

CANSO SELECT OPPORTUNITIES CORPORATION

CANSO SELECT OPPORTUNITIES FUND AND CANSO SELECT OPPORTUNITIES CORPORATION ANNOUNCE THE CLOSING OF THE ARRANGEMENT AND PROVIDE ADDITIONAL INFORMATION ON CANSO SELECT OPPORTUNITIES CORPORATION

FOR IMMEDIATE RELEASE

Richmond Hill, Ontario – August 24, 2018 - Lysander Funds Limited (“**Lysander**”), on behalf of Canso Select Opportunities Fund (TSE: SCW:UN) (the “**Fund**”) and Canso Select Opportunities Corporation (“**CSOC or the Corporation**”) (TSXV: CSOC), are pleased to announce that the previously-announced plan of arrangement involving the Fund and CSOC (the “**Arrangement**”) will close on September 4, 2018.

Trading of Securities of the Fund and CSOC

As a result of the closing of the Arrangement and pursuant to elections previously made, unitholders of the Fund will receive class A multiple voting shares (“**Class A Multiple Voting Shares**”) and/or class B subordinate voting shares (“**Class B Subordinate Voting Shares**”) of CSOC in exchange for units of the Fund previously held. As of August 31, 2018, the units of the Fund will delist from the Toronto Stock Exchange and effective as of September 4, 2018, the Class A Multiple Voting Shares and Class B Subordinate Voting Shares will 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.

Cease to be a Reporting Issuer Application of the Fund

As a result of the Arrangement, the Fund will be a wholly-owned entity held by CSOC and has applied to the securities regulatory commissions in Canada to cease to be a reporting issuer. Despite that the Fund will cease reporting, the continuous disclosure record and profile of the Fund, as predecessor to CSOC, will continue to be available to investors on SEDAR and will be accessible through the SEDAR profile of CSOC.

Change in Trustee of the Fund

Pursuant to the Arrangement, Lysander will be replaced as trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund. The Fund’s individual trustees for this transitional period will be: Antonietta (Neda) Bizzotto, Shirley Sumsion and Brian Carney. An Appointment and Assumption Agreement formally appointing the successor individual trustees will take effect upon completion of the Arrangement.

The Fund has a pool of tax loss carryforwards that can be utilized to shelter gains of the Fund so long as the trust continues to be maintained and certain other conditions are met. If the Fund were to be wound-up into CSOC at a time when it had losses, such losses would expire unutilized. Consequently, the current intention is to maintain the continued existence of the Fund until such time as all or substantially all of the losses of the Fund are utilized, or so long as the benefits associated with maintaining and utilizing such losses (e.g. current and potential cash tax savings) outweighs the cost of maintaining the Fund. As the holding period for many of these investments of the Fund is measured in years, and the Fund has tax losses, the “transitional period” could be several months to a year or more. Any new investments will be made directly by CSOC.

Canso Select Opportunities Corporation

CSOC would like to provide investors with the following updated information with respect to its structure and business operations.

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

The Corporation will conduct independent research of potential investments and will evaluate each investment opportunity on its own merits.

The Corporation may invest in (i) Canadian and foreign securities issued in both public and private markets (ii) companies at all stages of development, including distressed, venture and start-up investments, and (iii) derivative securities, both for hedging and investment purposes.

The Corporation may take either passive and active roles in the companies in which it invests. In some cases, the Corporation may provide advice and direction to the management of companies in which it invests.

More specifically the Corporation could invest in:

- Debt securities including private or public fixed rate bonds and debentures, floating rate notes and bank loans. Fixed income debt securities of governments, government agencies, supranational agencies and companies. Equity securities including private or public common shares, preferred shares and convertible debentures;
- Real estate or other alternative assets, and
- Cash or cash equivalents or invest in short terms bonds or money market instruments for liquidity or defensive purposes.

CSOC will have an Investment Committee that reports to the Board. The Investment Committee of CSOC will be comprised of Brenda Burns, Brian Carney, John Carswell and Joe Morin.

