CONDENSED INTERIM F I N A N C I A L S T A T E M E N T S

(Unaudited)

For

PERCY STREET CAPITAL CORPORATION

For the Three and Six Month Periods Ended

DECEMBER 31, 2015

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Percy Street Capital Corporation (the “Corporation”) have been prepared by and are the responsibility of the Corporation’s management.

The Corporation’s independent auditor has not performed a review of these 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.

PERCY STREET CAPITAL CORPORATION

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

Expressed in Canadian Dollars - Unaudited

		December 31, 2015		June 30, 2015
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	218,492	$	249,300
HST recoverable		14,841		-
Cash held in Trust		434,289		50,000
	$	**667,622**	**$**	**299,300**
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	50,025	$	4,500
SHAREHOLDERS' EQUITY				
Common shares (note 3)	$	693,974		$299,343
Share-based payment reserve		24,642		-
Deficit		(101,019)		(4,543)
		617,597		294,800
	$	**667,622**	**$**	**299,300**

Approved by the Board:

(s) Timothy McCunn Director

(s) Lawrence Kelly Director

(See Accompanying notes)

PERCY STREET CAPITAL CORPORATION

ONDENSDED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Expressed in Canadian Dollars except the number of shares - unaudited

	Three Months ended December 31, 2015	Six Months ended December 31, 2015
Expenses		
Professional fees	$ 17,072	$ 17,072
Filing and listing fees	54,754	54,754
Share based compensation	24,642	24,642
Bank charges	8	8
	96,476	**96,476**
Net loss and comprehensive loss	**$ (96,476)**	**$ (96,476)**
Loss per share	$ (0.01)	$ (0.02)
Weighted average shares outstanding	6,655,556	6,377,778

(See Accompanying notes)

PERCY STREET CAPITAL CORPORATION

CONDENSED INTERIM STATEMENT OF EQUITY

Expressed in Canadian Dollars - Unaudited

	Deficit	Share-based reserve	Common shares	Shareholders' equity
Balance, June 30, 2015	$ (4,543)		$ 299,343	$ 294,800
Net loss and comprehensive loss	(96,476)			(96,476)
Share-based payment reserve		24,642		24,642
Common shares			500,000	500,000
Share issuance costs (note 7)			(105,369)	(105,369)
Balance, December 31, 2015	**$ (101,019)**	**$ 24,642**	**$ 693,974**	**$ 617,597**

(See Accompanying notes)

PERCY STREET CAPITAL CORPORATION

CONDENSED STATEMENT OF CASH FLOWS

Expressed in Canadian Dollars - Unaudited

	Six Months ended December 31, 2015
OPERATING ACTIVITIES	$ (96,476)
Net loss	
Changes in non-cash working capital components:	
Cash held in Trust	(384,289)
Accounts receivable	(14,841)
Accounts payable and accrued liabilities	45,525
	$ (450,081)
FINANCING ACTIVITIES	
Proceeds from issuance of common shares	500,000
Share-based payment reserve	24,642
Share issuance costs	(105,369)
Cash provided by financing activities	$ 419,273
Net increase in cash and cash equivalents during the period	$ (30,808)
Cash and cash equivalents, beginning of period -	249,300
Cash and cash equivalents, end of period	**$ 218,492**

(See Accompanying notes)

PERCY STREET CAPITAL CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2015

1. NATURE OF ORGANIZATION

Percy Street Capital Corporation (the “Corporation”) was incorporated by articles of incorporation pursuant to the Canada Business Corporations Act on June 18, 2014.

The principal business of the Corporation is the identification and evaluation of assets or business with a view to completing a qualifying business transaction under relevant policies of the TSXV. The Corporation must complete a qualifying transaction, which is subject to the approval of the TSXV and, in the case of non-arm’s length Qualifying Transaction, as defined in accordance with the CPC Policy, must also receive Majority of the Minority shareholders’ approval. The TSXV could suspend the trading of the Corporation’s common shares or delist the share if the Corporation does not complete an approved Qualifying Transaction within 24 months from the date listed on the TSXV, which is January 12, 2016.

The registered address of the Corporation is 1400-340 Albert Street, Ottawa, Ontario, K1R 0A5.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *International Financial Reporting,* on a basis consistent with the significant accounting policies disclosed in note 2 of the audited financial statements for the period ended June 30, 2015.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements. According, they should be read in conjunction with the audited financial statements of the Corporation for the period ended June 30, 2015. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of February 12, 2016, the date the Board of Directors approved these unaudited condensed interim financial statements.

