

Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three and Nine Months Ended September 30, 2021

Management's Discussion and Analysis ("MD&A") provides a review of Canso Select Opportunities Corporation's ("CSOC" or the "Corporation") interim financial results for the three and nine month periods ended September 30, 2021 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the interim statements of financial position, interim statements of comprehensive income, interim statements of changes in equity, and interim statements of cashflows of CSOC. As such, this MD&A should be read in conjunction with the interim financial statements and notes thereto. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about CSOC.

The following MD&A is the responsibility of management and is dated November 24, 2021. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

Business of the Corporation

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

Recent Developments

CSOC added to its preferred share positions in issues of TD Bank and Bank of Montreal and added a new position in a Sun Life preferred. These purchases were made at attractive price levels and provide additional income to CSOC. At the end of the period Canadian preferred shares comprised about 32% of CSOC's assets and investable cash was reduced to less than 2% of assets.

In August 2021 CSOC purchased additional Hertz equity. This was consolidated in October 2021 through the sale of Hertz warrants with the proceeds used to purchase an equivalent amount of Hertz equity.

Overall Performance

General Factors

The Corporation's ability to generate capital gains and to pay dividends depends on the performance of the holdings in its portfolio. Each company in the portfolio is unique. Portfolio companies vary from early stage start-up enterprises, to private companies in more advanced stages of development and publicly traded companies operating in mature industries. For each company, there may be many paths to long-term value creation including, but not limited to, additional funding rounds, initial public offering, acquisition or sale, or general improvement in financial and operating performance.

The performance of these portfolio companies depends on a variety of factors, which include but are not limited to, economic conditions, interest rate levels and investor confidence as indicated by equity market performance.

Vaccine rollouts, unprecedented fiscal stimulus, accommodative monetary policy and pent-up consumer demand continued to provide a positive underpinning for the Canadian and U.S. economies and financial markets. Investor confidence in a post pandemic economic resurgence has underpinned generally positive equity market performance year to date. However, all of this combined with supply chain disruptions has caused reported inflation to move significantly higher and central banks have indicated monetary policy will not be as accommodative going forward. As a result, bond yields moved higher in the period.

Specific Factors

During the three-month period ended September 30, 2021, CSOC reported a net (loss) income of (\$387,258)(September 30, 2020: \$370,216) or (\$0.14) (September 30, 2020: \$0.13) per CSOC Class A and B shares. This is primarily the result of a net unrealized mark to market loss on CSOF's equity holding of Aegis Brands Inc., M-Split Series C and Yellow Pages Limited. This was partially offset by a net unrealized mark to market gain on CSOF's equity holding of Bird Construction and Bombardier.

Summary of Investment Portfolio

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. The availability of funds for dividends depends on the generation of income or capital from existing portfolio investments and the meeting of certain statutory financial requirements permitting the payment of dividends.

CSOC's corporate structure provides a permanent capital base allowing the realization of value from its existing portfolio over time. Thus far in 2021 we continued the long-term value creation process through new investments in Smooth Payment Inc., the MDA Ltd. public offering, the sale of Exxon Mobil senior unsecured bonds, purchases of Hertz Global Holdings, additional investments in Fibrecast and the purchase of preferred shares.

CSOC's available cash resources total \$231,305 as of September 30, 2021.

CSOC's investment with a market value in excess of 10% of portfolio market value is described below.

Yellow Pages Limited

Yellow Pages (TSX: Y), is a digital media and marketing solutions provider in Canada, offering targeted tools to local businesses, national brands and consumers allowing them to interact and transact within today's digital economy. At September 30 CSOC held 177,523 common shares with an initial purchase in January 5, 2015.

Prior to September 30, 2019 we presented CSOC and CSOF's portfolios separately. From a practical point of view the portfolio is managed on a consolidated basis. As such the table on the next page is the consolidated CSOC portfolio. Note 6 to the Interim Financial Statements provides a segmented breakdown.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Total Marketable Investments	14,028,492	10,416,947	75.2%
Cash	231,251	231,305	1.7%
Common Equity Held Long	10,222,218	6,574,801	47.4%
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	753,803	5.4%
Bird Construction Inc.	511,612	732,608	5.3%
Cenovus Energy Inc. Warrants	102,179	211,684	1.5%
ClearStream Energy Services Inc.	2,012,939	342,708	2.5%
Hertz Global Holdings Inc. New	395,164	537,432	3.9%
Hertz Global Holdings Inc. Warrants	823,671	532,942	3.8%
MDA Ltd.	879,998	1,022,683	7.4%
Yellow Pages Limited	2,095,719	2,440,941	17.6%
Preferred Shares	3,575,023	3,610,841	26.1%
Bank of Montreal	479,994	492,274	3.5%
BCE Inc.	44,010	54,144	0.4%
BMO Laddered Preferred Share ETF	136,410	165,456	1.2%
Bombardier Inc.	299,124	511,020	3.7%
Canadian Life Companies Split	78,572	86,856	0.6%
Enbridge Inc.	220,912	271,811	2.0%
Manulife Financial	497,706	515,474	3.7%
M-Split	838,474	520,363	3.8%
Sun Life Financial Corporation	483,261	479,700	3.5%
TC Energy Corporation	5,590	6,800	0.0%
Toronto Dominion Bank	490,970	506,943	3.7%
Total Private Investments	3,607,268	3,448,200	16.9%
Common Equity Held Long	491,079	733,025	5.3%
Brill Power	105,559	110,497	0.8%
Nordstar Capital Inc. LP	5	187,013	1.3%
Reformulary Group Inc.	200,000	250,000	1.8%
Xplornet Mobility Inc.	51,792	51,792	0.4%
Xplornet Wireless Inc.	133,723	133,723	1.0%
Fixed Income Held Long	944,000	984,932	7.1%
Nordstar Capital Inc. LP	144,000	146,240	1.0%
Our Home and Miniature Land	400,000	426,959	3.1%
Smooth Payment Inc.	400,000	411,733	3.0%
Warrants	800,000	904,184	6.6%
Fibracast Special Warrant	800,000	840,000	6.1%
Our Home and Miniature Land Warrant	0	0	0.0%
Smooth Payment Inc. Warrant	0	64,184	0.5%
Preferred Shares	1,372,189	826,059	6.0%
ClearStream Energy Services Inc.	729,400	465,321	3.4%
HashTag Paid Inc.	132,837	360,738	2.6%
Hubba, Inc.	509,952	0	0.0%
Grand Total Marketable and Private Investments	\$17,635,761	\$13,865,147	100.2%
Other Assets, Net of Liabilities		(24,095)	(0.2%)
CSOC'S Investments at Fair Value		\$13,841,052	100.0%

The following table shows selected financial information about CSOC for the most recently completed eight quarters of the Corporation:

Description	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total Revenue	(\$399,842)	\$1,370,532	\$1,656,214	(\$36,802)	\$469,488	(\$107,387)	(\$1,367,092)	\$161,144
Total Revenue Per Share	(\$0.14)	\$0.49	\$0.60	(\$0.01)	\$0.17	(\$0.04)	(\$0.49)	\$0.06
Realized Gains (Losses)	(\$87,668)	(\$85,362)	\$389,268	(\$20,020)	(\$117,968)	(\$168,973)	(\$86,436)	(\$139,532)
Realized Gains (Losses) Per Share	(\$0.03)	(\$0.03)	\$0.14	(\$0.01)	(\$0.04)	(\$0.06)	(\$0.03)	(\$0.05)
Unrealized Gains (Losses)	(\$334,319)	\$1,437,592	\$1,255,462	(\$21,652)	\$578,577	\$61,163	(\$1,295,341)	\$295,653
Unrealized Gains (Losses) Per Share	(\$0.12)	\$0.52	\$0.45	(\$0.01)	\$0.21	\$0.02	(\$0.47)	\$0.11
Total Shareholder's Equity	\$14,190,817	\$14,575,540	\$13,422,765	\$12,033,576	\$12,111,721	\$11,741,502	\$11,888,578	\$13,114,933
Equity per Class A Share	\$5.11	\$5.25	\$4.83	\$4.33	\$4.36	\$4.23	\$4.28	\$4.72
Equity per Class B Share	\$5.11	\$5.25	\$4.83	\$4.33	\$4.36	\$4.23	\$4.28	\$4.72

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality. For each quarterly period, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation and functional currency.

