PROSPECT PARK CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020

INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**") is dated June 1, 2020, unless otherwise indicated and should be read in conjunction with the unaudited interim financial statements of Prospect Park Capital Corp. (the "**Corporation**") for the three and six months ended March 31, 2020 and the audited financial statements for the year ended September 30, 2019, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three and six months ended March 31, 2020 are not necessarily indicative of the results that may be expected for any future period.

The Corporation applies International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the IFRS Interpretations Committee ("**IFRIC**").

Further information about the Corporation and its operations can be obtained from the offices of the Corporation or from **www.sedar.com**.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Corporation's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk and Factors" section below. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Corporation's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012 and is a public healthcare focused investment corporation listed for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol PPK.

DISCUSSION OF OPERATIONS

On January 22, 2020, the Corporation and Prospect Park Management Inc., the general partner of Prospect Park Management Limited Partnership (the "**Manager**"), the manager of the Corporation, mutually agreed to terminate the management agreement (the "**Management Agreement**") dated September 25, 2014 whereby the Manager was appointed the manager of the Corporation to provide management, investment, valuation and administrative services and facilities to the Corporation and be responsible for the day-to-day operations of the Corporation. The senior officers of the Corporation, under the supervision of the board of directors of the Corporation, resumed the management of the day-to-day operations of the Corporation. In addition, on January 22, 2020, Samuel Herschkowitz (CEO and director), Jeffrey Barnes (director) and Seymour Fein (director) resigned and their vacancies were filled by James Greig (CEO and director) and Toby Pierce (director).

As at March 31, 2020, the Corporation had assets (all cash) of $14,337 compared to $7,491 at September 30, 2019, and liabilities of $166,926 (September 30, 2019 - $249,029). During the quarter the Corporation entered into debt settlement agreements to settle debt with a carrying value of $216,021 in exchange for $70,659 (resulting in a gain on settlement of $145,363). The Corporation also issued unsecured promissory notes (the "**Notes**") for an aggregate principal amount of $100,010. The Notes have a term of 12 months and bear interest at a rate of 12% per annum payable on maturity.

For the three and six months ended March 31, 2020, the Corporation had a net income of $94,230 and $88,949 (with basic and diluted income per share of $0.05), compared to a net loss of $14,072 and $15,758 (with basic and diluted income per share of $0.01) for the three and six months ended March 31, 2019.

Summary of operations for the three and six months ended March 31, 2020 and March 31, 2019:

	Three months ended		Six months ended	
	2020	2019	2020	2019
Net investment gains (losses)				
Realized loss on sale of investments	$ -	$ (704)	$ -	$ (704)
Net change in unrealized loss on investments	-	3,036	-	-
Net investment gains (losses)	-	2,332	-	(704)
Other income:				
Gain on settlement of debt	145,363	-	145,363	-
Interest income	-	2,426	-	4,906
	145,363	4,758	145,363	4,202

Expenses:				
Interest expense	2,500	-	2,500	-
Operating, general and administrative	48,634	18,830	53,915	19,960
Net income (loss) and comprehensive income (loss)	$ 94,230	$ (14,072)	$ 88,949	$ (15,758)

Net change in unrealized loss on investments represented the change in unrealized loss on investments (all were sold in January 2019). Interest income had been accrued on a loan receivable. No interest had been accrued in the current period as the loan was considered fully impaired at September 30, 2019.

The breakdown of operating, general and administrative expenses are as follows:

	Three months ended March 31,		Six months ended March 31,	
	2020	2019	2020	2019
Legal fees and disbursements	$ 25,317	$ -	$ 25,317	$ -
Accounting and audit	3,185	8,780	7,705	9,035
Regulatory fees	12,009	1,035	12,009	1,818
Transfer agent	7,917	8,619	8,588	8,619
Office	206	396	296	488
	$ 48,634	$ 18,830	$ 53,915	$ 19,960

SELECTED QUARTERLY INFORMATION

A summary of selected information for the quarter presented below is as follows:

		Net Income (Loss)	
Three Months Ended	**Net Revenues ($)**	**Total ($)**	**Basic and Diluted Income (Loss) Per Share[1] ($)**
March 31, 2020	-	94,230	0.05
December 31, 2019	-	(5,281)	(0.00)
September 30, 2019	-	(133,769)	(0.10)
June 30, 2019	-	(7,165)	(0.00)
March 31, 2019	-	(14,073)	(0.01)
December 31, 2018	-	(1,685)	(0.00)
September 30, 2018	-	68,214	0.03
June 30, 2018	-	(14,282)	(0.01)

(1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

LIQUIDITY AND CASH FLOW

At March 31, 2020, the Corporation had a cash balance of $14,337 (September 30, 2019 - $7,491), and a working capital deficit of $152,589 (September 30, 2019 - deficit of $241,538).