A copy of CSOC's investment policy is available under its SEDAR profile at www.sedar.com.

Disclosure of Outstanding Securities of CSOC ("Circular")

CSOC was incorporated on February 16, 2018 and capitalized with nominal capital. As CSOC has not carried on any business to date, it has no material assets, or cash flow from financing or from operations. However, upon completion of the Arrangement, CSOC will acquire all of the issued and outstanding Class A Units and Class F Units of the Fund and therefore, will indirectly hold all of the investments of CSOF through its ownership of the Fund. As at July 31, 2018, the Fund had total assets in the amount of \$17,548,880.33 and total liabilities in the amount of \$2,186,286.55.

As of the close of business on May 15, 2018, the deadline for Unitholders to make elections with respect to the distributions of the Fund, there were 3,209,097 Class A Units and 291,041 Class F Units of the

Fund outstanding. Redemptions in the amount of 1,947,386 Class A Units and 168,700 Class F Units were received by the Fund on May 15, 2018 and were processed as of May 31, 2018. As a result, the Fund has 1,261,711 Class A Units and 122,341 Class F Units outstanding prior to completion of the Arrangement.

As a result of the Arrangement, CSOC will have an aggregate of 1,621,443 Class A Multiple Voting Shares and 1,156,730 Class B Subordinate Voting Shares issued and outstanding as of the effective date of the Arrangement. No preference shares will be issued and outstanding. The material attributes and characteristics of the Class A Multiple Voting Shares and Class B Subordinate Voting Shares are described in the management information circular of the Fund dated March 16, 2018, which has also been filed on the SEDAR profile of CSOC.

Principal Securityholders

As at the date hereof, to the knowledge of the board of directors of CSOC, the following persons will beneficially own, directly or indirectly, or exercise control or direction over, Class A Multiple Voting Shares and/or Class B Subordinate Voting Shares carrying 10% or more of the voting rights attaching to all issued and outstanding securities of CSOC upon completion of the Arrangement:

Name	Class A Multiple Voting Shares Held	Class B Subordinate Voting Shares Held	Of Record and Beneficially	Percentage of Class
John Carswell ⁽¹⁾	727,710	Nil	Direct and beneficially of record	26.29%
Canso Partners II Fund ⁽²⁾	876,932	Nil	Direct and beneficially of record	31.06%

Notes:

- (1) Mr. Carswell will be a director of CSOC.
- (2) Canso Partners II Fund is an investment vehicle used by employees of Canso Investment Counsel Ltd. Canso Partners II Fund is beneficially owned by GRIP Investments Limited, Skunkworks Investment Corporation and other directors and senior officers of Canso and Lysander, their family members and Canso employees. John Carswell is expected to exercise direct and indirect control or direction over approximately 26.29% of CSOC, 0.16% of which he will hold directly and the remainder of which he will hold through his indirect beneficial ownership and control or direction over GRIP Investments Limited, Canso Investment Counsel Ltd., and Skunkworks Investment Corporation upon completion of the Arrangement.

Directors and Executive Officers

The following are the names and place of residence of each of the individuals who will be the directors and executive officers of CSOC and their principal occupations during the last five years and the securities of CSOC to be held directly upon completion of the Arrangement.

Name and Residence	Position with CSOC	Current Occupation	Securities of CSOC Held
Brenda Burns ⁽²⁾ Ontario, Canada	Vice President	Vice President, Corporate Operations, Canso Investment Counsel Ltd.	400 Class A Multiple Voting Shares
Brian Carney ⁽²⁾ Ontario, Canada	President and Chief Executive Officer	Portfolio Manager, Canso Investment Counsel Ltd.	400 Class A Multiple Voting Shares

