

Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three Months Ended June 30, 2022

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 months ended June 30, 2022 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 (loss) income, interim statements of changes in equity, and interim statements of cash flows 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 August 24, 2022. 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

In June 2022, the Brill Power equity split 100 for 1 and the company raised additional capital. The implied valuation from the latest funding round increased the split-adjusted price by over 100% as the company continues to execute on its business plan.

CSOC also took profits in its holdings of Cenovus warrants. Over 50% of the position was sold at prices of over four times their original cost in 2021.

The Canada bonds maturing August 1, 2022 were rolled into 2023 and 2024 maturities. The portfolio also maintains a large position in a Canada bond maturing November 1, 2022.

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.

Government bond yields rose substantially in the first half of the year in the face of runaway inflation. The Bank of Canada continued its battle against inflation, raising its target interest rate by an unusually large 100 basis points (bps), or 1.0%, on July 13th, 2022. The Bank's overnight rate now stands at 2.5%, which is 2.25% higher than the beginning of the year. On July 21st, 2022, the European Central Bank (ECB) raised rates 50bps, double what they recently promised and the first policy increase by the ECB in over a decade. Then, later In July, the US Federal Reserve raised rates 75bps, taking the US overnight rate on par with Canada.

On the heels of the Bank of Canada's hike, the Canadian yield curve inverted, as 2-year bond yields rose while 30-year yields fell. The yield curve inversion indicates real concerns that higher interest rates will slow economic activity. The market is also placing a high degree of confidence that central bank actions will wrangle inflation back to target.

Markets are clearly seizing on any good news as indications are that inflation may have peaked, even though history would suggest that is not likely to be the case. Inflation may have peaked, but given wage demands and continued supply constraints, inflation is unlikely to quickly fall back to the target levels of the central banks.

The other consideration is the removal of liquidity by the central banks. The Bank of Canada, Federal Reserve, and the ECB bought large quantities of bonds during the pandemic. With hindsight, these purchases were excessive and the result of unwinding that will also be a force for higher yields.

Specific Factors

During the three month period ended June 30, 2022, CSOC reported a net (loss) income of (\$532,936) (June 30, 2021: \$1,152,775) or (\$0.19) (June 30, 2021: \$0.41) per CSOC Class A and B share. This is primarily the result of unrealized losses on some of the portfolio holdings. Equity prices of Aegis Brands, Bird Construction, Hertz, and MDA all declined in the period. The Yellow Pages equity price increased 3% and its large weight made it a meaningfully positive contributor.

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. CSOC management also believes the current environment is one where it is most important to protect the value of its capital through adverse market moves. This is why a portion of the portfolio has been kept in Government of Canada bonds.

CSOC's available liquid resources of cash, T-bills, and Canadian and US Government bonds totalled over \$3 million as of June 30, 2022 or 23% of the market value of the portfolio. These liquid resources give CSOC the ability to take full advantage of potential future opportunities.

CSOC's investment with a market value in excess of 10% of portfolio market value are 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 June 30, 2022, 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
Marketable Investments			
Cash & Cash Equivalents	\$ 66,824	\$ 67,706	0.5%
Common Equity Held Long	\$ 9,325,656	\$ 4,583,159	35.1%
Aegis Brands Inc.	\$ 3,400,936	\$ 319,795	2.5%
Bird Construction Inc.	\$ 511,612	\$ 556,156	4.3%
ClearStream Energy Services Inc.	\$ 2,012,939	\$ 289,984	2.2%
Hertz Global Holdings	\$ 424,452	\$ 492,436	3.8%
MDA Ltd.	\$ 879,998	\$ 501,599	3.8%
Yellow Pages Limited	\$ 2,095,719	\$ 2,423,189	18.5%
Fixed Income Held Long	\$ 3,149,689	\$ 3,102,900	23.7%
Air Canada	\$ 139,118	\$ 111,534	0.9%
AMC Entertainment Holdings Inc.	\$ 249,904	\$ 215,286	1.7%
Government of Canada	\$ 1,964,584	\$ 1,966,574	15.1%
US Treasury Note	\$ 796,083	\$ 809,506	6.2%
Warrants	\$ 50,909	\$ 252,531	1.9%
Cenovus Energy Inc.	\$ 50,909	\$ 252,531	1.9%
Preferred Shares	\$ 1,779,584	\$ 1,524,056	11.7%
Bombardier Inc	\$ 379,277	\$ 513,645	3.9%
Canadian Life Companies Split M-Split	\$ 78,572	\$ 82,320	0.6%
Sun Life Financial	\$ 838,474	\$ 523,831	4.0%
	\$ 483,261	\$ 404,260	3.1%
Total Marketable Investments	\$ 14,372,662	\$ 9,530,352	72.9%
Private Investments			
Common Equity Held Long	\$ 1,291,079	\$ 1,608,098	12.3%
Brill Power	\$ 105,559	\$ 272,214	2.1%
Fibracast	\$ 800,000	\$ 840,000	6.4%
Nordstar Capital Inc. LP	\$ 5	\$ 70,872	0.5%
Reformulary Group Inc.	\$ 200,000	\$ 250,000	1.9%
Xplornet Mobile Inc.	\$ 51,792	\$ 41,289	0.3%
Xplornet Wireless Inc.	\$ 133,723	\$ 133,723	1.0%
Fixed Income Held Long	\$ 1,016,356	\$ 1,016,356	7.8%
Nordstar Capital Inc. LP	\$ 144,000	\$ 144,000	1.1%
Our Home and Miniature Land	\$ 440,000	\$ 440,000	3.4%
Smooth Payment Inc.	\$ 432,356	\$ 432,356	3.3%
Warrants	\$ -	\$ 64,183	0.5%
Smooth Payment Inc.	\$ -	\$ 64,183	0.5%
Preferred Shares	\$ 862,237	\$ 850,130	6.5%
ClearStream Energy Services Inc.	\$ 729,400	\$ 486,002	3.7%
HashTag Paid Inc.	\$ 132,837	\$ 364,128	2.8%
Total Private Investments	\$ 3,169,672	\$ 3,538,767	27.1%
Total Marketable and Private Assets	\$ 17,542,334	\$ 13,069,119	100.0%
Other Assets, Net of Liabilities		\$ 5,475	
CSOC's Investments at Fair Value		\$ 13,074,594	

