Condensed Interim Financial Statements (unaudited)
(In Canadian dollars)

PROSPECT PARK CAPITAL CORP.

December 31, 2014

Notice to reader pursuant to National Instrument 51-102 – Continuous Disclosure Obligations

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Condensed Interim Statements of Financial Position (unaudited)

December 31, 2014 and September 30, 2014

	As at December 31 2014	As at September 30 2014
Assets		
Cash and cash equivalents	$ 318,721	$ 934,025
Investments at fair value (note 3 and 9)	1,221,894	-
Accounts receivable	16,865	12,877
	$ 1,557,480	$ 946,902
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 555,459	$ 190,756
Shareholders' equity:		
Share capital (note 4)	1,340,562	1,040,562
Reserves (notes 5 and 6)	170,125	170,125
Deficit	(508,666)	(454,541)
	1,002,021	756,146
	$ 1,557,480	$ 946,902

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Condensed Interim Statements of loss and comprehensive loss (unaudited)

For the three months ended December 31, 2014 and 2013

		2014		2013
Net investment gains				
Net change in unrealized gain on investments	$	47,894	$	-
Other income		1,515		3,328
		49,409		3,328
Expenses:				
Operating, general and administrative (note 10)		103,534		56,385
Net loss and comprehensive loss	$	(54,125)	$	(53,057)
Loss per common share - basic and diluted (note 8)	$	(0.01)	$	(0.01)
Weighted average number of shares outstanding - basic and diluted (note 8)		8,392,706		7,371,913

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Condensed Interim Statements of Changes in Shareholders' Equity (unaudited)

Three months ended December 31, 2014 and 2013

	Share capital	Warrants	Stock options	Deficit	Total
Balance, September 30, 2013	$ 1,040,562	$ 38,168	$ 131,957	$ (182,727)	$ 1,027,960
Net loss and comprehensive loss for the period	-	-	-	(53,057)	(53,057)
Balance, December 31, 2013	$ 1,040,562	$ 38,168	$ 131,957	$ (235,784)	$ 974,903
Balance, September 30, 2014	$ 1,040,562	$ 38,168	$ 131,957	$ (454,541)	$ 756,146
Shares issued for purchase of investment	300,000	-	-	-	300,000
Net loss and comprehensive loss for the period	-	-	-	(54,125)	(54,125)
Balance, December 31, 2014	$ 1,340,562	$ 38,168	$ 131,957	$ (508,666)	$ 1,002,021

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Condensed Interim Statements of cash flows (unaudited)

For the three months ended December 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Operating loss	$ (54,125)	$ (53,057)
Change in non-cash operating items:		
Net change in unrealized gain	(47,894)	-
Change in non-cash working capital:		
Accounts receivable	(3,809)	(16,102)
Accounts payable and accrued liabilities	64,703	57,487
Net cash used in operating activities	(41,304)	(11,672)
Investing activities		
Purchase of investments	(574,000)	-
Net cash used in investing activities	(574,000)	-
Decrease in cash and cash equivalents	(615,304)	(11,672)
Cash and cash equivalents, beginning of period	934,025	1,056,150
Cash and cash equivalents, end of period	$ 318,721	$ 1,044,478

See accompanying notes to financial statements.

1. Nature of Operations

Prospect Park Capital Corp. (the "Corporation") was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012. The registered office of the Corporation is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3. 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 on March 27, 2013 and commenced trading on March 28, 2013 under the symbol "PPK.P".

The Corporation made certain investments acquisitions, as described in note 3. These acquisitions collectively met the definition of a Qualifying Transaction, as defined by the Exchange. On October 24, 2014, the common shares commenced trading on the Exchange under the symbol PPK, and continues in the business of a public healthcare focused investment corporation.

Prospect Park Management Limited Partnership (the "Manager") is the manager of the Corporation. The Manager provides management, investment, valuation and administrative services to the Corporation.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These interim financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation and described in Note 3 of the annual financial statements as at and for the year ended September 30, 2014. Accordingly, these interim financial statements for the three month period ended December 31, 2014 and 2013 should be read together with the annual financial statements as at and for the year ended September 30, 2014.

The financial statements have been prepared on historical cost basis except for some financial instruments that have been measured at fair value.

These financial statements were authorized by the Board of Directors of the Corporation on February 26, 2015.