John Carswell ⁽²⁾ Ontario, Canada	Director	President and Chief Investment Officer, Canso Investment Counsel Ltd.	4,500 Class A Multiple Voting Shares
Tom Fernandes ⁽¹⁾ Ontario, Canada	Director	Retired effective January 2016; prior thereto, Director, Institutional Fixed Income Sales, Merrill Lynch Canada since December 1974	Nil
Steve Klubi ⁽¹⁾ British Columbia, Canada	Director	Retired	Nil
Joe Morin ⁽¹⁾ Ontario, Canada	Director	Portfolio Manager, Canso Investment Counsel Ltd.	400 Class A Multiple Voting Shares
Tony MacDougall ⁽¹⁾ Ontario, Canada	Director	Retired effective January 2017; prior thereto, Mutual Fund Dealer, Investment Planning Counsel since 2002	Nil
Shirley Sumsion ⁽¹⁾ Ontario, Canada	Chief Financial Officer and Director	Vice President, Finance, Canso Investment Counsel Ltd. since July 2015; prior thereto, Partner, Hennick Herman LLP	400 Class A Multiple Voting Shares
Neda Bizzotto Ontario, Canada	Vice President, Corporate Secretary and Director	General Counsel and Compliance Officer, Canso Investment Counsel Ltd. since May 2015; prior thereto, Associate, Borden Ladner Gervais LLP	200 Class A Multiple Voting Shares and 200 Class B Subordinate Voting Shares

Notes:

- (1) Member of the Investment Committee.
- (2) Member of the Audit Committee.

The following table sets out the reporting issuer experience of the management team of CSOC in the past five years:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Time Period
Brenda Burns	Canso Credit Income Fund	Toronto Stock Exchange	Corporate Secretary with the manager of the Fund, Lysander Funds Limited	June 28, 2010 to present
	Lysander-Slater	Toronto Stock	Corporate Secretary	August 10, 2015 to

	Preferred Share <i>ActivETF</i>	Exchange	with the manager of the Fund, Lysander Funds Limited	present
John Carswell	Canso Credit Income Fund	Toronto Stock Exchange	Director with the manager of the Fund, Lysander Funds Limited	June 28, 2010 to present
	Lysander-Slater Preferred Share <i>ActivETF</i>	Toronto Stock Exchange	Director with the manager of the Fund, Lysander Funds Limited	August 10, 2015 to present

The following are the biographies of the directors and officers of CSOC:

Name of Director	Biography
Brenda Burns	Brenda attended Mount Allison University, graduating with a Bachelor of Commerce (Accounting) in 1981. Brenda joined Canso in 2005 after working in small business and the non-profit sectors. She completed the Canadian Securities Course in 2007 and the Partners, Directors and Senior Officers Course in 2009. Brenda is Corporate Secretary and is responsible for Personnel and Corporate Operations for the Canso group of companies.
Brian Carney	Brian attended the University of Notre Dame graduating with a degree in Government and International Studies in 1990. Brian then joined the Credit Department of Goldman Sachs & Co. working in the firm's New York, London and Toronto offices. In 1997 Brian moved to Merrill Lynch Canada Inc. and over the next 11 years held a variety of positions in Corporate Bond Research, High Yield and Corporate Bond Trading, Syndication and Proprietary Trading. In 2009 Brian earned his Canadian Investment Manager (CIM) designation and started Big Rock Capital Management Inc. an investment management firm focused on the high yield segment of the fixed income market. In 2012 Brian joined Canso as a member of the investment team where he is a Portfolio Manager and also contributes to client servicing and marketing.
John Carswell	John graduated from the Royal Military College with a Bachelor of Arts (Commerce) and served as an Air Force navigator. He then earned an MBA degree from Queen's University (Dean's List, Award in Finance) in 1985. John completed the Chartered Financial Analyst program and was awarded a CFA charter in 1988. He began his investment career at Mutual Life of Canada in 1985 where he was an Investment Analyst in the Private Placement and Corporate Debt area. He then moved to TAL Investment Counsel Ltd. in 1988 where he was Vice President, Fixed Income, responsible for credit analysis and specialty fixed income products. In 1992, John then moved to Foyston, Gordon & Payne, where he was the Partner responsible for fixed income and preferred shares. He founded Canso Investment Counsel Ltd. in 1997.
Tom Fernandes	Tom graduated from York University with a Bachelor of Arts in 1979. He worked at Merrill Lynch Canada from 1974 to 2016, most recently holding the title of Director, Institutional Fixed Income Sales until his retirement.

