

GRAND PEAK CAPITAL CORP.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 2017 and 2016

(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 2017	September 30 2017
ASSETS			
Current Assets			
Cash		\$ 27,537	\$ 750,087
Accounts receivable		322,855	298,392
Sales tax receivable		4,511	17,527
Prepays		320,000	-
Loans and interests receivable	5	950,466	160,254
Investments held-for-trading	3	776,783	1,080,110
		2,402,152	2,306,370
Non-Current Assets			
Marketable securities	4	3,399,206	2,868,585
TOTAL ASSETS		\$ 5,801,358	\$ 5,174,955
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	6	\$ 68,681	\$ 95,034
Other payables		39,612	-
Deferred revenue		-	3,150
Loans and interests payable	7	-	130,205
Due to related parties		40,000	40,000
TOTAL LIABILITIES		148,293	268,389
SHAREHOLDERS' EQUITY			
Share Capital	8	9,610,604	9,610,604
Reserves	8	1,973,446	1,795,448
Deficit		(5,930,985)	(6,499,486)
TOTAL SHAREHOLDERS' EQUITY		5,653,065	4,906,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 5,801,358	\$ 5,174,955

Nature of operations	1
Subsequent events	10

On behalf of the Board

"Tajinder Johal"
Tajinder Johal, Director

"Jatinder Bains"
Jatinder Bains, Director

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

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

FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31,

(Unaudited, in Canadian dollars)

	Note	2017	2016
Revenue			
Consulting fee income	\$	58,354	\$ 106,000
Management fee income		13,500	35,000
Administration fee income		349,835	66,000
		421,689	207,000
Expenses			
Bank charges and interests		4,852	7,745
Consulting fees		3,500	-
Office and miscellaneous		1,358	7,271
Mining taxes		1,496	-
Professional fees		4,205	1,760
Rent		9,000	-
Transfer agent and regulatory fees		6,621	2,361
Wages and benefits		17,895	33,628
		(48,927)	(52,765)
Other Items			
Interests and royalty income	5	17,588	9,290
Gain from sale of marketable securities	4	169,756	57,510
Gain from forgiveness of interests	7	8,863	-
Foreign exchange gain (loss)		(468)	(26)
		195,739	66,774
Net Income for the Period		568,501	221,009
Other Comprehensive Income (Loss)			
Unrealized gain (loss) on marketable securities		177,998	(39,375)
Comprehensive Income (Loss) for the Period	\$	746,499	\$ 181,634
Basic and diluted earnings per share	\$	0.02	\$ 0.01
Weighted Average Number of Common Shares Outstanding			
Basic and diluted		24,988,680	20,276,891

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***(Unaudited, in Canadian dollars, except share number)*

	Issued Common Shares		Reserves		Deficit	Total
	Number of Shares	Amount	Share Based Payment	Investment Revaluation		
Balance at September 30, 2016	24,988,680	\$ 9,610,604	\$ -	\$ 672,627	\$ (7,400,036)	\$ 2,883,195
Comprehensive income						
Net income for the period	-	-	-	-	221,009	221,009
Unrealized loss on marketable securities	-	-	-	(39,375)	-	(39,375)
Balance at December 31, 2016	24,988,680	9,610,604	-	633,252	(7,179,027)	3,064,829
Comprehensive income						
Net income for the period	-	-	-	-	679,541	679,541
Unrealized losses recognized in net income	-	-	-	(110,195)	-	(110,195)
Impairment of marketable securities	-	-	-	621,174	-	621,174
Unrealized gain on marketable securities	-	-	-	651,217	-	651,217
Balance at September 30, 2017	24,988,680	9,610,604	-	1,795,448	(6,499,486)	4,906,566
Comprehensive income						
Net income for the period	-	-	-	-	568,501	568,501
Unrealized loss on marketable securities	-	-	-	177,998	-	177,998
Balance at December 31, 2017	24,988,680	\$ 9,610,604	\$ -	\$ 1,973,446	\$ (5,930,985)	\$ 5,653,065

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,
(Unaudited, in Canadian dollars)

