PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JUNE 30, 2013

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Prospect Park Capital Corp. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended June 30, 2013 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 June 30, 2013
Assets		
Current		
Cash (Note 3)	$	1,055,435
Total Assets	$	1,055,435
Liabilities		
Current		
Accrued liabilities	$	5,474
Total Liabilities		5,474
Shareholders' Equity		
Share capital (Note 4)		1,040,562
Reserves		170,125
Deficit		(160,726)
Total shareholders' equity		1,049,961
Total Liabilities and Equity	$	1,055,435

Nature of operations and going concern (Note 1)
Related party transactions (Note 7)

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 June 30, 2013	Nine Months Ended June 30, 2013
Expenses		
Share-based compensation (Note 6)	$ -	$ 131,957
Professional fees	7,698	28,769
Net loss and comprehensive loss for the period	$ (7,698)	$ (160,726)
Loss per share - basic and diluted (Note 8)	$ (0.00)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted	7,371,913	4,640,053

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)

			Reserves			
	Number of Shares	Share Capital	Warrant Reserve	Equity Settled Share-based Payments Reserve	Deficit	Total
Balance, September 7, 2012 (date of incorporation) and September 30, 2012	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Common shares issued, net of financing costs	3,736,913	491,591	-	-	-	491,591
Initial public offering, net of financing costs	3,635,000	548,971	38,168	-	-	587,139
Share-based compensation	-	-	-	131,957	-	131,957
Net loss and comprehensive loss for the period	-	-	-	-	(160,726)	(160,726)
Balance, June 30, 2013	**7,371,913**	**$ 1,040,562**	**$ 38,168**	**$ 131,957**	**$ (160,726)**	**$ 1,049,961**

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)

	Nine Months Ended June 30, 2013
Cash (used in) provided by:	
Operating Activities	
Net loss for the period	$ (160,726)
Adjustment for:	
Share-based compensation	131,957
Net changes in non-cash working capital:	
Increase in accrued liabilities	5,474
Net cash used in operating activities	(23,295)
Financing Activities	
Proceeds from issuance of common shares, net of financing costs	491,591
Proceeds from initial public offering, net of financing costs	587,139
Net cash provided by financing activities	1,078,730
Change in cash during the period	1,055,435
Cash, beginning of period	-
Cash, end of period	$ 1,055,435

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, M5C 2V9. The Corporation's financial year ends on September 30.

On March 28, 2013, the Corporation completed an initial public offering ("IPO") pursuant to Policy 2.4 – Capital Pool Companies (the “CPC Policy”) of the TSX Venture Exchange (“Exchange”) and became classified as a Capital Pool Company (as such term is defined in the CPC Policy). The Corporation's common shares were listed on the Exchange and commenced trading under the symbol "PPK.P". The Corporation's principal business is 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 unaudited 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 nine months ended June 30, 2013, the Corporation incurred a net loss of $160,726 and, as of that date, the Corporation has an accumulated deficit of $160,726. 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 and nine months ended June 30, 2013 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 unaudited condensed interim financial statements have been prepared on historical cost basis.

These unaudited condensed interim financial statements were authorized for use by the Board of Directors of the Corporation on August 22, 2013.

(b) Functional and presentation currency
These unaudited condensed interim 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 June 30, 2013.

(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 option pricing model to determine the fair value of warrants issued.

(e) Share-based payment transactions
The Corporation has a share-based compensation plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Corporation measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or services received, the Corporation measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options granted, and is recognized as an expense in earnings with a corresponding credit to equity settled share-based payments reserve. At the end of each reporting period the Corporation re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of any revisions in earnings. Any consideration paid by employees and directors on exercise of stock options is credited to share capital combined with any related stock-based compensation expense originally recorded in equity settled share-based payments reserve.

(f) Deferred financing costs
The Corporation defers direct and incremental costs incurred in connection with the issuance of share capital pursuant to a public offering of its common shares as a current asset and charges these costs against share capital when the common share offering is completed or to operations if the offering is abandoned.

(g) 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.

2. Significant Accounting Policies (Continued)

(g) Income taxes (continued)
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.

(h) 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.

(i) 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 FVTPL.