During the six months ended March 31, 2020, the Corporation had an increase in cash and cash equivalents of $6,846 (2019 - $2,712). Cash used in operating activities was $93,164 an increase from $4,632 used in the comparative period. The increase is the result of corporate restructuring and settling of various payables. The Corporation received $100,010 from the issuance of the Notes.

CAPITAL RESOURCES

The Corporation relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest income from investments, capital raising activities such as private placement debt and equity financings, and corporate borrowings from the Corporation's bank and brokers.

Management recognizes the need for improved cash flow and liquidity for future operations and growth. Management closely monitors the Corporation's current cash position and the short-term and long-term cash requirements. The Corporation may be required to obtain additional funding to take advantage of the market opportunities. If additional funding is required, an issuance of common shares or debt will most likely be a component of the funding.

The Corporation's operations currently generate negative cash flow and may depend on equity sales or other means of financing to assist in financing its operations, cover administrative costs and finance growth. The ability of the Corporation to continue operations is dependent upon obtaining additional financing. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Corporation's operation. There can be no guarantee that the Corporation will be able to secure any required financing.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

RELATED PARTY TRANSACTIONS

Related parties include officers of the Corporation, the board of directors, close family members, enterprises and others that the Corporation does not deal with at arm's length. The below noted transactions are in the normal course of business. The Corporation considers its directors and officers to be key management.

(i) During the period, the Corporation was charged $4,520 (six months ended March 31, 2020 - $13,560) in monthly fees, and $565 in accounting services by CFO Advantage Inc., a company owned by Kyle Appleby, the Chief Financial Officer of the Corporation. In January 2020, the Corporation entered into an agreement to settle $95,000 of debt with CFO Advantage Inc. in exchange for $45,000 ($22,500 of which has been paid and $22,500 of which remains payable), and terminated the monthly management agreement with CFO Advantage Inc. As at March 31, 2020, $23,065 (September 30, 2019 - $91,220) is included in accounts payable and accrued liabilities for outstanding fees.

(ii) During the period, the Corporation was charged $25,317 in legal services (including disbursements) by DLA Piper (Canada) LLP. Included in the March 31, 2020 accounts payable and accrued liabilities is $25,317 (September 30, 2019 - $6,340) due to DLA for legal services (including tax and disbursements). Robbie Grossman is a partner of DLA and an officer and director of the Corporation.

(iii) Pursuant to the Management Agreement the Manager was appointed the manager of the Corporation to provide management, investment, valuation and administrative services and facilities to the Corporation and be responsible for the day-to-day operations of the Corporation. Effective January 22, 2020, the Management Agreement was terminated.

(iv) As at March 31, 2020, $nil (September 30, 2019 - $14,434) is owed to Joshua Kornberg (a director of the Corporation) for expenses paid on behalf of the Corporation.

(v) $20,000 of the Notes are held by individuals (James Greig and Toby Pierce) who became directors of the Corporation subsequent to the issuance of the Notes.

RISK FACTORS

An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Corporation and its financial position. Please refer to the section entitled "Risk Factors" in the Corporation's most recently filed annual management's discussion & analysis for the fiscal year ended September 30, 2019, available on SEDAR at www.sedar.com.

In addition, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and replaced IAS 17, "Leases". IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard became effective for annual periods beginning on or after January 1, 2019. The adoption of this standard had no impact on the financial statements of the Corporation as it is not party to any lease arrangements.

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.

(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.

(e) Currency Risk:

The Corporation's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk. The Corporation does not hold material balances in foreign currencies to give rise to exposure to foreign exchange risk.

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 is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000, and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of the date hereof, management believes it is compliant with the policies of the TSXV. 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.

OUTLOOK

The Corporation continues to evaluate opportunities to invest in early stage companies or in technologies that are developed and validated but may be in the early stage of commercialization or in companies that require strategic guidance and thus are undervalued.

SHARE CAPITAL

As of the date of this MD&A, the Corporation had 1,963,824 issued and outstanding common shares. In addition, the Corporation had stock options outstanding and exercisable for 119,645 common shares. Therefore, the Corporation had 2,083,469 common shares on a fully diluted basis.

SUBSEQUENT EVENTS

On April 2, 2020, the Corporation completed the consolidation of its common shares on the basis of one post-consolidation common share for every five pre-consolidation common shares. As a result, all outstanding common shares and stock option and option information presented in this report has been adjusted on this basis.