

Unaudited Condensed Interim Consolidated Financial Statements  
(In Canadian dollars)

**PROSPECT PARK CAPITAL CORP.**

For the six months Ended March 31, 2022, and 2021

(Unaudited)

## **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 Consolidated Statements of Financial Position (unaudited)

As at March 31, 2022 and September 30, 2021

	March 31, 2021	September 30, 2021
<b>Assets</b>		
Current assets:		
Cash	\$ 76,981	\$ 443,842
Cash in trust	199,571	226,739
Sales tax and other receivable	27,542	-
Deposit	-	50,000
	<b>304,094</b>	<b>720,581</b>
Intangible assets (note 4)	3,413,133	-
Property and equipment (note 5)	18,658	-
Convertible debentures (note 6)	158,795	311,959
	<b>\$ 3,894,680</b>	<b>\$ 1,032,540</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 327,267	\$ 30,950
Loans payable (note 7)	53,536	-
	<b>380,803</b>	<b>30,950</b>
Shareholders' equity:		
Share capital (note 8)	5,529,523	2,597,772
Reserves (note 8)	595,753	595,752
Deficit	(2,611,398)	(2,191,934)
	<b>3,513,877</b>	<b>1,001,590</b>
	<b>\$ 3,896,680</b>	<b>\$ 1,032,540</b>

Nature of Operations and Going Concern (note 1)

See accompanying notes to financial statements.

Approved on behalf of the Board:

“Anthony Zelen”

Director

“Jim Greig”

Director

# PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss  
For the three and six months ended March 31, 2021, and March 31, 2020

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
<b>Sales</b>	\$ -	\$ -	\$ 125	\$ -
<b>Expenses:</b>				
Operating, general and administrative (note 14)	\$ 137,310	\$ 125,494	\$ 422,703	\$ 146,232
Interest expense	-	-	-	3,025
	137,310	125,494	422,703	149,257
<b>Loss before other items</b>	(137,310)	(125,494)	(422,577)	(149,257)
<b>Other items</b>				
Interest income	-	-	4,178	-
<b>Net loss and comprehensive loss</b>	\$ (137,310)	\$ (125,494)	\$ (418,399)	\$ (149,257)
<b>Income (loss) per common share - basic and diluted (note 8)</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding - basic and diluted (note 8)</b>	61,297,074	29,002,001	61,297,074	21,835,988

See accompanying notes to financial statements.

## PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

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

For the six months ended March 31, 2022 and March 31, 2021

	Share capital Number	Share capital Amount	Reserves		Total
			Contributed surplus	Deficit	
Balance, September 30, 2020	14,222,470	\$ 1,470,867	\$ 528,940	\$ (1,915,045)	\$ 84,762
Exercise of warrants (Note 4)	2,280,000	216,495	(41,695)	-	174,800
Proceeds of private placement (Note 4)	14,264,463	998,512	-	-	998,512
Share issuance cost (Note 4)	-	(151,677)	61,372	-	(90,305)
Share issued on the settlement of debt (Note 4)	1,580,139	110,611	-	-	110,611
Net income for the period	-	-	-	(149,257)	(149,257)
<b>Balance, March 31, 2021</b>	<b>32,347,072</b>	<b>\$ 2,644,808</b>	<b>\$ 548,617</b>	<b>\$ (2,064,302)</b>	<b>\$ 1,129,123</b>
Balance, September 30, 2021	32,347,074	\$ 2,597,772	\$ 595,753	\$ (2,192,999)	\$ 1,000,526
Shares issued on acquisitions (note 3)	28,950,000	2,931,750	-	-	2,931,750
Net loss for the period	-	-	-	(418,399)	(418,399)
<b>Balance, March 31, 2022</b>	<b>61,297,074</b>	<b>\$ 5,529,523</b>	<b>\$ 595,753</b>	<b>\$ (2,611,398)</b>	<b>\$ 3,513,877</b>

See accompanying notes to financial statements.

# PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the six months ended March 31, 2022, and March 31, 2021

	2021	2021
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (418,399)	\$ (149,257)
Change in non-cash operating items:		
Amortization and depreciation	46,895	-
Interest accrued	(2,706)	-
Change in non-cash working capital:		
Sales tax and other receivable	(1,421)	-
Accounts payable and accrued liabilities	3,187	20,842
Net cash used in operating activities	(378,818)	(128,415)
Investing activities:		
Cash received on acquisitions (note 3)	15,213	-
Net cash provided by investing activities	15,213	-
Financing activities:		
Proceeds from issuance of commons shares	-	908,207
Exercise of warrants	-	174,800
Net cash provided by financing activities	-	1,083,007
Increase (Decrease) Increase in cash during the period	394,031	954,592
Cash and cash in trust, beginning of period	670,583	233,765
Cash and cash in trust, end of period	\$ 276,552	\$ 1,188,357

See accompanying notes to financial statements.

# PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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## 1. Nature of Operations and Going Concern

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

On July 13, 2021 the Company 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 Company’s ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company 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 Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company 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 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. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy. The pandemic could continue to have a negative impact on the stock market, including the Company’s ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

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

## 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 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 financial statements were authorized by the Board of Directors of the Corporation on May 30, 2022.

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 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, 2021. Accordingly, these interim financial statements for the three months ended March 31, 2022 and March 31, 2021 should be read together with the annual financial statements as at and for the year ended September 30, 2021.

#### *(b) Functional and presentation currency*

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

#### *(c) Basis of consolidation*

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These consolidated financial statements include the accounts of the Company and all its subsidiaries with its principal subsidiaries being Diitalk Communications Inc. ("Diitalk") and 102130706 Saskatchewan Inc. (dba Tutors on Demand"). Intercompany accounts and balances are eliminated upon consolidation.

<b>Name of subsidiary</b>	<b>Country of Incorporation</b>	<b>Functional Currency</b>	<b>March 31, 2022, Percentage Ownership</b>	<b>September 30, 2020, Percentage Ownership</b>
Diitalk	Canada	Cad	100%	-
Tutors on Demand	Canada	CAD	100%	-

#### *(d) New Accounting Pronouncements*

Standards issued but not yet effective:

IAS 1 Presentation of Financial Statements (Amendment)

In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020. The amendments clarify the requirements for classifying liabilities as either current or noncurrent by:

- Specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists;
- Clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and
- Clarifying the classification requirements for debt an entity may settle by converting it into equity.



# PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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## 2. Significant Accounting Policies (continued)

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the COVID 19 pandemic. Early application is permitted. The AcSB endorsed the IASB's amendment to defer the effective date in October 2020. The Company has not adopted this revised standard and does not expect the adoption of this standard to have a significant impact on the Company's financial statements.

## 3. Business Acquisitions

### (i) Diitalk Communications Inc. ("Diitalk")

On October 13, 2021, the Company completed the acquisition of Diitalk, a corporation existing under the laws of British Columbia, in the business of operating a rewards-based communication platform and the provision of services in connection therewith, including, without limitation, VOIP calling, SMS messaging, analytics engine, mobile apps and add engines. The acquisition was completed pursuant to an amalgamation agreement dated September 3, 2021 among the Company, Diitalk and PPK Acquisition Corp. ("Subco"), a wholly owned subsidiary of the Company, whereby Diitalk and Subco amalgamated to become a wholly owned subsidiary of the Company (the "Transaction"). In consideration for exchanging their common shares of Diitalk, the shareholders of Diitalk received an aggregate of 15,000,000 common shares of the Company. All convertible securities of Diitalk were terminated or expired prior to the closing of the Transaction.

The acquisition was accounted for accordance with IFRS 3 Business Combinations. Accordingly, the acquisition is accounted at the fair value of the equity instruments issued. The excess of consideration over the net assets acquired has been recorded as unallocated intangible assets. The Company is in the process of determining the appropriate values of intangible assets received from the acquisition.

The fair value consideration is as follows:

<b>Assets Acquired</b>	<b>\$</b>
Cash	21,725
Sales tax and other receivables	26,121
Intangible assets	2,068,775
Property and equipment	21,800
Accounts payable	(299,503)
Loans payable	(293,706)
Unallocated intangible assets	479,788
<b>Net assets as at October 12, 2021</b>	<b>2,025,000</b>
<b>Consideration</b>	<b>\$</b>
Common shares	2,025,000
	<b>2,025,000</b>

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 3. Business Acquisitions (continued)

#### (ii) 102130706 Saskatchewan Inc. (“Tutors on Demand”)

The Company entered into a share exchange agreement dated November 29, 2021 (the “Share Exchange Agreement”) with Tutors on Demand and its shareholders (the “Tutors on Demand Shareholders”) pursuant to which the Company will acquire all of the issued and outstanding shares of Tutors on Demand in exchange for shares of the Company.

Tutors on Demand, a corporation existing under the laws of Saskatchewan, is in the business of operating a virtual marketplace through their Tutors on Demand Platform which enables the connection of qualified tutors and student learners who are seeking additional educational support

Pursuant to the Share Exchange Agreement, the Tutors on Demand Shareholders will exchange all of the issued and outstanding shares of Tutors on Demand in exchange for an aggregate of 13,950,000 common shares of the Company at a deemed price of \$0.065 per common share.

The acquisition was accounted for accordance with IFRS 3 Business Combinations. Accordingly, the acquisition is accounted at the fair value of the equity instruments issued. The excess of consideration over the net assets acquired has been recorded as unallocated intangible assets. The Company is in the process of determining the appropriate values of intangible assets received from the acquisition.

The fair value consideration is as follows:

<b>Assets Acquired</b>	<b>\$</b>
Unallocated intangible assets	906,750
<b>Net assets as at November 29, 2021</b>	<b>906,750</b>
<hr/>	
<b>Consideration</b>	<b>\$</b>
Common shares	906,750
	<b>906,750</b>

## PROSPECT PARK CAPITAL CORP.

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Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

### 4. Intangible Assets

A continuity of intangible assets for the three months ended March 31, 2022, is as follows:

	Total
<b>Cost</b>	<b>\$</b>
September 30, 2021	-
Intangible assets acquired from Diitalk	2,068,775
Acquisition of Diitalk	479,788
Acquisition of Tutors on Demand	906,750
Balance, March 31, 2022	3,455,313
<b>Accumulated Depreciation</b>	
Balance, September 30, 2021	-
Additions	42,180
Balance, March 31, 2022	42,180
<b>Carrying amount</b>	
Balance, September 30, 2021	-
Balance, March 31, 2022	3,413,133

Amortization on intangible assets commences when the asset is available for use.

### 5. PROPERTY AND EQUIPMENT

	Furniture and Equipment	Computer Equipment	Total
<b>Cost</b>			
Balance, September 30, 2021	\$ -	\$ -	\$ -
Acquisition of Diitalk	4,029	17,770	21,800
Balance, March 31, 2022	\$ 4,029	\$ 17,770	\$ 21,800
<b>Accumulated Depreciation</b>			
Balance, September 30, 2021	\$ -	\$ -	\$ -
Additions	410	2,732	3,142
Balance, March 31, 2022	\$ 410	\$ 2,732	\$ 3,142
<b>Carrying amount</b>			
As at September 30, 2021	\$ -	\$ -	\$ -
As at March 31, 2022	\$ 3,619	\$ 15,038	\$ 18,658

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 6. Convertible Debentures

In April 2021, Diitalk Communications Inc. (“Diitalk”) issued a \$150,000 principal amount convertible debenture to the Company 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 Company, the principal amount and accrued and unpaid interest under the debenture is convertible into common shares of Diitalk at \$0.02 per share. The debenture was cancelled upon the acquisition of Diitalk.