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 FVTPL, or other financial liabilities, as appropriate.

Financial liabilities classified as other financial liabilities are measured at amortized cost. 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 June 30, 2013 the Corporation has not classified any financial liabilities as FVTPL.

2. Significant Accounting Policies (Continued)

(i) Financial instruments (continued)
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.

(j) 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 unaudited condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim 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, share-based compensation and warrants valuation.

(k) 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. Earlier adoption is permitted.

(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;

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

(k) Recent accounting pronouncements (continued)

(ii) (continued)

- 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.

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 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) (i)	3,736,913	500,000
Financing costs	-	(8,409)
Common shares issued pursuant to the IPO (ii)	3,635,000	727,000
IPO costs (ii)	-	(178,029)
Balance, June 30, 2013	**7,371,913**	**$ 1,040,562**

(i) 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. Upon completion of the IPO, these shares are being held in escrow and will be released in future periods in accordance with the policies of the Exchange.

(Expressed in Canadian Dollars)

4. Share Capital (Continued)

(b) Issued common shares (continued):

(ii) On March 28, 2013, the Corporation completed its IPO by issuing 3,635,000 common shares at a price of $0.20 per share for gross proceeds of $727,000. Canaccord Genuity Corp. (the "Agent") acted as agent for the IPO. The Corporation paid the Agent a commission of $72,700 (10% of the gross proceeds of the offering) and a $10,000 corporate finance fee. In addition, the Corporation granted the Agent warrants to acquire 363,500 common shares at a price of $0.20 per share that may be exercised until March 28, 2015.

A value of $38,168 was estimated for the 363,500 agent's warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.00%; and an expected average life of two years.

5. Warrants

The following table reflects the continuity of warrants for the period ended June 30, 2013:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, September 30, 2012	-	-
Granted (Note 4(b)(ii))	363,500	0.20
Balance, June 30, 2013	**363,500**	**0.20**

The following table reflects the actual warrants issued and outstanding as of June 30, 2013:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Warrants Outstanding
March 28, 2015	0.20	38,168	363,500

6. Stock Options

The following table reflects the continuity of stock options for the period ended June 30, 2013:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, September 30, 2012	-	-
Granted (i)	737,191	0.20
Balance, June 30, 2013	**737,191**	**0.20**

(Expressed in Canadian Dollars)

6. Stock Options (Continued)

(i) On March 28, 2013, the Corporation granted incentive stock options to its four directors to acquire a total of 737,191 common shares. The incentive stock options may be exercised for a period of ten years at a price of $0.20 per share. The incentive stock options vested on the date of grant.

A value of $131,957 was estimated for the 737,191 stock options on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.55%; and an expected average life of ten years.

The following table reflects the actual stock options issued and outstanding as of June 30, 2013:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 28, 2023	0.20	9.75	737,191	737,191	-

7. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(i) An amount of $nil and $131,957, respectively was recognized as share-based compensation during the three and nine months ended June 30, 2013 for the incentive stock options that were granted to the Corporation's four directors (Note 6(i)).

(ii) During the three and nine months ended June 30, 2013, the Corporation also incurred expenditures of $18,670 and $39,448, respectively to Garfinkle Biderman LLP for legal services (including taxes and disbursements), and part of this amount pertains to financing costs. Robbie Grossman is a partner of Garfinkle Biderman LLP and a director of the Corporation. Included in the June 30, 2013 accrued liabilities is $2,224 due to Garfinkle Biderman LLP.

(iii) The directors and officers of the Corporation beneficially own, directly or indirectly, or have control or direction over 2,747,839 or approximately 37.27% of the issued and outstanding common shares of the Corporation.

8. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended June 30, 2013 was based on the loss attributable to common shareholders of $7,698 and $160,726, respectively and the weighted average number of common shares outstanding of 7,371,913 and 4,640,053, respectively. Diluted loss per share did not include the effect of 737,191 incentive stock options and 363,500 agent's warrants as they are anti-dilutive.

9. Segmented information

At June 30, 2013, the Corporation's operations comprise a single reporting operating segment engaged in the identification and evaluation of assets or businesses for the purpose of completing a Qualifying Transaction. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts.