

Interim Financial Statements of

Canso Select Opportunities Corporation

March 31, 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 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 Statements of Financial Position
As at March 31, 2020 and December 31, 2019
(Unaudited)

	March 31, 2020	December 31, 2019 (Audited)
	\$	\$
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 6)	10,353,304	11,530,366
Investments through FVTPL (Note 6)	866,830	1,152,279
Cash and cash equivalents	116,585	45,820
Prepaid expenses	11,787	11,921
Total Current Assets	11,348,506	12,740,386
Non-current Asset		
Deferred tax assets	604,091	411,032
Total Assets	11,952,597	13,151,418
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	64,019	36,474
Advances from Canso Investment Counsel Ltd. (Note 5)	-	11
Total Current Liabilities	64,019	36,485
Shareholders' Equity		
Share capital (Note 4)	14,863,186	14,863,186
Contributed surplus	570,414	570,414
Deficiency	(3,545,022)	(2,318,667)
Total Shareholders' Equity	11,888,578	13,114,933
Total Liabilities and Shareholders' Equity	11,952,597	13,151,418
Shareholders' Equity		
Class A Multiple Voting Shares	\$6,938,617	\$7,654,364
Class B Subordinate Voting Shares	\$4,949,961	\$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	\$4.28	\$4.72
Class B Subordinate Voting Shares	\$4.28	\$4.72

Approved by the Board of Directors

(signed) "Brian Carney"
 Brian Carney
 Director

(signed) "Shirley Sumsion"
 Shirley Sumsion
 Director

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

Canso Select Opportunities Corporation
Interim Statements of Comprehensive Loss
Three months ended March 31, 2020 and 2019
(Unaudited)

	2020	2019
	\$	\$
Revenue		
Interest income	14,685	-
Realized loss on investment	(146,691)	(33,019)
Realized foreign exchange gain	60,255	1,009
Change in unrealized foreign exchange gains (losses)	10,738	(370)
Change in unrealized (loss) gain on investments (Note 6)	<u>(1,306,079)</u>	<u>275,747</u>
Total Revenue	(1,367,092)	243,367
Expenses		
Directors fees	31,502	23,594
Administration	6,484	10,995
Bank charges	113	105
Insurance	4,577	4,495
Professional fees	<u>9,646</u>	<u>27,828</u>
Total Expenses	52,322	67,017
Net (loss) income before income taxes	(1,419,414)	176,350
Income taxes (recovery) expense		
Current	-	-
Deferred	(193,059)	14,487
Total Income taxes (recovery) expense	<u>(193,059)</u>	<u>14,487</u>
Net (loss) income and comprehensive (loss) income for the period	<u>(1,226,355)</u>	<u>161,863</u>
Net (loss) income, by class		
Class A Multiple Voting Shares	(\$715,747)	\$94,469
Class B Subordinate Voting Shares	(\$510,608)	\$67,394
Net (loss) income, per share		
Class A Multiple Voting Shares	(\$0.44)	\$0.06
Class B Subordinate Voting Shares	(\$0.44)	\$0.06

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

Canso Select Opportunities Corporation
Interim Statements of Changes in Equity
Three months ended March 31, 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	-	-	(715,747)	(715,747)
Balance at March 31, 2020	8,674,710	332,915	(2,069,008)	6,938,617
<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	-	-	(510,608)	(510,608)
Balance at March 31, 2020	6,188,476	237,499	(1,476,014)	4,949,961
Total	14,863,186	570,414	(3,545,022)	11,888,578
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 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

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

Canso Select Opportunities Corporation
Interim Statements of Cash Flows
Three months ended March 31, 2020 and 2019
(Unaudited)

	2020	2019
	\$	\$
Operating Activities		
Net (loss) income	(1,226,355)	161,863
Adjustments for:		
Realized loss on investment	146,691	33,019
Realized foreign exchange gain on investment	(59,080)	-
Interest income on investment	(14,685)	-
Change in unrealized depreciation (appreciation) on investments	1,306,079	(275,747)
Change in unrealized foreign exchange gains	(10,738)	-
Purchase of investments	(1,038,549)	(305,189)
Proceeds from sale of investment	1,132,793	220,001
Prepaid expenses	134	11,398
Deferred tax assets	(193,059)	14,486
Accounts payable and accrued liabilities	27,545	20,120
Advances from Canso Investment Counsel Ltd.	(11)	-
Net Cash Provided by (Used In) Operating Activities	70,765	(120,049)
Cash and cash equivalents — Beginning of period	45,820	234,915
Cash and cash equivalents — End of period	116,585	114,866

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, 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 March 31, 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, March 31, 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, March 31, 2020	1,156,738	6,188,476
	2,778,198	14,863,186

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the three months ended March 31, 2020
(Unaudited)

4. Share Capital (Cont'd)

At March 31, 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, 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>

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 three months ended March 31, 2020 (March 31, 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 March 31, 2020 (December 31, 2019: \$11).

