

Unaudited Condensed Interim Financial Statements
(In Canadian dollars)

PROSPECT PARK CAPITAL CORP.

THREE AND NINE MONTHS ENDED JUNE 30, 2021

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Unaudited Condensed Interim Statements of Financial Position

As at June 30, 2021 and September 30, 2020

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Assets		
Current assets:		
Cash	\$ 559,125	\$ 16,116
Cash in trust (note 2)	256,623	217,649
Interest receivable	4,398	-
	820,146	-
Convertible debentures (note 3)	300,000	-
	\$ 1,120,146	\$ 233,765
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 20,114	\$ 48,993
Loans payable (note 4)	-	100,010
	20,114	149,003
Shareholders' equity:		
Share capital (note 5)	2,644,808	1,470,867
Reserves (note 5)	548,617	528,940
Deficit	(2,093,393)	(1,915,045)
	1,100,032	84,762
	\$ 1,120,146	\$ 233,765

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 13)

See accompanying notes to condensed interim financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
Expenses:				
Operating, general and administrative (note 12)	\$ 34,513	\$ 17,809	\$ 180,745	\$ 71,724
Interest expense	(1,024)	3,075	2,001	5,575
	33,488	20,884	182,745	77,299
Other income:				
Interest income	4,398	-	4,398	-
Gain on settlement of debt (note 8)	-	-	-	145,363
Net income (loss) and comprehensive income (loss)	\$ (29,090)	\$ (20,884)	\$ (178,347)	\$ 68,065
Income (loss) per common share – basic and diluted (note 9)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ 0.03
Weighted average number of shares outstanding - basic and diluted (note 9)	32,347,072	5,891,469	25,352,564	5,891,469

See accompanying notes to condensed interim financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)

For the nine months ended June 30, 2021 and June 30, 2020

		Reserves		
	Share capital	Contributed surplus	Deficit	Total
Balance, September 30, 2019	\$ 1,363,419	\$ 364,228	\$ (1,969,185)	\$ (241,538)
Net income for the period	-	-	68,065	68,065
Balance, June 30, 2020	\$ 1,363,419	\$ 364,228	\$ (1,901,120)	\$ (173,473)
Balance, September 30, 2020	\$ 1,470,867	\$ 528,940	\$ (1,915,045)	\$ 84,762
Shares issued on private placement (note 5)	998,512	-	-	998,512
Share issue costs (note 5)	(151,677)	61,372	-	(90,305)
Shares issued on exercise of warrants (note 5)	216,495	(41,695)	-	174,800
Shares issued on settlement of debt (note 5)	110,611	-	-	110,611
Net loss for the period	-	-	(178,347)	(178,347)
Balance, June 30, 2021	\$ 2,644,808	\$ 548,617	\$ (2,093,392)	\$ 1,100,034

See accompanying notes to condensed interim financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Unaudited Condensed Interim Statements of Cash Flows

For the nine months ended June 30, 2021 and June 30, 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (178,347)	\$ 68,065
Change in non-cash operating items:		
Gain on settlement of debt	-	(145,363)
Change in non-cash working capital:		
Interest receivable	(4,397)	-
Accounts payable and accrued liabilities	(18,280)	(18,444)
Net cash used in operating activities	(201,024)	(95,742)
Investing activities:		
Purchase of debentures	(300,000)	-
Net cash provided by financing activities	(300,000)	-
Financing activities:		
Loan proceeds	-	100,010
Proceeds from issuance of common shares (net of share issue costs) (note 5)	908,207	-
Exercise of warrants (note 5)	174,800	-
Net cash provided by financing activities	1,083,007	100,010
Increase in cash	581,983	6,846
Cash and cash in trust, beginning of period	233,765	7,491
Cash and cash in trust, end of period	\$ 815,748	\$ 14,337

See accompanying notes to condensed interim financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to the Unaudited Condensed Interim Financial Statements
June 30, 2021

1. Nature of Operations and Going Concern

Prospect Park Capital Corp. (the “Corporation” or “Prospect Park”) was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012. The registered office of the Corporation is located at Suite 600, 100 King Street West, Toronto, Ontario, M5X 1E2.

