

# **GRAND PEAK CAPITAL CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended December 31, 2015 and 2014**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE TO READER**

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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**GRAND PEAK CAPITAL CORP.****CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION***(Unaudited, in Canadian dollars)*

	Note	December 31, 2015	September 30, 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 15,912	\$ 28,060
Other receivable		5,656	5,546
		21,568	33,606
<b>Non-Current Assets</b>			
Marketable securities	4	892,863	1,186,237
<b>TOTAL ASSETS</b>		<b>\$ 914,431</b>	<b>\$ 1,219,843</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	5	\$ 13,168	\$ 9,749
Due to related parties	7	40,000	-
<b>TOTAL LIABILITIES</b>		<b>53,168</b>	<b>9,749</b>
<b>EQUITY</b>			
Share capital	6	9,108,854	9,108,854
Reserves	6	1,208,831	1,542,205
Deficit		(9,456,422)	(9,440,965)
<b>TOTAL EQUITY</b>		<b>861,263</b>	<b>1,210,094</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 914,431</b>	<b>\$ 1,219,843</b>

Nature and continuance of operations 1

On behalf of the Board

"Eugene Beukman"

Eugene Beukman, Director

"Charn Deol"

Charn Deol, Director

*The accompanying notes are an integral part of these consolidated financial statements.*

**GRAND PEAK CAPITAL CORP.****CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31,

*(Unaudited, in Canadian dollars)*

	Note	2015	2014
<b>Expenses</b>			
Advertising and promotion		\$ -	\$ -
Bank charges & interest		63	278
Office and miscellaneous	7	-	44
Professional fees	7	4,084	764
Rent		9,450	-
Transfer agent and regulatory fees		2,124	4,892
		15,721	5,978
<b>Other Items</b>			
Interest and royalty income		480	1,972
Foreign exchange gain (loss)		(216)	105
		264	2,077
<b>Net Income (Loss) for the Year</b>		\$ (15,457)	\$ (3,901)
<b>Other Comprehensive Income (Loss) in the Year</b>			
Unrealized gain (loss) on investments		(333,374)	(147,311)
<b>Comprehensive Income (Loss) for the Year</b>		\$ (348,831)	\$ (151,212)
<b>Basic and diluted loss per share</b>		\$ (0.00)	\$ (0.00)
<b>Weighted Average Number of Common Shares</b>			
<b>Outstanding</b>			
- basic and diluted		12,208,381	4,929,340

*The accompanying notes are an integral part of these consolidated financial statements.*

**GRAND PEAK CAPITAL CORP.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
*(Expressed in Canadian dollars, except share number)*

	Note	Issued Common Shares		Reserves		Deficit	Total
		Number of Shares	Amount	Share Based Payment	Investment Revaluation		
Balance at September 30, 2014		4,933,340	\$ 8,807,804	\$ 1,505,448	\$ (1,759,197)	\$ (6,745,856)	\$ 1,808,199
Loss for the period		-	-	-	-	(3,901)	(3,901)
Unrealized loss on marketable securities		-	-	-	(147,311)	-	(147,311)
Balance at December 31, 2014		4,933,340	8,807,804	1,505,448	(1,906,508)	(6,749,757)	1,656,987
Private placement	6	10,035,000	301,050	-	-	-	301,050
Share redemption	6	(14,660)	-	-	-	-	-
Loss for the period		-	-	-	-	(2,691,208)	(2,691,208)
Unrealized loss recognized in net loss		-	-	-	2,527,331	-	2,527,331
Unrealized loss on marketable securities		-	-	-	(584,066)	-	(584,066)
Balance at September 30, 2015		14,953,680	9,108,854	1,505,448	36,757	(9,440,965)	1,210,094
Loss for the period						(15,457)	(15,457)
Unrealized loss on marketable securities					(333,374)		(333,374)
Balance at December 31, 2015		14,953,680	\$ 9,108,854	\$ 1,505,448	\$ (296,617)	\$ (9,456,422)	\$ 861,263

*The accompanying notes are an integral part of these consolidated financial statements.*

**GRAND PEAK CAPITAL CORP.****CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31,***(Expressed in Canadian dollars)*

	2015	2014
<b>Operating Activities</b>		
Net income (loss) for the period	\$ (15,457)	\$ (3,901)
Changes in non-cash working capital items		
Other receivables	(110)	10,711
Trade payables and accrued liabilities	3,419	58
Due to related parties	40,000	-
Net cash flow used in operating activities	27,852	6,868
<b>Investing Activities</b>		
Proceeds received from the sale of marketable securities	-	100,000
Acquisition of marketable securities	(40,000)	-
Net cash flow provided by investing activities	(40,000)	100,000
Change in cash during the period	(12,148)	106,868
Cash, beginning of period	28,060	14,133
Cash, end of period	\$ 15,912	\$ 121,001

*The accompanying notes are an integral part of these consolidated financial statements.*

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Grand Peak Capital Corp. (the “Company”) is incorporated under the Business Corporations Act of British Columbia and its principal business activity is investing in small capital resource sector public companies. The Company is listed on the Canadian Securities Exchange (the “CSE”) and trades under the symbol “GPK”. The head office, principal address and records office of the Company are located at 8338 – 120<sup>th</sup> Street, Surrey, British Columbia, Canada, V3W 2N4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at December 31, 2015, the Company is not able to finance its day-to-day operations through its operating activities. The Company’s continuation as a going concern is dependent upon the performance of its stock portfolio and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and by continuing to pursue additional sources of financing through equity offerings.