Name of Director	Biography
Steve Klubi	Steve obtained his Aircraft Maintenance Diploma from BCVS/BCIT in 1976. He went on to earn his Pilot Accreditation from the Canadian Armed Forces in 1979 and his Airline Transport Pilot License from the Edmonton Flying Club in 1984. He worked as a Senior/Training Captain with Cathay Pacific Airways from 1990 to 2015. He is now retired.
Joe Morin	Joe graduated from the Royal Military College with a Bachelor of Arts (Honours Economics and Commerce) in 1986 and served as an officer in the Canadian Navy. He subsequently earned an MBA degree from the University of British Columbia in 1995. Joe has held various positions in private lending, credit management and credit research in the past number of years including Export Development Canada, Nortel Networks, and Standard & Poor's. Prior to joining Canso, Joe was a Director of Corporate Debt Research at BMO Capital Markets responsible for covering the Canadian telecom, cable, media, retail, real estate and credit card ABS sectors. Joe joined Canso in May 2009 as Director of Investment Research and is responsible for coordinating all Canso investment research activities.
Tony MacDougall	Tony MacDougall graduated from Royal Military College with a Bachelor of Science in Applied Science in 1978. He was a member of the Canadian Armed Forces from 1973 to 1994. From 1994 to 2017, Tony worked in investment planning as a self-employed advisor. Between 1997 to 2006, Tony earned numerous designations, including Fellow of the Canadian Securities Institute (FCSI), Canadian Investment Manager (CIM), Certified Financial Planner (CFP) and Charter Life Underwriter of Canada (CLU). He served as a trustee of the City of Cumberland Library Board and was Chair of the new Library Committee. Tony was also a director on the Royal Military Colleges Foundation as Chair of the Investment Advisory Committee.
Shirley Sumsion	Shirley graduated from Concordia University with a BA in Sociology and in 1997 received her Chartered Accountancy designation. She spent approximately three years in a national public accounting firm and then moved to a local public accounting firm in 1995 and for the past 10 years was a partner in that firm. Her focus there was mainly working alongside and advising private businesses in various industries under both IFRS and ASPE. Shirley joined Canso in July 2015 as Vice-President, Finance.
Neda Bizzotto	Neda graduated from the University of Toronto with a Bachelor of Arts in Criminology in 1998 and from the University of Windsor with an LLB in 2003. Neda was called to the Bar in Ontario in 2004. Neda has over 10 years of securities and corporate/commercial law experience gained as a member of the Investment Management Group of Borden Ladner Gervais, a national law firm. While at BLG, Neda's practice focused in the area of investment management, securities regulatory and compliance laws and regulations. Prior to embarking on her legal career, Neda was a Senior Intelligence Analyst with the Forensic and Corporate Intelligence team at KPMG Canada. Neda joined Canso in 2015 and is currently General Counsel and Compliance Officer. Neda is responsible for providing securities legal, regulatory and compliance advice in connection with Canso and its registrant affiliates. Neda also provides general legal advice on corporate and commercial law matters affecting Canso and its affiliates.

Executive Compensation

The operational services agreement between the Corporation and Canso (the “**Operational Services Agreement**”) sets out that Canso will provide day-to-day operational services to carry out the business and affairs of the Corporation. Under such operational services agreement, Canso may charge the Corporation on a cost recovery basis for services, including overhead expenses of Canso that are related to the daily operating functions of the Corporation, such as employee salaries, rent and utilities. A copy of the Operational Services Agreement will be executed and filed on SEDAR upon completion of the Arrangement.

For the first 24 months from the effective date of the Operational Services Agreement, no salaries will be payable by CSOC to the named executive officers (“**NEOs**”) of 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 gross salary in respect of each year of employment (before deduction for income taxes and other required deductions) shall not exceed a maximum of up to \$50,000 (the “**Salary**”), for services performed with respect to CSOC. The Salary shall be payable in accordance with the payroll practices of Canso adopted from time to time. The Salary shall be subject to annual increases based on the Canadian price index. Canso may elect to effect payment by way of direct deposit.