In May 2021, 1289580 B.C. Ltd. o/a GetTheSupport (“GetTheSupport”) issued a \$150,000 principal amount convertible debenture to the Company 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 Company, the principal amount and accrued and unpaid interest under the debenture is convertible into common shares of GetTheSupport at \$0.10 per share.

### 7. Loans Payable

Upon the acquisition of Diitalk, the Company assumed a Canada Emergency Business Account (“CEBA”) loan from the Bank of Montreal guaranteed by the Canadian government.

The loan was originally in the amount of \$40,000. This loan is non-interest bearing until December 31, 2022 and repayment of the loan prior to December 31, 2022 will result on loan forgiveness of 25% or \$10,000. After January 1, 2023, the loan may be converted into a 3-year term loan at a fixed annual interest rate of 5%. The CEBA loan was initially fair valued using a discount rate of 12% and was measured at \$29,607. On January 7, 2021, the Company applied for the \$20,000 Canadian Emergency Business Account (“CEBA”) Expansion loan of \$20,000 to the \$40,000 granted previously. The funds are interest-free until June 30, 2021. On July 1, 2021, any outstanding balance on the line of credit will be automatically converted to a term loan and remain interest-free until December 31, 2022. An interest rate of 5% will be applied to any outstanding unpaid balance of the CEBA loan beginning January 1, 2023. The CEBA loan must be repaid in full no later than December 31, 2025. The CEBA loan was initially fair valued using a discount rate of 12% and was measured at \$15,894. The CEBA loan forgiveness repayment deadline has been extended from December 31, 2022 to December 31, 2023. See Note 15 Subsequent events. The accretion expense of \$1,472 was recorded on this CEBA loan during the three months ended December 31, 2021.

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

### 8. Share Capital

(a) **Authorized:**

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

(b) **Issued common shares:**

	Number of Shares	Amount
<b>Balance, September 30, 2020</b>	<b>14,222,472</b>	<b>\$ 1,470,867</b>
Common shares issued on exercise of warrants (i)	2,280,000	174,800
Value of warrants exercised	-	41,695
Common shares issued on private placement (ii)	14,264,463	998,512
Shares issue costs – cash (ii)	-	(90,205)
Valuation of broker warrants issued (ii)	-	(64,239)
Settlement of debt (iii)	1,580,139	66,342
<b>Balance September 31, 2021</b>	<b>32,347,074</b>	<b>\$ 2,597,772</b>
Shares issued on acquisition of Diitalk	15,000,000	2,025,000
Shares issued on acquisition of Tutors on Demand	13,950,000	906,750
<b>Balance, March 31, 2022</b>	<b>61,297,074</b>	<b>\$ 5,529,523</b>

(i) In December 2020, 2,280,000 Warrants to purchase common shares of the Company were exercised at a price of \$0.0767 per common share, resulting in proceeds to the Company of \$174,800.

(ii) On January 19, 2021, the Company closed a non-brokered private placement for gross proceeds of \$998,512 through the issuance of 14,264,463 common shares of the Company at \$0.07 per share (the “January Offering”). In connection with the January Offering, the Company paid to 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 Company at a price of \$0.07 per share for a period of twenty-four months from the date of issuance. The Broker Warrants were valued at \$64,239 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 134%; Interest rate – 0.15%.

(iii) On January 19, 2021, the Company 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 Company at a deemed price of \$0.07 per Unit in satisfaction of \$110,610 of debt (including accrued interest) pursuant to the Notes issued on January 22, 2020. Each Unit consists of one (1) common share in the capital of the Company (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 Company at a price of \$0.093 per share for twenty-four (24) months from closing. Two of the lenders are current directors of the Company but they acquired the Notes (for an aggregate principal amount of \$20,000) prior to becoming directors of the Company. On settlement, the Warrants issued were valued at \$44,268 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 134%; Interest rate – 0.15%.