On July 13, 2021 the Corporation received approval to list its common shares (the “Common Shares”) on the Canadian Securities Exchange, and voluntarily delisted its Common Shares from the TSX Venture Exchange.

The current market conditions and volatility increase the uncertainty of the Corporation’s ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Corporation will continue to search for new or alternate sources of financing in order to purchase new investments but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Corporation's ability to continue as a going concern.

There can be no assurance that the Corporation will be able to continue to raise funds in which case the Corporation may be unable to meet its obligations. Should the Corporation be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

On October 2, 2020 the Corporation amended its statement of investment policies and procedures to change the focus of the Corporation from healthcare investments to investments in the resource sector.

On February 3, 2021, the Corporation completed a split of its common shares, on the basis of three (3) post-split common shares for each one (1) pre-split common share. As a result, all outstanding common shares and stock option information presented in these condensed interim financial statements has been retroactively adjusted on this basis.

2. Significant Accounting Policies

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 condensed interim financial statements have been prepared on historical cost basis except for some financial instruments that have been measured at fair value, as explained in the accounting policies set out below.

These condensed interim financial statements were authorized by the Board of Directors of the Corporation on August 24, 2021.

PROSPECT PARK CAPITAL CORP.

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Notes to the Unaudited Condensed Interim Financial Statements
June 30, 2021

2. Significant Accounting Policies (continued)

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 2 of the annual financial statements as at and for the year ended September 30, 2020. Accordingly, these interim financial statements for the three and nine months ended June 30, 2021 and June 30, 2020 should be read together with the annual financial statements as at and for the year ended September 30, 2020.

Recent Accounting Pronouncements

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its financial statements and will apply the amendments from the effective date.

3. Convertible debentures

In April 2021, Diitalk Communications Inc. (“Diitalk”) issued a \$150,000 principal amount convertible debenture to the Corporation that bears interest at a rate of 10.0% per annum payable semi-annually that matures on April 12, 2023. At the option of the Corporation the principal amount and accrued and unpaid interest under the debenture is convertible into common shares of Diitalk at \$0.02 per share.

In May 2021, 1289580 B.C. Ltd. o/a GetTheSupport (“GetTheSupport”) issued a \$150,000 principal amount convertible debenture to the Corporation that bears interest at a rate of 10.0% per annum payable semi-annually that matures on May 10, 2023. At the option of the Corporation the principal amount and accrued and unpaid interest under the debenture is convertible into common shares of GetTheSupport at \$0.10 per share.

4. Loans Payable

On January 22, 2020, the Corporation 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.

The Notes and accrued interest were settled on January 19, 2021 through the issuance of Units (see note 5(iv)).

See note 7 for related party transactions.

PROSPECT PARK CAPITAL CORP.

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Notes to the Unaudited Condensed Interim Financial Statements
June 30, 2021

5. 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 30, 2019	5,891,470	\$	1,363,419
Common shares issued on private placement (i)	8,331,000		312,412
Valuation of warrants issued (i)	-		(152,351)
Share issue costs – cash (i)	-		(40,252)
Valuation of broker warrants issued (i)	-		(12,361)
Balance, September 30, 2020	14,222,470	\$	1,470,867
Common shares issued on exercise of warrants (ii)	2,280,000		174,800
Value of warrants exercised	-		41,695
Common shares issued on private placement (iii)	14,264,463		998,512
Shares issue costs – cash (iii)	-		(90,305)
Valuation of broker warrants issued (iii)	-		(61,372)
Settlement of debt (iv)	1,580,139		110,611
Balance, June 30, 2021	32,347,072	\$	2,644,808

(i) On July 14, 2020, the Corporation closed a non-brokered private placement for gross proceeds of \$312,412 through the issuance of 8,331,000 units (a “Unit” or “Units”) of the Corporation at \$0.0375 per Unit (the “Offering”). Each Unit consisted of (i) one common share in the capital of the Corporation (a “Common Share” or “Common Shares”), and (ii) one share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to acquire one additional Common Share of the Corporation at a price of \$0.0767 per share until the date that is twenty-four (24) months from the date of issuance. The Warrants were valued at \$152,351 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 317%; Interest rate – 0.28%.

In connection with the Offering, the Corporation paid registered dealers finders fees consisting of a cash commission equal to 8% of the aggregate subscription price of the Common Shares sold in the amount of \$24,993 and issued 666,480 non-transferable common share purchase warrants (a “Broker Warrant”) equal to 8% of the aggregate number of Units sold pursuant to the Offering. Each Broker Warrant entitles the holder to acquire one Common Share of the Corporation at a price of \$0.0375 per share for a period of twenty-four (24) months from the date of issuance.

(ii) In December 2020, 2,280,000 warrants to purchase common shares of the Corporation were exercised at a price of \$0.767 per common share, resulting in proceeds to the Corporation of \$174,800.

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June 30, 2021

5. Share Capital (continued)

(iii) On January 19, 2021, the Corporation closed a non-brokered private placement for gross proceeds of \$998,512 through the issuance of 14,264,463 common shares of the Corporation at \$0.07 per share (the “January Offering”).

In connection with the January Offering, the Corporation paid registered dealers finders fees consisting of a cash commission in the amount of \$62,947 and issued 899,244 non-transferable common share purchase warrants (a “Broker Warrant”). Each Broker Warrant entitles the holder to acquire one common share of the Corporation at a price of \$0.07 per share for a period of twenty-four months from the date of issuance. The Warrants were valued at \$61,372 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 317%; Interest rate – 0.28%.

(iv) On January 19, 2021, the Corporation closed a securities for debt settlement transaction with seven lenders, pursuant to which it issued an aggregate of 1,580,139 units (a “Unit” or “Units”) of the Corporation at a deemed price of \$0.07 per Unit in satisfaction of \$110,611 of debt (including accrued interest) pursuant to the Notes issued in January 2020. Each Unit consists of one (1) common share in the capital of the Corporation (a “Common Share” or “Common Shares”) and one (1) share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to acquire one additional Common Share of the Corporation at a price of \$0.093 per share for twenty-four (24) months from closing. Two of the lenders are current directors of the Corporation but they acquired the Notes (for an aggregate principal amount of \$20,000) prior to becoming directors of the Corporation.

(c) Warrants issued and outstanding as of June 30, 2021:

Issue Date	Expiry Date	Number of Warrants Outstanding	Exercise Price (\$)
July 14, 2020	July 14, 2022	6,051,000	0.0767
July 14, 2020	July 14, 2022	666,480	0.0375
January 19, 2021	January 19, 2023	899,244	0.0700
January 19, 2021	January 19, 2023	1,580,139	0.0930

6. Stock Options

On June 6, 2016, shareholders of the Corporation approved an amended and restated stock option plan (the “2016 Rolling Option Plan”), and on July 20, 2016, the board of directors of the Corporation adopted a new 20% fixed number stock option plan (the “2016 Fixed Option Plan”), for the Corporation reserving 1,735,252 (20% of the issued and outstanding Common Shares on such date) Common Shares for issuance. The 2016 Fixed Option Plan and the 998,061 stock options (the “2016 Grants”) granted under the 2016 Fixed Option Plan were subject to shareholder approval at a subsequent shareholders’ meeting. Pursuant to section 3.9(f) of Policy 4.4 – Incentive Stock Options (“Policy 4.4”) of the TSX Venture Exchange, the 2016 Grants were terminated and the Corporation reverted back to the 2016 Rolling Option Plan, as the 2016 Fixed Option Plan and 2016 Grants were not approved by shareholders within 12 months.

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June 30, 2021

6. Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2021:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 28, 2023	0.33	1.74	95,088	95,088	-

On January 22, 2021, 263,847 stock options issued to former officers and directors expired unexercised.

The options outstanding have a weighted average remaining contractual life of 1.74 years and a weighted average exercise price of \$0.33.

7. Related Party Transactions

Related parties include officers and directors of the Corporation, 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.