After the Arrangement is completed, compensation will be paid by the Corporation to the independent directors. It is currently intended that the independent directors that comprise the Audit Committee of the Corporation will be paid an annual fee, which is currently anticipated to be approximately \$30,000 each year per director.

Risk Factors

The following are risk factors that are expected to affect CSOC upon completion of the Arrangement. These risk factors are in addition to the risk factors set out in the Circular:

Illiquidity in trading of CSOC Securities

There is no guarantee that the securities of CSOC will trade frequently. There can be no assurances that an active trading market will develop for the securities of CSOC or, if developed, that such market will be sustained.

Market price of CSOC Securities

The trading prices of the securities of CSOC could be lower than the value of CSOC’s investments. The trading prices of the securities of CSOC will fluctuate with market conditions and other factors. If a holder of the securities of CSOC sells its securities of CSOC, the price received may be more or less than the original investment and such shares may trade at a discount from their book value. The securities of CSOC may trade at a price that is less than the net asset value determined at the time of the Arrangement.

Limited control

Holder of Class B Subordinate Voting Shares will have limited control over changes in CSOC’s policies and operations, which increases the uncertainty and risks of an investment in CSOC. The Board will determine major policies, including policies regarding financing, investments, growth, debt capitalization

and any future dividends to CSOC shareholders. Holders of Class B Subordinate Voting Shares will not have the same voting power as holders of Class A Multiple Voting Shares. The Board's discretion in setting policies and the limited ability of holders of Class B Subordinate Voting Shares to exert control over those policies increases the uncertainty and risks of an investment in CSOC.

No market for CSOC Securities

There is a risk that the securities of CSOC may not be listed or, if listed, may cease to be listed on a stock exchange in Canada. In such case, there may be no market through which the securities of CSOC may be sold and CSOC shareholders may not be able to resell their securities of CSOC. This may affect the pricing of the securities of CSOC in the secondary market, the transparency and availability of trading prices, the liquidity of the securities of CSOC and the extent of issuer regulation.

Material Contracts

Upon completion of the Arrangement, CSOC will indirectly hold all of the investments of the Fund. Since it is anticipated that the Fund will transition said investments to CSOC over a period of time due to tax reasons, many of the material contracts of the Fund will remain in place. Consequently, it is anticipated that upon completion of the Arrangement, the following will be considered material contracts and agreements of CSOC:

1. Arrangement Agreement between the Fund and CSOC dated March 12, 2018;
2. Operational Services Agreement between Canso and CSOC executed on August 1, 2018;
3. Appointment and Assumption Agreement relating to the Declaration of Trust of the Fund between Lysander and the New Trustees of the Fund on the effective date of the Arrangement;
4. Transfer Agency Agreement between AST and CSOC executed on March 29, 2018;
5. Custodial Services Agreement between CIBC Mellon Global Securities Services Company and certain of its Affiliates ("CIBC Global") and CSOC as amended (amending agreement to be executed on September 4, 2018); and
6. Custodial Services Agreement between CIBC Global and the Fund dated as of October 22, 2013, as amended (amending agreement to be executed on September 4, 2018).

Copies of the above-mentioned documents will be available on CSOC's profile on SEDAR at www.sedar.com.

Financial Statement Disclosure

CSOC has prepared/will file the following financial statements:

- Management prepared quarterly financial statements for the period ending March 31, 2018;
- Quarterly financial statements prepared under a review engagement for the period ending June 30, 2018; and

CSOF has prepared and filed the following financial statements:

- Semi annual financial statements as of June 30, 2018
- Interim MRFPs as of June 30, 2018

Additional Information

Further details of the Arrangement are set out in the Arrangement Agreement and the Management Information Circular dated March 16, 2018, both of which have been filed by the Fund and CSOC on SEDAR at www.sedar.com.

For further information on CSOC, please visit www.selectopportunitiescorporation.com or contact info@selectopportunitiescorporation.com.

