

Form 62-103F3
Required Disclosure by an Eligible Institutional Investor under Part 4

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares (“**Common Shares**”) in the capital of The Second Cup Ltd. (the “**Issuer**”). The Issuer’s head office is located at:

6303 Airport Road, 2nd Floor,
Mississauga, Ontario, L4V 1R8

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transactions for which this report relates took place over the facilities of the Toronto Stock Exchange.

Item 2 – Identity of the Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

Canso Investment Counsel Ltd. (“**Canso**”)
100 York Boulevard, Suite 550
Richmond Hill, Ontario
L4B 1J8 Canada

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

The requirement to file this report was triggered on November 30, 2017 as a result of 1) the debt exchange transaction completed by the Issuer in the month of August which resulted in an issuance of 4,210,528 Common Shares, and 2) the disposition of Common Shares by accounts managed by Canso (the “**Accounts**”), in the month of November.

2.3 State the name of any joint actors.

Not Applicable.

2.4 State that the eligible institutional investor is eligible to file reports under Part 4 in respect of the reporting issuer.

Canso is eligible to file reports under Part 4 of National Instrument 62-103 in respect of the Reporting Issuer.

Item 3 –Interest in Securities of the Reporting Issuer

3.1 State the designation and the net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor’s securityholding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 or the early warning requirements.

Since the last report filed for November 2016, the total issued and outstanding common shares have increased from approximately 12,830,945 to 17,041,473. This was the result of a debt exchange transaction completed in August 2017, where the Issuer’s lender exchanged its secured term loan for a total of 4,210,528 common shares. Prior to this issuer action, Accounts managed by Canso have purchased 81,200 common shares of the Issuer between December 2016 and July 2017. Accounts managed by Canso disposed of 23,900 common shares of the Issuer in November 2017. As a result, Canso’s securityholding percentage in the Issuer has decreased by approximately 3.44% from approximately 15.30% as of November 30, 2016 to approximately 11.86% as of November 30, 2017.

3.2 State the designation and number or principal amount of securities and the eligible institutional investor’s securityholding percentage in the class of securities at the end of the month for which the report is made.

As of November 30, 2017, the Accounts hold 2,020,500 common shares of the Issuer. This represents a securityholding percentage of approximately 11.86%, calculated on the basis of 17,041,473 total issued and outstanding common shares.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities to which this report relates and over which

(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control,

Not applicable.

(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor, and

Not applicable.

- (c) **the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Canso has control over, but not ownership of, the securities referred to in paragraph 3.2

- 3.5 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the eligible institutional investor's securityholdings.**

Not applicable.

- 3.6 If the eligible institutional investor or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.7 If the eligible institutional investor or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

- (a) **the acquisition of additional securities of the reporting issuer, or the disposition of securities of the issuer;**
- (b) **a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

- (c) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (d) a material change in the present capitalization or dividend policy of the reporting issuer;
- (e) a material change in the reporting issuer's business or corporate structure;
- (f) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;
- (g) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (h) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (i) a solicitation of proxies from securityholders;
- (j) an action similar to any of those enumerated above.

The Accounts over which Canso has investment authority currently hold the Common Shares for investment purposes only and not for the purpose of influencing control or direction of the Issuer. In the ordinary course of business, Canso conducts analysis of securities in which it may invest on behalf of the Accounts. Based on that analysis, it makes buy and sell decisions on a continuous basis on behalf of such Accounts. Accordingly, depending upon the circumstances, Canso may, on behalf of its Accounts, acquire additional securities or related financial instruments of the Issuer or dispose of securities or related financial instruments of the Issuer previously acquired.

Item 5 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the eligible institutional investor and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Dispositional and voting authority over the above securities is held by Canso pursuant to various investment advisory agreements between Canso and the Accounts.

Item 6 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Item 7 – Certification

The eligible institutional investor must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the eligible institutional investor is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the eligible institutional investor, certify, or I, as the agent filing this report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated: December 8, 2017

CANSO INVESTMENT COUNSEL LTD.

(signed) “Heather Mason-Wood”

Name: Heather Mason-Wood

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