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace 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 will be effective for accounting periods beginning on January 1, 2018. The Corporation is in the process of assessing the impact of this pronouncement.

2. Significant Accounting Policies (continued)

(ii) 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. The Corporation is in the process of assessing the impact of this pronouncement.

3. Investments

Pursuant to a subscription agreement dated October 2013 between IOI LLC ("IOI") and the Corporation (the "**IOI Investment**"), the Corporation agreed to acquire from IOI approximately 5.0% to 7.5% of the outstanding interests of the members of IOI ("**IOI Membership Interest**") for the purchase price of US$150,000. On October 20, 2014, the Corporation completed the acquisition and purchased 5.66% in IOI Membership interest for $174,000 (US$150,000). IOI, as co-lender, and various lenders have entered into a credit and guaranty agreement dated as of July 12, 2013 with Serenity Pharmaceuticals, LLC ("**Serenity**") as borrower and Firefly Agent, LLC as administrative agent ("**IOI Credit Agreement**"). Pursuant to the IOI Credit Agreement, IOI (as to 20%) and the Lenders (as to 80%) have agreed to extend to Serenity a US$15,000,000 senior secured first lien multi-draw term loan (the "**Minimum Term Loan**"), subject to an increase of up to US$5,000,000 to US$20,000,000 (the "**Maximum Term Loan"**) at Serenity's option subject to certain qualifications as outlined in the IOI Credit Agreement.

Pursuant to a share purchase agreement dated August 28, 2014 between SOK Partners LLC ("**SOK**") and the Corporation (the "**SOK Agreement**"), the Corporation agreed to acquire (such acquisition, the "**Skyline Investment**") 10,423,309 common shares ("**Skyline Shares**") of Skyline from SOK for the purchase price of $1,000,000. The purchase price was payable as follows: (i) $400,000 payable in cash at closing; (ii) $300,000 payable at the closing by the issuance of 1,304,347 common shares of the Corporation at a deemed price of $0.23 per share; and (iii) $300,000 payable within six (6) months of closing by the issuance of 1,714,285 common shares of the Corporation at a deemed price of $0.175 per share. On October 23, 2014, the Corporation completed the transaction and paid both the $400,000 cash and issued the initial 1,304,347 common shares. (see note 7 related party transactions).

(In Canadian Dollars)

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, December 30, 2013 and September 30, 2014	**7,371,913**	**$**	**1,040,562**
Shares issued on investment (note 3)	1,304,347		300,000
Balance, December 31, 2014	**8,676,260**	**$**	**1,340,562**

5. Warrants

No warrants were issue during the three months ended December 31, 2014 or the year ended September 30, 2014.

The following table reflects the actual warrants issued and outstanding as of December 31, 2014:

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

6. Stock Options

No stock options were granted for the three months ended December 31, 2014 or the year ended September 30, 2014.

The following table reflects the actual stock options issued and outstanding as of December 31, 2014:

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	8.24	737,191	737,191	-

7. Related Party Transactions

Related parties include the Board of Directors, close family members, enterprises and others over which it exercises significant influence.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.

7. Related Party Transactions (continued)

(i) During the three months ended December 31, 2014, the Corporation was charged $4,000 (2013 - $nil) by CFO Advantage Inc., a company owned by Kyle Appleby, the Chief Financial Officer of the Corporation.

(ii) During the three months ended December 31, 2014, the Corporation also incurred expenditures of $90,357 ($50,937 for the three months ended December 31, 2013) to McMillan LLP for legal services (including disbursements). Robbie Grossman is a partner of McMillan LLP and an officer and director of the Corporation. Included in the September 30, 2014 accounts payable and accrued liabilities is $206,808 (September 30, 2014 - $159,484) due to McMillan LLP.

(iii) Management fee – The Manager will receive a monthly management fee (a "**Management Fee**") equal to 1/12th of 2% of the net asset value of the Corporation, inclusive of any taxes payable by the Corporation in respect of the Management Fee, calculated as of the last business day of each month.

For the three months ended December 31, 2014, the Corporation was charged $6,021 plus HST ($nil for the three months ended December 31, 2013) in Management Fees. As at December 31, 2014, the $6,804 is included in accounts payable and accrued liabilities.

Joshua Kornberg (a director of the Corporation) and Dr. Samuel Herschkowitz (a director and officer of the Corporation) are the limited partners of the Manager and the sole officers, directors and shareholders of the general partner of the Manager.