For further information on the Fund, please call Lysander Funds Limited at (416) 640-4275.

Consolidated Capitalization

The following table sets forth the unaudited pro forma consolidated capitalization of CSOC as at June 30, 2018, both before and after giving effect to the completion of the Arrangement:

Canso Select Opportunities Corporation
Pro Forma Consolidated Statement of Financial
Position
June 30, 2018
(unaudited)

	\$	\$	\$	\$
	Canso Select Opportunities Fund	Canso Select Opportunities Corporation	Adjustments	Pro Forma Consolidated CSOC
	30-Jun-18	30-Jun-18		30-Jun-18
Assets				
Financial assets at fair value through profit or loss	16,452,542	-	(16,452,542) (1)	-
Investments	-	-	16,452,542 (1)	16,452,542
Cash and cash equivalents	1,206,970	559	(10) (2)	1,207,519
Accrued interest	45,846	-		45,846
Accrued dividends	437	-		437
Total assets	17,705,795	559		17,706,344
Liabilities				
Financial liabilities at fair value through profit or loss	2,061,996	-	(2,061,996) (3)	-
Investments held short	-	-	2,061,996 (3)	2,061,996
Accrued management fees	13,299	-		13,299
Other accrued expenses	76,460	-		76,460
Distributions payable to holders of redeemable units	57,660	-		57,660
Advances from related company	-	1,000		1,000
Total Current Liabilities	2,209,415	1,000		2,210,415
Shareholder's Equity				
Class A Units	14,075,402	-	(14,075,402) (4)	-
Class F Units	1,420,978	-	(1,420,978) (4)	-
Class A Multiple Voting Shares	-	10	(10) (2,4)	9,044,252
Class B Subordinate Voting Shares	-	-		6,452,128
Retained Earnings	-	(451)		(451)
Net Assets attributable to Holders of redeemable units/Shareholder's equity	15,496,380	(441)	(5)	15,495,929
Total Liabilities and Shareholder's Equity		559		17,706,344

(1) CSOF's "Financial Assets at fair value through profit or loss" would be reclassified as "Investments" to conform with CSOC's reporting regime.

(2) Post arrangement the 1 Class A Multiple Voting share that was issued to CSOF will be cancelled.

(3) CSOF's "Financial Liabilities at fair value through profit or loss" would be reclassified as "Investments held short" to conform with CSOC's reporting regime.

(4) The "Class A & Class F Units" will be exchanged for "Class A Multiple Voting Shares" and Class B Subordinate Voting Shares"

(5) CSOF's "Net assets attributable to holders of redeemable units" would be reclassified as "Shareholder's Equity" to conform with CSOC's reporting regime.

Canso Select Opportunities Corporation
Pro Forma Consolidated Statement of Comprehensive Income
June 30, 2018
(unaudited)

	\$	\$	\$	\$
	Canso Select Opportunities Fund 30-Jun-18	Canso Select Opportunities Corporation 30-Jun-18	Adjustmen ts	Pro Forma Consolidated CSOC 30-Jun-18
Income				
Interest for distribution purposes	409,578	-	-	409,578
Dividend Income	42,227	-	-	42,227
Net realized gain on investments	214,331	-	-	214,331
Net foreign exchange gain on cash	9,986	-	-	9,986
Net other loss	(37,531)	-	-	(37,531)
Change in unrealized gain on investments	4,781	-	-	4,781
Total Operating Income	643,372	-	-	643,372
Expenses				
Management fees	175,585	-	-	175,585
Interest expense, short positions	53,678	-	-	53,678
Stock borrow costs	27,072	-	-	27,072
Commissions and other portfolio transaction costs	20,380	-	-	20,380
Dividend expense, short positions	45,308	-	-	45,308
Harmonized sales tax	26,365	-	-	26,365
Other expenses	16,977	451	-	17,428
Fund valuation fees	12,395	-	-	12,395
Audit fees	9,890	-	-	9,890
Custodial and administrative fees	7,140	-	-	7,140
Transfer agent	6,547	-	-	6,547
Administration fees	4,384	-	-	4,384
Independent review committee fees	800	-	-	800
Total Operating Expenses	406,521	451	-	406,972
Change in Net Assets/Net Income (Loss) before income taxes	236,851	(451)	-	236,400
Income taxes	-	-	38,480 (6)	38,480
Net Income	236,851	(451)		197,920

Adjustment

(6) CSOF is a mutual fund trust within the meaning of the Income Tax Act (Canada) (the "Act"). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes were made in their financial statements.