Discussion of Operations

During the three-month period ended September 30, 2021, CSOC reported a net (loss) income of (\$387,258) (September 30, 2020: \$370,216) or (\$0.14) (September 30, 2020: \$0.13) per CSOC Class A and B shares. This is primarily the result of a net unrealized mark to market loss on CSOF's equity holding of Aegis Brands Inc., M-Split Series C and Yellow Pages Limited. This was partially offset by a net unrealized mark to market gain on CSOF's equity holding of Bird Construction and Bombardier.

For the nine-month ended September 30, 2021, CSOC reported a net income (loss) of \$2,157,241 (September 30, 2020: (\$1,003,212)) or \$0.78 (September 30, 2020: (\$0.36)) per CSOC Class A and B share.

The net assets of the Corporation were \$14,190,817 at September 30, 2021 versus \$14,575,540 at June 30, 2021 or \$5.11 per CSOC Class A Share and Class B Share versus \$5.25 per CSOC Class A Share and Class B Share.

CSOC Tax Status

On September 4, 2018, the Fund completed a plan of arrangement (the "Arrangement") with the Corporation whereby the Corporation issued Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC in exchange for the outstanding units of the Fund and the Fund became a wholly-owned investment of CSOC.

The Fund has a pool of tax loss carry forwards 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.

Liquidity

Liquidity risk is managed by maintaining a portion of the Corporation's assets in investments traded in an active market that can be readily sold. All liabilities of the Corporation are due within one year.

The securities of the Corporation are listed on the TSX Venture Exchange under the ticker CSOC.A and CSOC.B and have daily liquidity.

Subsequent Events

There are no subsequent events.

Capital Resources

CSOC has no commitments for any capital expenditures as of September 30, 2021.

Off-Balance Sheet Arrangements

CSOC does not have any off-balance sheet arrangements.

Changes in Accounting Policies Including Initial Adoption

There were no changes during the period ending September 30, 2021 to the Corporation's accounting policies. The Corporation's accounting policies for its financial instruments are disclosed in detail in Note 2 of the Annual Audited Financial Statements.

Financial Instruments and Other Instruments

For the period ended September 30, 2021, CSOC held derivatives and short positions in accordance with its investment mandate. However, at September 30, 2021 CSOC did not have any short positions. The list of all associated risks is disclosed in detail in Notes 3 and Note 11 of the Annual Audited Financial Statements.

Contingency

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a determination could adversely affect the Corporation's performance and the market price for the Corporation's securities.

In August 2021, a proposed class action complaint was brought in the Superior Court of the State of California relating to the sale of BZ Holdings, Inc. ("BZ"), a Delaware corporation, to Centerfield Media Parent, Inc., which was accomplished by merger approved by BZ's board of directors in December 2020. The proposed representative plaintiffs are three former common shareholders of BZ, purporting to represent a class of other common shareholders. As a result of the merger transaction, which was managed and approved by a special committee of the BZ board of directors, who were advised by sophisticated U.S. legal counsel and an investment banking advisor, the

preferred shareholders recovered some, but not all of their investments, and the common shareholders did not receive any compensation. The defendants named in the complaint are BZ's board of directors, certain officers of BZ, BZ's financial adviser, and certain preferred shareholders who the plaintiffs allege promoted and approved the merger. CSOC, was a preferred shareholder of BZ and CDS & Co. is named in the complaint as the registered holder of CSOC's preferred shares. The Corporation denies the allegations in the complaint and intends to vigorously defend the action.

Transactions between Related Parties

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. On August 1, 2021, this arrangement was extended for another 12 months that no fees will be payable for services provided by Canso to CSOC. There were no management fees charged for the nine months ended September 30, 2021 (September 30, 2020: \$0).

Disclosure of Outstanding Share Data

As at September 30, 2021, there were 1,621,460 Class A Shares and 1,156,738 Class B Shares of the Corporation outstanding.

Other MD&A Requirements

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This report may contain 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 several 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 management information circular dated as of March 16, 2018 (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 report.

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