(iv) Performance fee - the Manager will receive in respect of each fiscal year of the Corporation, a performance fee (the "**Performance Fee**") equal to 20% of the net appreciation in the net asset value of the Corporation calculated as of the last day of such fiscal year in excess of the net asset value of the Corporation calculated as of the last day of the previous fiscal year, less any taxes payable by the Corporation in respect of the Performance Fee. Performance Fees are calculated and accrued monthly and shall be paid to the Manager in cash annually. Where the cash on hand is insufficient to satisfy the Performance Fee in full on the date on which such payment is required, the Performance Fee shall be paid as to the amount of such cash, net of the Corporation's working capital requirements as reasonably determined by the Manager available on the required date and the balance shall be accrued and paid as cash becomes available.

For the three months ended December 31, 2014, no performance fee was earned.

(v) The Corporation entered into the SOK Agreement (see note 3) to purchase Skyline shares. The Corporation is related to SOK due to Dr. Samuel Herschkowitz, one of the directors and officers of the Corporation, and Joshua Kornberg, one of the directors of the Corporation, being the co-managing members and each 50% owners of a private company that is the managing member and sole beneficial owner of SOK. In addition, Joshua Kornberg is a director and officer of Skyline and Frank Mancuso Jr., one of the directors of the Corporation, is an independent director of Skyline.

(vi) The Corporation entered into a subscription agreement with IOI to acquire an IOI Membership Interest (see note 3). The Corporation is related due to Dr. Samuel Herschkowitz, one of the directors and officers of the Corporation, being the manager of IOI.

7. Related Party Transactions (continued)

The Corporation is not aware of any arrangements that may, at a subsequent date, result in a change in control of the Corporation. To the knowledge of the Corporation, it is not directly or indirectly owned or controlled by another company, by any government or by any natural or legal person severally or jointly.

8. Net Loss per Common Share

The calculation of basic and diluted income per share for the three months ended December 31, 2014 was based on the loss attributable to common shareholders of $54,125 (three months ended December 31, 2013 - $(53,057)) and the weighted average number of common shares outstanding of 8,392,706 (three months ended December 31, 2013 - 7,371,913). Diluted loss per share for 2014 and 2013 did not include the effect of options or warrants as they are anti-dilutive.

9. Financial Instruments

(a) Credit Risk:

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

Accounts receivable consists of harmonized sales tax receivable from government authorities in Canada and other receivables. Management believes that the credit risk with respect to this accounts receivable is minimal.

(b) Interest Rate Risk:

The Corporation is not exposed to any significant interest rate risk.

(c) Liquidity Risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Capital Management:

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

9. Financial Instruments (Continued)

(e) Currency Risk:

The Corporation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these risks due to cash and investments holdings in United States dollars.

31-Dec-14						
		Exposure			**Impact on net assets**	
Currency	Cash	Investments	Total	Cash	Investments	Total
Unites States Dollar	$ 10	$ 1,053,357	$ 1,053,367	$ 0	$10,534	$10,534

As at December 31, 2014, if the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by approximately 1.0% ($10,534).

(f) Fair value measurements:

(i) Financial hierarchy:
The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

(ii) Determination of investments fair values:
The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the interim statements.

The Corporation is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the interim statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

For publically traded companies, securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the statements of financial position dates or the closing trade price on the last day the security traded if there were no trades at the statements of financial position dates. These are included in Level 1.

(In Canadian Dollars)

9. Financial Instruments (Continued)

Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Corporation considers the nature and length of the restriction. These are included in Level 2.

For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the statements of financial position dates of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2.

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more valuation indicators. These are included in Level 3. Options and warrants of private companies are carried at their intrinsic value.

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in Skyline	$ 1,047,894	$ -	$ -	$ 1,047,894
Investment in IOI	-	-	174,000	174,000
	$ 1,047,894	$ -	$ 174,000	$ 1,221,894

10. Operating, general and administrative expenses

Three months ended December 31,	2014	2013
Professional fees and disbursements	$ 91,244	$ 51,687
Transfer agent	9,072	4,041
Filing fees	1,053	-
Rent	1,767	-
Management fee	6,021	
Office	377	657
Gain on foreign exchange	(6,000)	
	$ 103,534	$ 56,385