However, CSOC is a public investment corporation and as such is subject to income taxes on its net investment income and net realized gain on investments at rates of approximately 26% and 13%, respectively. Taxable dividends from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income.

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

1. The Corporation:

Canso Select Opportunities Corporation (“CSOC”) is an investment company incorporated on February 16, 2018, under the laws of the Province of Ontario.

The registered office of CSOC is located at 100 York Boulevard, Suite 550, Richmond Hill, Ontario, L4B 1J8.

The investment objective of CSOC is to maximize long-term total returns to shareholders by investing in an actively managed portfolio consisting primarily of Canadian and global holdings which could include large illiquid positions in private and public equity, debt, loans, real estate and infrastructure.

The mission of CSOC is to provide capital gains and dividend income to its shareholders through investment in public and private equity, debt and other securities over very long time periods.

CSOC may invest in:

- Canadian and foreign securities in both public and private markets;
- Companies at all stages of development, including distressed, activist, venture and start-up investments; and
- Derivative securities, both for hedging and investment purposes.

CSOC may take both passive and active stakes in its investments, in some cases providing advice and direction to management.

Given the nature of some of its investments, the portfolio could be highly focused in some of its holdings at larger portfolio exposures.

2. Predecessor to the Corporation:

CSOC is the successor to the Canso Select Opportunities Fund (“CSOF” or the “Fund”).

The Fund was a closed-end investment fund established under the laws of the Province of Ontario by way of a Declaration of Trust made as of September 25, 2013. Lysander Funds Limited (“Lysander”) was the trustee and manager of the Fund. Canso Investment Counsel Ltd. (“Canso”) was the portfolio manager of the Fund. The Fund was listed on the TSX.

The investment objective of CSOF was to provide good long-term returns to its unit holders through investment in a portfolio of public and private securities managed by Canso.

The investment policy of CSOF expressly permitted investments in less liquid public and private securities as a way of generating higher long-term returns. However there were some significant annual redemptions that had concentrated the portfolio in its less liquid positions, and therefore it was decided with the approval of Lysander’s Independent Review Committee that it was in the best interest of unitholders to have the less liquid positions of

CSOF held by a listed corporation that would have permanent capital to allow the value of these positions to be fully exploited.

On February 1, 2018, Lysander announced a proposed restructuring of the Fund under a plan of arrangement pursuant to section 182 of the Ontario *Business Corporations Act* (the “Arrangement”). As a result of the Arrangement, unitholders of the Fund were asked to approve the change of status of the Fund from an investment fund to a publicly listed investment corporation. As a result of the Arrangement, all of the issued and outstanding Class A units (“Class A Units”) and Class F units (“Class F Units”) (collectively, the “Units”) of the Fund were exchanged for Class A multiple voting shares (“Class A Multiple Voting Shares”) and/or Class B subordinate voting shares (“Class B Subordinate Voting Shares”) of CSOC. The Arrangement was approved by unitholders of the Fund at a Special Meeting held on April 12th, 2018.

Those unitholders not wishing to continue in a corporate structure were able to redeem at the 2018 annual redemption period from March 15th, 2018 to March 29th, 2018. Unitholders electing to redeem part or all of their Class A Units or Class F Units of CSOF received the May 31st Redemption Net Asset Value (NAV) per unit of \$10.8104 for Class A Units and \$11.2548 for Class F Units on June 4th, 2018.

The CSOF 2018 Annual Redemption paid \$23 million of the then \$38 million NAV, leaving CSOF with a continuing portfolio of approximately \$15 million.

