

Financial Statements

Canso Select Opportunities Corporation

September 30, 2023

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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) "Joe Morin"

(signed) "Shirley Sumsion"

Joe Morin
Director

Shirley Sumsion
Director

Canso Select Opportunities Corporation
Interim Statements of Financial Position
As at September 30, 2023 and December 31, 2022
(Unaudited)

| | September 30, 2023 | December 31, 2022 (Audited) |
|---|--------------------|--------------------------------|
| | \$ | \$ |
| Assets | | |
| Current Assets | | |
| Investment in Canso Select Opportunities Fund, FVTPL (Note 6) | 9,314,052 | 9,689,304 |
| Investments through FVTPL (Note 6) | 15,356,465 | 3,292,218 |
| Accrued interest | 42,472 | 78,520 |
| Cash and cash equivalents | 334,974 | 79,993 |
| Dividend receivable | 446 | 393 |
| Prepaid expenses | 30,490 | 220,315 |
| Total Current Assets | 25,078,899 | 13,360,743 |
| Non-current Asset | | |
| Deferred tax assets | 550,153 | 423,916 |
| Total Assets | 25,629,052 | 13,784,659 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 35,940 | 178,585 |
| Total Liabilities | 35,940 | 178,585 |
| Shareholders' Equity | | |
| Share capital (Note 4) | 23,359,050 | 11,109,050 |
| Contributed surplus | 4,324,550 | 4,324,550 |
| Deficit | (2,090,488) | (1,827,526) |
| Total Shareholders' Equity | 25,593,112 | 13,606,074 |
| Total Liabilities and Shareholders' Equity | 25,629,052 | 13,784,659 |
| Shareholders' Equity | | |
| Class A Multiple Voting Shares | \$7,600,430 | \$7,903,921 |
| Class B Subordinate Voting Shares | \$17,992,682 | \$5,702,153 |
| Number of Shares Outstanding | | |
| Class A Multiple Voting Shares | 1,555,160 | 1,611,460 |
| Class B Subordinate Voting Shares | 3,663,277 | 1,166,738 |
| Total Shareholders' Equity per Share | | |
| Class A Multiple Voting Shares | \$4.89 | \$4.90 |
| Class B Subordinate Voting Shares | \$4.91 | \$4.90 |

Approved by the Board of Directors

(signed) "Joe Morin"

(signed) "Shirley Sumsion"

Joe Morin
Director

Shirley Sumsion
Director

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

Canso Select Opportunities Corporation
Interim Statements of Comprehensive Gain (Loss)
Three months and nine months ended September 30, 2023 and 2022
(Unaudited)

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---------------------------------|------------------|--------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Income | | | | |
| Dividend income | 176,333 | 1,052 | 374,316 | 1,965 |
| Interest income | 1,426 | (6,277) | 12,163 | 38,984 |
| Write down of accrued interest | - | - | (32,356) | - |
| Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss: | | | | |
| Realized gain on investments (Note 6) | 2,280 | 49,943 | 54,448 | 245,718 |
| Change in unrealized foreign exchange gain | 5,020 | 14,344 | 3,433 | 73,274 |
| Change in unrealized gain (loss) on investments (Note 6) | 115,711 | (269,758) | (353,277) | (1,152,627) |
| Total Income | 300,770 | (210,696) | 58,727 | (792,686) |
| Expenses (Note 5) | | | | |
| Directors fees | 31,276 | 31,630 | 93,829 | 94,891 |
| Professional fees | 14,222 | 11,703 | 215,751 | 64,668 |
| Administration | 16,463 | 13,629 | 120,089 | 31,758 |
| Bank charges | 151 | 76 | 672 | 420 |
| Insurance | 5,883 | 5,484 | 17,585 | 15,660 |
| Total Expenses | 67,995 | 62,522 | 447,926 | 207,397 |
| Net gain (loss) before income taxes | 232,775 | (273,218) | (389,199) | (1,000,083) |
| Income tax recovery | | | | |
| Deferred | (1,124) | (45,456) | (126,237) | (154,924) |
| Total Income Tax Recovery | (1,124) | (45,456) | (126,237) | (154,924) |
| Net gain (loss) and comprehensive gain (loss) for the period | 233,899 | (227,762) | (262,962) | (845,159) |
| Net gain (loss), by class | | | | |
| Class A Multiple Voting Shares | \$69,705 | (\$132,111) | (\$78,366) | (\$490,224) |
| Class B Subordinate Voting Shares | \$164,194 | (\$95,651) | (\$184,596) | (\$354,935) |
| Net gain (loss), per share | | | | |
| Class A Multiple Voting Shares | \$0.04 | (\$0.08) | (\$0.05) | (\$0.30) |
| Class B Subordinate Voting Shares | \$0.04 | (\$0.08) | (\$0.05) | (\$0.30) |

