deemed to be beneficial to the Company.

Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. This risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio.

9. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on November 22, 2018.