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

### 8. Share Capital (continued)

#### (c) Warrants issued and outstanding as of March 31, 2022:

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	1,580,139	0.0930
January 19, 2021	January 19, 2023	899,244	0.0700

### 9. Stock Options

On June 6, 2016, shareholders of the Company approved an amended and restated stock option plan (the “2016 Rolling Option Plan”), and on July 20, 2016, the board of directors of the Company adopted a new 20% fixed number stock option plan (the “2016 Fixed Option Plan”), for the Company 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 Company 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.

The following table reflects the actual stock options issued and outstanding as of March 31, 2022:

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	1.24	95,088	95,088	-

The options outstanding have a weighted average remaining contractual life of 1.24 years and a weighted average exercise price of \$0.33.

### 10. Related Party Transactions

Related parties include officers and directors of the Company, close family members, enterprises and others that the Company does not deal with at arm’s length. The below noted transactions are in the normal course of business.

(i) During the six months ended March 31, 2022, the Company was charged \$6,000 (2020 - \$nil) in accounting services by CFO Advantage Inc., a company owned by Kyle Appleby, the former Chief Financial Officer of the Company. As at March 31, 2022, \$6,195 (September 30, 2021 - \$195) is included in accounts payable and accrued liabilities for outstanding fees.

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 10. Related Party Transactions (continued)

(ii) During the six months ended March 31, 2022, the Company was billed \$22,532 (2020 - \$5,539) by DLA Piper (Canada) LLP for legal expenses (including costs/disbursements paid by DLA Piper (Canada) LLP). Robbie Grossman is a partner of DLA Piper (Canada) LLP and an officer and former director of the Company. Included in the March 31, 2022 accounts payable and accrued liabilities is \$nil (September 30, 2021 - \$4,636) due to DLA Piper (Canada) LLP for legal expense and disbursements.

(iii) During the six months ended March 31, 2022, the Company was charged \$30,750 (2020 - \$Nil) in consulting fees by two directors of the Company (James Greig and Toby Pierce).

### 11. Net Loss per Common Share

Diluted loss per share for the six months ended March 31, 2022 and 2021 did not include the effect of options or warrants as they are anti-dilutive.

### 12. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital, rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrow shares which are subject to restrictions. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management during the period ended March 31, 2022.

## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 13. Financial Instruments and Risk Management

#### Fair Values

The Company's financial instruments consist of cash, cash in trust, sales and other receivables, convertible debentures 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 Company 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 Company 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 Company's search for interest in a business or assets to acquire, and limited exposure to credit and market risks.

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 Company 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 Company's lawyers, from which management believes the risk of loss to be minimal.

#### (b) Interest Rate Risk:

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

#### (c) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash in trust. The ability to do this relies on the Company 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 Company's cash flows. The Company'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 Company does not hold material balances in foreign currencies to give rise to exposure to foreign exchange risk.



## PROSPECT PARK CAPITAL CORP.

(In Canadian Dollars)

Notes to Condensed Interim Consolidated Financial Statements (unaudited)  
March 31, 2022

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### 14. Operating, general and administrative Expenses

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
Legal fees and disbursements	\$ 22,532	\$ 74,595	\$ 112,684	\$ 80,134
Accounting and audit	-	5,528	8,750	9,528
Regulatory fees	2,570	7,005	5,113	12,433
Transfer agent	3,935	4,149	11,832	8,038
Consulting	55,143	27,900	81,893	27,900
Office and general	3,704	6,677	26,555	8,199
Salaries	47,855	-	129,480	-
Amortization and depreciation	1,571	-	45,324	-
Accretion	-	-	1,472	-
	<u>\$137,310</u>	<u>\$125,854</u>	<u>\$422,703</u>	<u>\$146,232</u>