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

Canso Select Opportunities Corporation
Interim Statements of Changes in Equity
Nine months ended September 30, 2023 and 2022
(Unaudited)

| | 2023 | | | |
|---|-------------------|---------------------|--------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| | Share capital | Contributed surplus | Deficit | Total |
| <u>Class A Multiple Voting Shares</u> | | | | |
| Opening balance, January 1, 2023 | 6,443,669 | 2,523,969 | (1,063,717) | 7,903,921 |
| Net loss for the period | - | - | (78,366) | (78,366) |
| Capital transactions: | | | | |
| Share conversion | (225,125) | - | - | (225,125) |
| Share issuance | 398,885 | - | - | 398,885 |
| Share redemption | (398,885) | - | - | (398,885) |
| Balance at September 30, 2023 | 6,218,544 | 2,523,969 | (1,142,083) | 7,600,430 |
| <u>Class B Subordinate Voting Shares</u> | | | | |
| Opening balance, January 1, 2023 | 4,665,381 | 1,800,581 | (763,809) | 5,702,153 |
| Net loss for the period | - | - | (184,596) | (184,596) |
| Capital transactions: | | | | - |
| Share conversion | 225,125 | - | - | 225,125 |
| Share issuance | 12,261,977 | - | - | 12,261,977 |
| Share redemption | (11,977) | - | - | (11,977) |
| Balance at September 30, 2023 | 17,140,506 | 1,800,581 | (948,405) | 17,992,682 |
| Total | 23,359,050 | 4,324,550 | (2,090,488) | 25,593,112 |

| | 2022 | | | |
|---|-------------------|---------------------|--------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| | Share capital | Contributed surplus | Deficit | Total |
| <u>Class A Multiple Voting Shares</u> | | | | |
| Opening balance, January 1, 2022 | 6,483,656 | 2,523,969 | (597,093) | 8,410,532 |
| Net loss for the period | - | - | (490,224) | (490,224) |
| Capital transactions: | | | | |
| Share conversion | (39,987) | - | - | (39,987) |
| Balance at September 30, 2022 | 6,443,669 | 2,523,969 | (1,087,317) | 7,880,321 |
| <u>Class B Subordinate Voting Shares</u> | | | | |
| Opening balance, January 1, 2022 | 4,625,394 | 1,800,581 | (425,961) | 6,000,014 |
| Net loss for the period | - | - | (354,935) | (354,935) |
| Capital transactions: | | | | |
| Share conversion | 39,987 | - | - | 39,987 |
| Balance at September 30, 2022 | 4,665,381 | 1,800,581 | (780,896) | 5,685,066 |
| Total | 11,109,050 | 4,324,550 | (1,868,213) | 13,565,387 |

