PROSPECT PARK CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2012

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended December 31, 2012 have not been reviewed by the Corporation's auditors.

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at December 31, 2012
Assets		
Current		
Cash (Note 3)	$	490,000
Prepaid expenses and other assets		16,850
Total Assets	$	506,850
Liabilities		
Current		
Accrued liabilities	$	26,409
Total Liabilities		26,409
Shareholders' Equity		
Share capital (Note 4)		491,591
Deficit		(11,150)
Total shareholders' equity		480,441
Total Liabilities and Equity	$	506,850

Nature of operations and going concern (Note 1)
Subsequent event (Note 5)

Approved on behalf of the Board:

"*Dr. Samuel Herschkowitz*", Director

"*Mr. Robbie Grossman*", Director

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

PROSPECT PARK CAPITAL CORP.

Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three Months Ended December 31, 2012
EXPENSES		
Professional fees	$	11,150
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$	(11,150)
LOSS PER SHARE - BASIC AND DILUTED	$	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED		2,437,117

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

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share capital	Deficit	Total
Balance, September 7, 2012 (date of incorporation) and September 30, 2012	**$ -**	**$ -**	**$ -**	**$ -**
Common shares issued, net of financing cost	3,736,913	491,591	-	491,591
Net loss and comprehensive loss for the period	-	-	(11,150)	(11,150)
Balance, December 31, 2012	**$ 3,736,913**	**$ 491,591**	**$ (11,150)**	**$ 480,441**

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

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Three Months Ended December 31, 2012
Cash (used in) provided by:		
Operating Activities		
Net loss	$	(11,150)
Net changes in non-cash working capital		
Increase in accrued liabilities		18,000
Net cash used in operating activities		6,850
Financing Activities		
Issuance of common shares, net of financing costs		491,591
Change in accrued liabilities related to financing costs		8,409
Legal fees related to financing costs		(16,850)
Net cash provided by financing activities		483,150
Change in cash during the period		490,000
Cash, beginning of period		-
Cash, end of period	$	490,000

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

1. Nature of operations and going concern

Prospect Park Capital Corp. (the “Corporation”) was incorporated under the Business Corporations Act (Ontario) on September 7, 2012 and to date there have been limited operations. The registered office of the Corporation is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario. The Corporation's financial year ends on September 30. The principal business of the Corporation is to complete an initial public offering pursuant to Policy 2.4 – Capital Pool Companies (the “CPC Policy”) of the TSX Venture Exchange (“Exchange”) in order to become classified as a Capital Pool Company (as such term is defined in the CPC Policy) and commence trading on the Exchange. In the event the Corporation is successful in becoming a Capital Pool Company its principal business will be the identification and evaluation of assets or businesses for the purpose of completing a Qualifying Transaction (as such term is defined in the CPC Policy).

The Corporation has not commenced commercial operations and has no assets other than cash. The Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's shares from trading.

The ability of the Corporation to continue as a going concern is dependant upon, among other things, being able to obtain additional financing, and maintaining positive operating cash flows. These condensed interim financial statements have been prepared on the basis that the Corporation is a going concern and do not include adjustments that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments may be material.

During the three months ended December 31, 2012, the Corporation incurred a net loss of $11,150 and, as of that date, the Corporation has an accumulated deficit of $11,150. The ability of the Corporation to carry out its business plan rests with its ability to secure additional equity and other financing. Although the Corporation has been successful in obtaining financing from related parties and private placements in the past, the Corporation will likely require continued support. These material uncertainties cast significant doubt about the Corporation's ability to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation
The Corporation applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements for the three months ended December 31, 2012 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The financial statements have been prepared on historical cost basis.

These financial statements were authorized for use by the Board of Directors of the Corporation on March 18, 2013.

(b) Functional and presentation currency
These financial statements have been prepared in Canadian dollars, which is the Corporation’s functional and presentation currency.

2. Significant Accounting Policies (Continued)

(c) Provision
A provision is recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Corporation has no material provisions as at December 31, 2012.

(d) Share capital and warrants
Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

(e) Deferred financing costs
The Corporation defers direct and incremental costs incurred in connection with the issuance of share capital pursuant to its proposed initial public offering (the "Offering") (See Note 5) as a current asset and will charge the costs against share capital if the Offering is completed or to operations if the Offering is abandoned.

(f) Income taxes
Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(g) Loss per Share
The Corporation presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

2. Significant Accounting Policies (Continued)

(h) Financial Instruments
Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held for maturity, available for sale, loans and receivables or at fair value through profit and loss ("FVTPL").

FVTPL are measured at fair value with unrealized gain and losses recognized through profit and loss. Cash is classified as fair value through profit and loss.

Financial asset classified as held to maturity and loans and receivable are measured at amortized cost using the effective interest rate method.

Financial assets classified as available for sale and measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

Financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. At December 31, 2012 the Corporation has not classified any financial liabilities as FVTPL.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is classified as level 1.

2. Significant Accounting Policies (Continued)

(i) Significant Accounting Judgments and Estimates
The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, accrued liabilities.

(j) Recent accounting pronouncements
Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after December 31, 2012, or later periods. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(ii) IFRS 13 – Fair value measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity’s net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity’s valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

(iii) IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

(Expressed in Canadian Dollars)

3. Cash Restrictions

The proceeds raised from the issuance of common shares by a company classified as a Capital Pool Company may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation not related to the identification and evaluation of a Qualifying Transaction. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

4. Share Capital

(a) Authorized:

The Corporation has authorized share capital of an unlimited number of common shares.

(b) Issued common shares:

	Number of shares		Amount
Balance, September 7, 2012 (date of incorporation) and September 30, 2012	**-**	**$**	**-**
Common shares issued for cash (seed financing)	3,736,913		500,000
Financing costs	-		(8,409)
Balance, December 31, 2012	**3,736,913**	**$**	**491,591**

Between October 18, 2012 and November 1, 2012, the Corporation issued 3,736,913 common shares for cash of $500,000 in its seed financing. In the event the Corporation completes an initial public offering in accordance with the CPC Policy, these shares will be held in escrow and will be released in future periods in accordance with the Escrow Agreement to be entered into between the Corporation and the seed shareholders.

The directors and officers of the Corporation beneficially own, directly or indirectly, or have control or direction over 2,010,648 or approximately 53.81% of the issued and outstanding common shares of the Corporation.

5. Subsequent Event

On March 6, 2013, the Corporation filed a final prospectus for the Offering consisting of the sale to the public of a minimum of 3,550,000 common shares and a maximum of 4,000,000 common shares at a price of $0.20 per share, payable on closing for aggregate gross proceeds of a maximum of $800,000, prior to deduction of issue costs.

In connection with the Offering, the Corporation intends to grant, stock options to directors and officers of the Corporation to purchase between 728,691 and 773,691 common shares (depending on the size of the Offering), at $0.20 per share that vest immediately. The stock options will expire 10 years from the date the options are granted.

In addition, in the event the Offering is completed, the agent for the Offering will be granted a non-transferable option to purchase that number of common shares of the Corporation that is equal to 10% of the total number of common shares sold under the Offering, at a price of $0.20 per share, exercisable for a period of 24 months from the date of listing of the common shares on the Exchange.