Following completion of the Arrangement, CSOC will have acquired all of the Units of the Fund and indirectly hold all of the investments held by the Fund. As a result, Lysander will be replaced as trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund. Lysander will also no longer be the manager of the Fund and Canso will no longer be portfolio manager of the Fund. CSOC will have an investment committee that will consider and evaluate each investment opportunity. It is expected that following completion of the Arrangement, the Fund will apply to cease being a reporting issuer and, after a transitional period, the Fund will be wound-up such that CSOC will acquire all of the property and assets and assume all of the liabilities of the Fund.

The Fund has a pool of tax loss carryforwards that can be utilized to shelter gains of the Fund so long as the trust continues to be maintained and certain other conditions are met. The current intention is to maintain the continued existence of the Fund until such time as all or substantially all of the losses of the Fund are utilized, or so long as the benefits associated with maintaining and utilizing such losses (e.g. current and potential cash tax savings) outweighs the cost of maintaining the Fund. As the holding period for many of these investments of the Fund is measured in years, and the Fund has

tax losses, the “transitional period” could be several months to a year or more.

Any new investments will be made directly by CSOC.

of comprehensive income have been prepared as if the transaction occurred June 30, 2018.

3. Basis of presentation:

These unaudited pro forma consolidated financial statements have been derived from the unaudited interim financial statements for the six-month period ended June 30, 2018 of CSOF and the unaudited three month period ended June 30, 2018 of CSOC. There was no activity in CSOC for the period from incorporation (February 16, 2018) to March 31, 2018 other than the issuance to CSOF of 1 Class A Multiple Voting Share for \$10. The aforementioned unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board.

The unaudited pro forma consolidated statement of Financial Position and the unaudited pro forma consolidated statement

4. Significant accounting policies:

The accounting policies applied in these pro forma consolidated financial statements are consistent with those applied by:

- 1) CSOC in its unaudited interim financial statements for the three month period ended June 30, 2018, which were prepared in accordance with IAS 34-Interim Financial Reporting; and
- 2) CSOF in its unaudited interim financial statements for the six month periods ended June 30, 2018 and 2017 which were prepared in accordance with IAS 34-Interim Financial Reporting.

CSOC qualifies as an Investment entity under IFRS 10 'Consolidated Financial Statements'.

5. Share capital:

The consolidated CSOC has authorized an unlimited number of Class A Multiple Voting Shares with 1,621,443 share issued, an unlimited number of Class B Subordinate Voting Shares with 1,156,730 shares issued, and an unlimited number of preference shares with Nil issued.

6. Consolidated Pro Forma Earnings Per Share (EPS):

CSOC consolidated Pro Forma number of shares outstanding 2,778,173

CSOC consolidated Pro Forma net income \$197,920

CSOC consolidated Pro Forma EPS is \$0.07 per share

7. Income Taxes:

CSOC, as a public corporation, will be subject to income taxes on its net investment income and net realized capital gains at the rate of approximately 26% and 13% respectively

As CSOC has not carried on any business to date, it has no material assets, or cash flow from financing or from operations but, upon completion of the Arrangement, CSOC will be assuming all of the investments of CSOF.

CSOC's mission is to provide capital gains and dividend income to its shareholders. Consistent with this mission, CSOC will evaluate potential investments in public and private equity, debt and other securities. The deployment of funds to new investments will depend on both the attractiveness of new investment opportunities and the availability of capital as generated from the realization of value from existing portfolio investments.

The financial statements of CSOC will be prepared in accordance with the requirements of NI 51-102. CSOC has prepared and will file quarterly financial statements for the periods ending March 31, 2018 and June 30, 2018.

Forward Looking Information

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements reflect the current expectations of CSOC regarding future results or events and are based on information currently available to it. Certain material factors and reasonable assumptions were applied in providing these forward-looking statements. All forward-looking statements in this press release are qualified by these cautionary statements. CSOC believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, CSOC can give no assurances that the actual results or developments will be realized. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risk Factors" in the Circular. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. CSOC undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

Additional information about CSOC is available under its SEDAR profile at www.sedar.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.