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

Canso Select Opportunities Corporation
Interim Statements of Cash Flows
Nine months ended September 30, 2023 and 2022
(Unaudited)

| | 2023 | 2022 |
|---|----------------|---------------|
| | \$ | \$ |
| Operating Activities | | |
| Net loss | (262,962) | (845,159) |
| Adjustments for: | | |
| Dividend income re-invested | (20,492) | - |
| Realized gain on investment | (54,448) | (245,718) |
| Change in unrealized foreign exchange gain on investments | (3,432) | (73,274) |
| Change in unrealized depreciation on investments | 353,277 | 1,152,627 |
| Purchase of investments | (300,024) | (250,000) |
| Proceeds from sale of investments | 586,122 | 469,632 |
| Accrued interest | 36,048 | (24,584) |
| Dividend receivable | (51) | (175) |
| Prepaid expenses | 189,825 | (11,007) |
| Deferred tax assets | (126,237) | (154,924) |
| Accounts payable and accrued liabilities | (142,645) | 1,307 |
| Net Cash Generated by Operating Activities | 254,981 | 18,726 |
| Cash and cash equivalents — Beginning of period | 79,993 | 70,487 |
| Cash and cash equivalents — End of period | 334,974 | 89,213 |

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

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(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, 2022, 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, 2022.

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. Share capital of the Company as stated in the financial statements is the same as the legal stated capital.

At September 30, 2023 share capital consists of the following:

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(Unaudited)

4. Share Capital (Cont'd)

| | Number of shares # | Amount \$ |
|---|-----------------------|-------------------|
| 1,555,160 Class A Multiple Voting Shares | | 6,218,544 |
| 3,663,277 Class B Subordinate Voting Shares | | <u>17,140,506</u> |
| | | <u>23,359,050</u> |
| Class A Multiple Voting Shares: | | |
| Class A multiple voting shares outstanding, January 1, 2023 | 1,611,460 | 6,443,669 |
| Conversion from Class A multiple voting shares to class B subordinate voting shares | (56,300) | (225,125) |
| Class A multiple voting shares issued | 149,116 | 398,885 |
| Class A multiple voting shares redeemed | (149,116) | (398,885) |
| Class A multiple voting shares outstanding, September 30, 2023 | <u>1,555,160</u> | <u>6,218,544</u> |
| Class B Subordinate Voting Shares: | | |
| Class B subordinate voting shares outstanding, January 1, 2023 | 1,166,738 | 4,665,381 |
| Conversion from Class A multiple voting shares to class B subordinate voting shares | 56,300 | 225,125 |
| Class B subordinate voting shares issued | 2,445,240 | 12,261,977 |
| Class A multiple voting shares redeemed | (5,001) | (11,977) |
| Class B subordinate voting shares outstanding, September 30, 2023 | <u>3,663,277</u> | <u>17,140,506</u> |
| | <u>5,218,437</u> | <u>23,359,050</u> |

At December 31, 2022 share capital consisted of the following:

| | Number of shares # | Amount \$ |
|---|-----------------------|-------------------|
| 1,611,460 Class A Multiple Voting Shares | | 6,443,669 |
| 1,166,738 Class B Subordinate Voting Shares | | <u>4,665,381</u> |
| | | <u>11,109,050</u> |
| Class A Multiple Voting Shares: | | |
| Class A multiple voting shares outstanding, January 1, 2022 | 1,621,460 | 6,483,656 |
| Class A multiple voting shares issued | - | - |
| Conversion from Class A multiple voting shares to Class B subordinate voting shares | (10,000) | (39,987) |
| Class A multiple voting shares outstanding, December 31, 2022 | <u>1,611,460</u> | <u>6,443,669</u> |
| Class B Subordinate Voting Shares: | | |
| Class B subordinate voting shares outstanding, January 1, 2022 | 1,156,738 | 4,625,394 |
| Class B subordinate voting shares issued | - | - |
| Conversion from Class A multiple voting shares to Class B subordinate voting shares | 10,000 | 39,987 |
| Class B subordinate voting shares outstanding, December 31, 2022 | <u>1,166,738</u> | <u>4,665,381</u> |
| | <u>2,778,198</u> | <u>11,109,050</u> |

5. Related Party Transactions

CSOC has an operational services agreement with Canso Investment Counsel Ltd. ("Canso") that was originally entered into on August 1, 2018. 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, there were no fees payable for services provided by Canso to CSOC for the first 24-month period and the term could be extended at 12-month periods as agreed to between the parties. On August 1, 2022, the parties agreed to extend the no fee arrangement for another 12-month term ending on July 31, 2023. Subsequently, this service agreement was extended to July 31, 2024. There were no management fees charged for the period ended September 30, 2023 (September 30, 2022: \$0).