(i) During the nine months ended June 30, 2021, the Corporation was charged \$7,260 (nine months ended June 30, 2020 - \$4,520) 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 \$95,740 of debt with CFO Advantage Inc. in exchange for \$45,000. As at June 30, 2021, \$8,585 (September 30, 2020 - \$1,325) is included in accounts payable and accrued liabilities for outstanding fees.

(ii) During the nine months ended June 30, 2021, the Corporation was billed \$119,784 (nine months ended June 30, 2020 - \$32,333) by DLA Piper (Canada) LLP for legal expenses (including costs/disbursement paid by DLA Piper (Canada) LLP). Robbie Grossman is a partner of DLA Piper (Canada) LLP and an officer and director of the Corporation. Included in the June 30, 2021 accounts payable and accrued liabilities is \$nil (September 30, 2020 - \$21,535) due to DLA Piper (Canada) LLP for legal expenses and disbursements.

(iii) During the nine months ended June 30, 2021, the Corporation was charged \$12,150 (nine months ended June 30, 2020 - \$Nil) in consulting fees by two directors of the Corporation (James Greig and Toby Pierce).

(iv) Two of the lenders of the Notes (James Greig and Toby Pierce) are current directors of the Corporation but they acquired the Notes (for an aggregate principal amount of \$20,000) prior to becoming directors of the Corporation. They were directors of the Corporation on January 19, 2021 at the time of the securities for debt transaction.

(v) James Greig and Toby Pierce, directors of the Corporation, each subscribed for 900,000 Units under the Offering (note 4(i)).

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June 30, 2021

7. Related Party Transactions

(v) Three directors of the Corporation, subscribed for shares in the January Offering (note 4(iii)) (James Greig – 720,000 shares, Toby Pierce – 1,050,000 shares, and Robbie Grossman – 225,000 shares).

8. Settlement of Debt

During the nine months ended March 31, 2020, the Corporation entered into debt settlement agreements with certain creditors to settle debt with a carrying value of \$216,023 in exchange for \$70,660, resulting in a gain on settlement of debt of \$145,363. \$95,740 of this was settled with a related party for \$45,000 (note 7(i)).

9. Net Income (Loss) per Common Share

Diluted income (loss) per share for the periods ended June, 2021 and 2020 did not include the effect of options or warrants as they are anti-dilutive.

10. Capital Management

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's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. 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.

The Corporation does not have any externally imposed capital requirements to which it is subject.

11. Financial Instruments and Risk Management

Fair Values

The Corporation's financial instruments consist of cash, cash in trust and accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to the short-term nature of these instruments.

The Corporation is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Corporation does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Corporation's search for interest in a business or assets to acquire, and limited exposure to credit and market risks.

PROSPECT PARK CAPITAL CORP.

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Notes to the Unaudited Condensed Interim Financial Statements
June 30, 2021

11. Financial Instruments and Risk Management (continued)

The types of risk exposure and the way in which such exposures are managed are as follows:

(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 in trust. Cash is held with a major Canadian chartered bank and cash in trust is held by the Corporation's lawyers, 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 in trust. 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) Currency Risk:

Currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Corporation's cash flows. 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.

12. Operating, general and administrative Expenses

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
Legal fees and disbursements	\$ 14,387	\$ 7,016	\$ 94,521	\$ 32,333
Accounting and audit	4,260	3,129	13,788	10,834
Regulatory fees	12,091	848	24,524	12,857
Transfer agent	588	1,642	8,626	10,230
Consulting	-	-	27,900	-
Office and general	3,187	5,174	11,386	5,470
	<u>\$ 34,513</u>	<u>\$ 17,809</u>	<u>\$ 180,745</u>	<u>\$ 71,724</u>

PROSPECT PARK CAPITAL CORP.

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Notes to the Unaudited Condensed Interim Financial Statements
June 30, 2021

13. Subsequent Events

The Corporation received approval to list its common shares (the "Common Shares") on the Canadian Securities Exchange, and will be voluntarily delisting its Common Shares from the TSX Venture Exchange.

14. Covid-19

On January 30 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of 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 they will have on the Corporation's financial position and results of operations for future periods.