These consolidated financial statements were approved and authorized for use by the Board of Directors on February 24, 2016.

**2. STATEMENT OF COMPLIANCE**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended September 30, 2014, which have been prepared in accordance with international Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)*

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**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****Basis of Preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of Consolidation**

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries:

Entity	Incorporation	Ownership Percentage
Grand Peak Mexican Holding Inc.	Canada	100%
Grand Peak Mexico S.A. de C.V.	Mexico	100%

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

**Significant Estimates and Assumptions**

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

**Significant Judgements**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:



**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)***3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

**Significant Judgements (Continued)**

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- whether there is objective evidence that financial assets classified as available-for-sale are impaired and the unrealized losses need reclassification to net loss; and
- the determination of the functional currency of the parent company and its subsidiaries

**4. MARKETABLE SECURITIES**

The Company's marketable securities comprise of investments in shares and share-purchase warrants of Canadian public companies. The Company designates its investment in shares as available-for-sale and its investments in warrants at fair value through profit and loss. Details as follows:

December 31, 2015	Cost	Fair Value
Common shares	5,809,753	888,863
Warrants	85,333	4,000
	5,895,086	892,863

  

September 30, 2015	Cost	Fair Value
Common shares	5,681,994	1,182,237
Warrants	85,333	4,000
	5,767,327	1,186,237

**5. TRADE PAYABLES AND ACCRUED LIABILITIES**

	December 31, 2015	September 30, 2015
Trade payables	\$ 5,168	\$ 1,750
Accrued liabilities	\$ 8,000	8,000
	\$ 13,168	\$ 9,750

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)*

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**6. SHARE CAPITAL****Authorized Share Capital**

Unlimited number of common shares without par value

**Private Placement**

On April 10, 2015, the Company raised an aggregate total of \$301,050 through issuance of 10,035,000 units at a price of \$0.03 per unit. Each unit consists of one common share and one share-purchase warrant exercisable at \$0.05 per share for a period of 5 years from the completion of the private placement. A former officer of the Company purchased 1,000,000 units.

**Consolidation**

On June 25, 2015, the Company implemented a small shareholder program to eliminate small lot shareholders whereby the Company's common shares were consolidated on a 500 for 1 basis, and immediately thereafter, the Company's shares were split on the same ratio. The program resulted in the cancellation of 14,660 common shares and the number of outstanding shares was reduced to 14,953,680.

On January 15, 2015, the Company completed consolidating its issued and outstanding common shares on the basis of 1 new share for 5 old shares. All per share and number of shares disclosures have been retroactively restated to reflect the share consolidation.

**Stock Options**

The Company has adopted a stock option plan whereby the Company may from time-to-time in accordance with the CSE requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options.

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)*

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**6. SHARE CAPITAL (Continued)****Stock Options**

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

There were no options outstanding at December 31, 2015 and September 30, 2015.

**Warrants**

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price \$	Weighted average number of years to expiry
Balance, September 30, 2014	-	-	-
Granted - Private Placement	10,035,000	0.05	4.28
Balance, September 30, 2015 and December 31, 2015	10,035,000	0.05	4.28

**Reserves*****Share-Based Payment Reserve***

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

***Investment Revaluation Reserve***

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses on monetary items.

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

*(Expressed in Canadian dollars)*

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**7. RELATED PARTY TRANSACTIONS**

During the three months ended December 31, 2015, the Company incurred \$nil (December 31, 2014 –\$nil) in accounting fees to a company owned by the former Chief Financial Officer of the Company.

During the three months ended December 31, 2015, the Company incurred \$9,450 (December 31, 2014 - \$nil) in rent expense to a company with common management.

As at December 31, 2015, \$nil (December 31, 2014 - \$nil) owing from a company controlled by a relative from the former CEO was included in other receivables.

As at December 31, 2015, \$nil (December 31, 2014 - \$36,545) owing to a company with a common director was included in trade payables.

As at December 31, 2015, \$nil in loans (December 31, 2014 - \$4,750) were owing to a company with common management. These amounts were non-interest bearing, due on demand and are unsecured.

As at December 31, 2015, \$40,000 (December 31, 2014 - \$nil) were owed to the former Chief Executive Officer and director of the Company. These amounts were non-interest bearing, due on demand and are unsecured.