On January 13, 2023, CSOC purchased 70,000 Class A common shares of Lysander Funds Limited ("Lysander") from Canso Fund Management Ltd. ("CFM") by issuing to CFM 2,440,239 Class B subordinate voting shares of CSOC pursuant to a share purchase agreement dated October 17, 2022 (the "Transaction"). The consideration is \$12.25 million. Following the Transaction, CFM holds approximately 68% of CSOC's outstanding Class B subordinate voting shares, which represents a voting position of 4.7%.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(Unaudited)

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 has significant influence over Lysander because it controls 12% of Lysander and its representation on the board of directors of Lysander. As an investment entity, CSOC meets the exemption under IAS 28 that allows CSOC to elect to measure the investment in associates at fair value through profit or loss in accordance with IFRS 9. 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.

During the period ended September 30, 2023, CSOC reported a net loss of (\$262,962) (September 30, 2022: \$(845,159)) or (\$0.05) (September 30, 2022: \$(0.30)) per CSOC Class A and B shares. This is primarily the result of (\$353,277) (September 30, 2022: \$(1,152,627)) net unrealized mark to market loss mainly on CSOC's and CSOF's equity holding of Fibracast, Aegis Brands Inc. and Yellow Pages Limited.

As at September 30, 2023, CSOC's investment portfolio consists of equity and debt securities in 14 different issuers.

| Description | Average Cost \$ | Fair Value \$ | % of Portfolio |
|--|-------------------|-------------------|----------------|
| Equities Held Long | 14,602,192 | 14,505,440 | 94.45% |
| Bombardier Inc. | 41,975 | 49,206 | 0.32% |
| Brill Power Limited | 105,559 | 287,525 | 1.87% |
| Fibracast | 800,000 | 377,580 | 2.46% |
| Lysander Funds Limited | 12,250,000 | 12,250,000 | 79.77% |
| HashTag Paid Inc. Series A-5 Pref Share | 132,837 | 383,012 | 2.49% |
| HashTag Paid Inc. Series B-4 Pref Share | 66,330 | 64,722 | 0.42% |
| MDA Ltd. | 879,998 | 724,741 | 4.72% |
| Our Home and Miniature Land Inc. Warrant | - | - | 0.00% |
| NorthStar Gaming Holdings Inc (Escrow) | 3,041 | 669 | 0.00% |
| NorthStar Gaming Holdings Inc (Restricted + Delayed Release) | 4,501 | 1,140 | 0.01% |
| NorthStar Gaming Holdings Inc | 1,013 | 223 | 0.00% |
| Portfolio HiWay Inc. | 50,000 | 62,500 | 0.41% |
| Reformulary Group Inc. | 200,000 | 250,000 | 1.63% |
| Smooth Payment Inc. May 12, 2031 Warrant | - | - | 0.00% |
| Smooth Payment Inc. July 5, 2031 Warrant | - | - | 0.00% |
| TC Fund I LP | 12,541 | 12,559 | 0.08% |
| VerticalScope Holdings Inc | 54,397 | 41,563 | 0.27% |
| Fixed Income | 1,050,024 | 851,025 | 5.55% |
| Goldman Sachs | 250,024 | 251,025 | 1.63% |
| Our Home and Miniature Land Inc. | 400,000 | 400,000 | 2.61% |
| Smooth Payment Inc. | 400,000 | 200,000 | 1.31% |
| CSOC's Investments at Fair Value through Profit or Loss | 15,652,216 | 15,356,465 | 100.00% |

As at September 30, 2023, CSOF's investment portfolio consists of equity and debt securities in 22 different issuers. The portfolio also includes cash and cash equivalents.