On March 11, 2020, CSOC agreed to sell 112,668 Series 4 Class A preferred shares of Hubba Inc. ("Hubba") to Skunkworks Investment Corporation, a related party, for total cash consideration of approximately US\$1,823,249.91 (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. However, pursuant to MI 61-101, the Transaction is subject to minority shareholder approval (i.e., approval by a majority of the votes cast at a meeting of shareholders excluding any shares held by the directors and officers of CSOC, its affiliates and joint actors) (collectively, "Minority Approval"). The Company will seek Minority Approval at a meeting of shareholders scheduled to be held on May 26, 2020. Closing of the Transaction is also subject to the approval of the TSX Venture Exchange. If both Minority Approval and exchange approvals are obtained, the Transaction is expected to close on or about May 28, 2020.

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.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the three months ended March 31, 2020
(Unaudited)

6. Investments (Cont'd)

During the period ended March 31, 2020, CSOC reported a net (loss) income of \$(1,226,355) (March 31, 2019: \$161,863) or (\$0.44) (March 31, 2019: \$0.06) per CSOC Class A and B shares. This is the result of \$(1,306,079) (March 31, 2019: \$275,747) in net unrealized mark to market (loss) gain primarily on CSOF's public equity holdings of ClearStream Energy Services Inc., M-Split, Second Cup Ltd. and Yellow Pages Limited

As at March 31, 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	(218,396)	(212,671)	(1.98%)
Equities Held Long	14,416,436	10,149,842	94.44%
BCE Inc.	44,010	31,840	0.30%
BMO Laddered Preferred Share Index ETF	137,771	104,976	0.98%
Bombardier Inc.	282,022	197,735	1.84%
BZ Holdings Inc.(Formerly Purch Group Inc.)	918,783	1,070,522	9.96%
BZ Holdings Inc.(Formerly Purch Group Inc.) - Warrants	-	-	0.00%
Canadian Life Companies Split	78,572	70,560	0.66%
ClearStream Energy Services Inc.	2,012,939	158,173	1.47%
ClearStream Energy Services Inc. - Preferred	729,400	510,300	4.75%
Enbridge Inc.	220,912	156,807	1.46%
Genworth MI Canada Inc. Jan 21 P27	43,360	25,200	0.23%
Genworth MI Canada Inc. Jan 21 P29	18,120	9,960	0.09%
Hubba, Inc.	2,049,233	3,447,548	32.08%
Manulife Financial Corp	6,744	4,720	0.04%
M-Split	838,474	436,755	4.06%
Second Cup Ltd.	3,400,936	877,152	8.16%
TC Energy Corp	5,590	4,100	0.04%
Telepath Networks, Inc. - Warrants	-	-	0.00%
Torstar Corporation	1,392,200	90,767	0.84%
Xplornet Communications	141,651	1,665,685	15.50%
Yellow Pages Limited	2,095,719	1,287,042	11.98%
Fixed Income	2,964,399	1,689,854	15.74%
Exxon Mobil Corp.	317,811	391,199	3.64%
Kraft Heinz Foods Co	645,171	646,883	6.03%
Maxar Technologies Inc.	603,717	630,562	5.87%
Stuart Olson Inc	57,000	21,210	0.20%
Telepath Networks, Inc.	1,340,700	-	0.00%
Fixed Income Held Short	(721,931)	(881,005)	(8.20%)
US Treasury Bond	(721,931)	(881,005)	(8.20%)
Grand Total	16,440,508	10,746,020	100.00%
Other Assets, Net of Liabilities		(392,716)	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		10,353,304	

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
For the three months ended March 31, 2020
(Unaudited)

6. Investments (Cont'd)

As at March 31, 2020, CSOC's investment portfolio consists of equity and debt securities in 5 different issuers.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Equities Held Long	722,661	725,587	83.71%
Brill Power Limited	105,559	113,432	13.09%
Bombardier Inc	17,102	12,155	1.40%
Neptune Acquisition GP Inc.	400,000	400,000	46.15%
Reformulary Group Inc.	200,000	200,000	23.07%
Fixed Income	132,837	141,243	16.29%
HashTag Paid Inc.	132,837	141,243	16.29%
CSOC's Investments at Fair Value through Profit or Loss	855,498	866,830	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 March 31, 2020 and December 31, 2019 (audited).

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Fixed Income - CSOF	\$ 1,059,292	\$ 630,562	\$ -	\$ 1,689,854
Equities - CSOF	3,455,787	-	6,694,055	10,149,842
Fixed Income held in CSOC	-	-	141,243	141,243
Equities held in CSOC	12,155	-	713,432	725,587
Total	\$ 4,527,234	\$ 630,562	\$ 7,548,730	\$ 12,706,526

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income - CSOF	\$ (881,005)	\$ -	\$ -	\$ (881,005)
Equities - CSOF	-	-	-	-
Total	\$ (881,005)	\$ -	\$ -	\$ (881,005)

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

	March 31, 2020	December 31, 2019
Level 3 Reconciliation		
Balance, beginning of year	\$ 6,846,139	\$ 9,431,610
Purchases - held in CSOC	400,000	438,396
Sales - CSOF	-	(2,100,000)
Change in unrealized (depreciation) appreciation - CSOF	288,482	(926,037)
Change in unrealized appreciation - held in CSOC	14,109	2,170
Balance, end of year/period	\$ 7,548,730	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
\$				\$
5,623,533	CSOF's investments - Private placement financing technique	Price of last capital raise	+/-30%	1,687,060
854,675	CSOC's investments - Private placement financing technique	Price of last capital raise	+/-30%	256,403
1,070,522	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%	128,463

8. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on May 26, 2020.