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

Description	30-Jun-2022	31-Mar-2022	31-Dec-2021	30-Sep-2021	30-Jun-2021	30-Mar-2021	31-Dec-2020	30-Sep-2020
Total Revenue	(\$561,770)	(\$20,221)	\$ 314,395	\$ (399,842)	\$ 1,370,532	\$ 1,656,214	\$ (36,802)	\$ 469,488
Total Revenue Per Share	(0.20)	(0.01)	\$ 0.11	\$ (0.14)	\$ 0.49	\$ 0.60	\$ (0.01)	\$ 0.17
Realized Gains (Losses)	\$201,696	(\$5,921)	\$ 213	\$ (87,668)	\$ (85,362)	\$ 389,268	\$ (20,020)	\$ (117,968)
Realized Gains (Losses) Per Share	\$0.07	(\$0.00)	\$ 0.00	\$ (0.03)	\$ (0.03)	\$ 0.14	\$ (0.01)	\$ (0.04)
Unrealized Gains (Losses)	(\$787,177)	(\$36,762)	\$ 291,772	\$ (334,319)	\$ 1,437,592	\$ 1,255,462	\$ (21,652)	\$ 578,577
Unrealized Gains (Losses) Per Share	(0.28)	(0.01)	\$ 0.11	\$ (0.12)	\$ 0.52	\$ 0.45	\$ (0.01)	\$ 0.21
Total Shareholder's Equity	\$13,793,149	\$14,326,086	\$ 14,410,546	\$ 14,190,817	\$ 14,575,540	\$ 13,422,765	\$ 12,033,576	\$ 12,111,721
Equity per Class A Share	\$4.96	\$5.16	\$ 5.19	\$ 5.11	\$ 5.25	\$ 4.83	\$ 4.33	\$ 4.36
Equity per Class B Share	\$4.96	\$5.16	\$ 5.19	\$ 5.11	\$ 5.25	\$ 4.83	\$ 4.33	\$ 4.36

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 months ended June 30, 2022, CSOC reported a net (loss) income of (\$532,936) (June 30, 2021: \$1,152,775) or (\$0.19) (June 30, 2021: \$0.41) per CSOC Class A and B share. This is primarily the result of unrealized losses on Aegis Brands Inc., Bird Construction Inc., MDA Ltd., and Hertz Global Holdings Inc.

For the six months ended June 30, 2022, CSOC reported a net (loss) income of (\$617,397) (June 30, 2021: \$2,541,964) or (\$0.22) (June 30, 2021: \$0.91) per CSOC Class A and B share.

The net assets of the Corporation were \$13,793,149 at June 30, 2022 versus \$14,326,086 at March 31, 2022 or \$4.96 per CSOC Class A Share and Class B Share versus \$5.16 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 also be many years.

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 June 30, 2022.

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 June 30, 2022 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 June 30, 2022, CSOC did not hold derivatives or short positions in the investment portfolio in accordance with its investment mandate. The list of all associated risks disclosed in detail in Notes 3 and Note 11 of the Annual Audited Financial Statements.

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. Under the terms of the agreement, until August 1, 2021, no fees are payable for services provided by Canso to CSOC. On August 1, 2021, this arrangement was extended for a further 12 months. There were no management fees charged for the quarter ended June 30, 2022 (June 30, 2021: \$0).

Disclosure of Outstanding Share Data

As at June 30, 2022 and the date hereof, there were 1,621,460 Class A Shares and 1,156,738 Class B Shares of the Corporation outstanding.

Litigation

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. CDS & Co. has not been served with the complaint. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. The Corporation denies the allegations in the complaint and, if necessary, will vigorously defend the action.

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.