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(Unaudited)

6. Investments (Cont'd)

| Description | Average Cost \$ | Fair Value \$ | % of Portfolio |
|---|-------------------|------------------|----------------|
| Cash & Cash Equivalents | 431,102 | 431,565 | 4.66% |
| Equities Held Long | 12,469,612 | 7,153,918 | 77.28% |
| Aegis Brands Inc. (previously Second Cup Ltd.) | 3,400,936 | 274,110 | 2.96% |
| Bird Construction Inc. | 672,874 | 1,023,361 | 11.05% |
| Bombardier Inc. | 337,302 | 439,526 | 4.75% |
| BZ Holdings Inc. | - | 2 | 0.00% |
| Canadian Life Companies Split | 78,572 | 85,680 | 0.93% |
| Cineplex Inc | 618,090 | 690,363 | 7.46% |
| Enbridge Inc | 384,298 | 364,905 | 3.94% |
| UBS Group AG (previously Credit Suisse Group AG) | 150,789 | 184,555 | 2.00% |
| Flint Corp (previously ClearStream Energy SVCS Inc.) | 2,012,939 | 144,992 | 1.57% |
| Flint Corp - Preferred (previously ClearStream Energy Services - Preferred) | 729,400 | 488,022 | 5.27% |
| Hertz Global Holdings Inc. | 424,452 | 399,148 | 4.31% |
| M Split Corp | 838,474 | 344,715 | 3.72% |
| Manulife Financial Group | 683,099 | 788,166 | 8.51% |
| Sun Life Financial Corp | 483,261 | 391,550 | 4.23% |
| X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.) | 133,723 | 7,368 | 0.08% |
| X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.) | 51,792 | - | 0.00% |
| Yellow Pages Limited | 1,469,611 | 1,527,455 | 16.50% |
| Fixed Income | 2,386,460 | 2,429,223 | 26.23% |
| AdHawk Microsystems Inc | 466,585 | 473,200 | 5.11% |
| Air Canada | 207,684 | 186,421 | 2.01% |
| Bank of Nova Scotia | 563,450 | 551,938 | 5.96% |
| AMC Entertainment | 237,219 | 176,265 | 1.90% |
| UBS Group AG 144A (previously Credit Suisse Group AG 144A) | 270,313 | 300,586 | 3.25% |
| Latam Airlines Group | 641,209 | 740,813 | 8.00% |
| Fixed Income held short | (793,660) | (756,863) | (8.17%) |
| Government of Canada | (514,437) | (484,248) | (5.23%) |
| US Treasury Note | (279,223) | (272,615) | (2.94%) |
| Total | 14,493,514 | 9,257,843 | 100.00% |
| Other Assets, Net of Liabilities | | 56,209 | |
| CSOC's investment in CSOF at Fair Value Through Profit or Loss | | 9,314,052 | |

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.

The following fair value hierarchy table presents information about CSOC's and CSOF's assets and liabilities measured at fair value, as described in Note 2, as at September 30, 2023 and December 31, 2022 (audited). During the period ended September 30, 2023, there were no transfers between levels (September 30, 2022: nil).

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(Unaudited)

7. Fair Value Hierarchy (Cont'd)

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, 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.

| As at September 30, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------------------|---------------------|----------------------|----------------------|
| Financial Assets | | | | |
| Fixed Income held in CSOF | \$ - | \$ 1,956,023 | \$ 473,200 | \$ 2,429,223 |
| Equities held in CSOF | 6,658,528 | - | 495,390 | 7,153,918 |
| Fixed Income held in CSOC | - | 251,025 | 600,000 | 851,025 |
| Equities held in CSOC | 817,542 | - | 13,687,898 | 14,505,440 |
| Total | \$ 7,476,070 | \$ 2,207,048 | \$ 15,256,488 | \$ 24,939,606 |