These financial statements assume the Corporation’s ability to realized its assets and discharge its liabilities in the normal course of business. This is dependent on its ability to identify, evaluate and successfully negotiate a qualifying transaction.

Basis of Presentation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. The unaudited condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Corporation.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Future changes in accounting policies

The Corporation has not early adopted the following new standards, amendments to standards and interpretations and is currently assessing the impact that these standards will have on its future financial statements.

Revenue Recognition

On May 28, 2014, the IASB issued IFRS 15, “Revenue From Contracts With Customers” (“IFRS 15”) replacing IAS 11, “Construction Contracts”, IAS 18, “Revenue” and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Corporation is currently evaluating the impact of adopting IFRS 15 on the Financial Statements.

Financial Instruments

On July 24, 2014, the IASB issued the final version of IFRS 9, “Financial Instruments” (“IFRS 9”) to replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach 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. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity’s own credit risk is recorded in other comprehensive income rather than net earnings, unless this creates an accounting mismatch. In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS 39. The new model will result in more timely recognition of expected credit losses. IFRS 9 also includes a simplified hedge accounting model, aligning hedge accounting more closely with risk management. We do not currently apply hedge accounting. IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. We are currently evaluating the impact of adopting IFRS 9 on the Financial Statements.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd

Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management of the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates are used when accounting for items and matters such as accrued liabilities, deferred income taxes and fair value of share-based compensation expense or other amounts pursuant to the Corporation's significant accounting policies.

3. **SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of common and preferred shares. The preferred shares are issuable in series.

Shares authorized and issued are:

	#	$
Common shares	11,100,000	$805,000

During the period June 18 2014 to June 30, 2015, the Corporation issued 6,100,000 common shares at a price of $0.05 per common share for total proceeds of $305,000. During the period July 1, 2015 to December 31, 2015, the Corporation issued 5,000,000 common shares at a price of $0.10 per common share for total proceeds of $500,000. Share issue costs of $111,026 have been recorded as a reduction of share capital.

Escrowed Shares

All common shares of the Corporation issued prior to the Offering and all common shares that may be acquired from treasury by Non Arm's Length Parties, as defined in the policies of the Exchange, either under the Offering or otherwise prior to completion of the Qualifying Transaction will be deposited with the Escrow Agent under an escrow agreement (the "Escrow Agreement"). All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange (the "Financial Exchange Bulletin"). Additionally, all common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow and, subject to certain permitted exemptions, the securities of the Corporation held by principals of the resulting issuer will also be escrowed.

An aggregate of 11,100,000 Common Shares, being all of the currently issued and outstanding Common Shares, have been deposited into escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years from the date of the Final Exchange Bulletin.

4. STOCK OPTIONS

Upon completion of the Offering during the period, the Corporation granted incentive stock options to its directors and officers to purchase an aggregate of 1,109,997 common shares of the Corporation at a price of $0.10 per common share, exercisable for a period of ten years from the date granted.

All of the Incentive Stock Options fully vested upon issuance and the fair value thereof was recorded in earnings as a compensation expense. The value of the options has been determined using the Black-Scholes model and recorded as a share-based payments expense using the following assumptions: exercise price $0.10, share price $0.10, dividend yield 0%, expected volatility of 21%, expected life of 5 years and risk free rate of 1.7%, which resulted in a value of $24,642.

5. CAPITAL MANAGEMENT

The Corporation manages its common shares as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize the ongoing efforts to identify, evaluate and complete a Qualifying Transaction, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest- bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Corporation expects its current capital resources will be sufficient to carry its operations through its current operating period.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk Management

In the normal course of business, the Corporation is exposed to financial risk and manages that risk, as follows:

6. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. Sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

Credit Risk rises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation does not believe it is currently exposed to any significant credit risk.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Corporation is not currently exposed to significant interest rate risk as it does not have any interest bearing financial assets or financial liabilities. Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have significant transactions denominated in foreign currency and therefore is not currently exposed to significant foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

Fair Values

Financial instruments include cash and cash equivalents as well as accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to their short term nature.

7. **RELATED PARTY TRANSACTIONS**

During the fiscal period, a shareholder provided services to the Corporation in the amount of $51,233 for the three months ended and $81,196 for the six months ended December 31, 2015. The amount was recorded at the exchange amount.