| As at September 30, 2023 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------|---------------------|-------------|---------------------|
| Financial Liabilities | | | | |
| Fixed income held in CSOF | \$ - | \$ (756,863) | \$ - | \$ (756,863) |
| Total | \$ - | \$ (756,863) | \$ - | \$ (756,863) |

| As at December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------------------|---------------------|---------------------|----------------------|
| Financial Assets | | | | |
| Fixed Income held in CSOF | \$ - | \$ 3,008,353 | \$ - | \$ 3,008,353 |
| Equities held in CSOF | 6,883,319 | - | 493,371 | 7,376,690 |
| Fixed Income held in CSOC | 234,262 | - | 744,000 | 978,262 |
| Equities held in CSOC | 454,645 | - | 1,859,311 | 2,313,956 |
| Total | \$ 7,572,226 | \$ 3,008,353 | \$ 3,096,682 | \$ 13,677,261 |

| As at December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------------------|-------------|-------------|---------------------|
| Financial Liabilities | | | | |
| Fixed income held in CSOF | \$ (704,918) | \$ - | \$ - | \$ (704,918) |
| Total | \$ (704,918) | \$ - | \$ - | \$ (704,918) |

| | September 30, 2023 | December 31, 2022 |
|--|----------------------|---------------------|
| Level 3 Reconciliation | | |
| Balance, beginning of period/year | \$ 3,096,682 | \$ 3,376,927 |
| Purchases - held in CSOC | 12,312,541 | 66,330 |
| Purchases - held in CSOF | 466,585 | - |
| Sales - CSOC | (236,614) | - |
| Realized gain, net - CSOF | 72,117 | - |
| Dividend income re-invested | 20,492 | - |
| Change in unrealized depreciation - CSOF | 8,634 | (147,253) |
| Change in unrealized depreciation - CSOC | (483,949) | (199,322) |
| Balance, end of period/year | \$ 15,256,488 | \$ 3,096,682 |

Canso Select Opportunities Corporation
Notes to Interim Financial Statements
Nine months ended September 30, 2023
(Unaudited)

7. Fair Value Hierarchy (Cont'd)

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 following section provides information regarding select Level 3 securities over 5% of the portfolio. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

AdHawk Microsystems Inc. 6% notes due July 2024

Price: US\$100.00

Valuation Technique: Private Placement Financing Technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to value of the next private placement financing could result in an increase or decrease of 30% or an increase or decrease in the security price of US\$30, or an increase or decrease in net assets of US\$105,000.

Flint Corp. Series 1 Preferred Share

Price: \$669.44

Valuation Technique: Relative Value

Unobservable Inputs: Clearstream Senior Secured Bond Price (from third party). FLINT Corp, the holding company of ClearStream.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$200.83, or an increase or decrease in net assets of \$146,406.60.

Lysander Funds Limited

Price: \$175.00

Valuation technique: Relative value.

Unobservable inputs: The valuation will be based on a discounted cash flow model using valuation multiples of other similar asset managers, publicly traded in Canada. The primary unobservable inputs for this security are the key assumptions in the discounted cash flow model. The key assumptions would include changes in assets under management at Lysander, revenue and expense changes, the discount rate used to present value cash flows, and the valuation multiples of comparable publicly listed companies in Canada.

Change in input values: A reasonably possible change to the value of market comparables could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$52.50.

8. Contingency

On August 18, 2021, the Company was notified of a potential lawsuit on a complaint related to the sale of BZ Holdings Inc., whereby the Company is named as a preferred shareholder. The case does appear on the California court's electronic docket so there is an accessible public record indicating that the lawsuit has been filed. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. To date, the Company has not been served by the plaintiffs with any official documentation regarding the anticipated lawsuit by mail or any other approved means, and it is otherwise unaware of any activity relating to the suit since last year. At this stage, management does not believe that the impact, if any, on the Company's financial statements can reasonably be estimated at this time.

9. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on November 27, 2023.