	2017	2016
Operating Activities		
Net income for the period	\$ 568,501	\$ 221,009
Adjustment for non-cash items		
Unrealized (gain) loss on marketable securities	(169,756)	(117,509)
Interest income	(10,212)	(9,273)
Interest expenses	8,863	7,694
Gain from forgiveness of interests	(8,863)	-
Changes in non-cash working capital items		
Accounts receivable	(24,463)	(108,869)
Sales tax receivable	13,016	(9,567)
Prepays	(320,000)	-
Trade payables and accrued liabilities	(26,353)	(38,458)
Other payables	39,612	-
Deferred revenue	(3,150)	56,934
Due to related parties	-	(2,000)
Net cash flow provided by (used in) operating activities	67,195	(39)
Investing Activities		
Proceeds from sale of marketable securities	505,460	66,764
Acquisition of marketable securities	(96,000)	(63,045)
Loan repayments	(1,114,000)	12,038
Loans advanced	45,000	-
Net cash flow provided by investing activities	(659,540)	15,757
Financing Activities		
Repayment of short-term loan	(130,205)	-
Net cash flows provided by (used in) financing activities	(130,205)	-
Change in cash during the period	(722,550)	15,718
Cash, beginning of period	750,087	50,323
Cash, end of period	\$ 27,537	\$ 66,041

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, 2017

(Unaudited, in Canadian dollars)

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 4770 – 72nd Street, Surrey, British Columbia, Canada, V4K 3N3.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**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, 2017, which have been prepared in accordance with international Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements for the three-month period ended December 31, 2017 were reviewed and authorized for issue by the Board of Directors on February 23, 2018.

Basis of Preparation

These condensed consolidated interim 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 condensed consolidated interim financial statements included the accounts of the Company and its wholly owned subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

December 31, 2017

(Unaudited, in Canadian dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**(Continued)****Basis of Consolidation (Continued)**

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

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

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 useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, the fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

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 is 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 and classification of financial instruments.

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

December 31, 2017

*(Unaudited, in Canadian dollars)***3. INVESTMENTS HELD-FOR-TRADING**

As at December 31, 2017, the Company's investments held-for-trading consists of share-purchase warrants of Canadian public companies which are measured at fair value. The fair values of the warrants are as follows:

	December 31, 2017	September 30, 2017
Opening balance	\$ 1,080,110	\$ 360,800
Change in fair value	\$ 423	719,310
Warrants expired	\$ (303,750)	-
Ending balance	\$ 776,783	\$ 1,080,110

The fair value of the warrants was determined using the Black-Scholes Option Pricing Model using the following weighted-average assumptions:

	December 31, 2017	September 30, 2017
Expected life of warrants	2.45 - 4.08	2.45 - 4.08
Annualized volatility	83% - 269%	83% - 269%
Risk-free interest rate	1.66%	1.66%
Dividend rate	0%	0%

4. MARKETABLE SECURITIES

As at December 31, 2017, the Company's marketable securities comprise of investments in common shares of Canadian public companies. The Company designates its investment in common shares as available-for-sale. The cost and fair values of the shares at December 31, 2017 and September 30, 2017 are as follows:

	December 31, 2017	September 30, 2017
Cost	\$ 4,429,878	\$ 5,000,239
Fair value	\$ 3,399,206	\$ 2,868,585

During the year ended September 30, 2017, the Company determined that certain of its marketable securities were impaired and recognized an impairment charge of \$621,174.

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

December 31, 2017

(Unaudited, in Canadian dollars)

5. LOANS RECEIVABLE

On September 15, 2016, the Company advanced \$1,225,000 to an unrelated company. The loan bore interest at 3% per annum, was unsecured and due on demand. In January 2017, the Company received \$1,238,781, consisting of the outstanding principal balance and accrued interest receivable. As at September 30, 2017, the note receivable had been received in full and was no longer outstanding.

On September 23, 2016, the Company advanced \$12,000 to an unrelated company. This loan bore interests at 3% per annum, was unsecured and due on demand. In November 2016, the Company received \$12,038, consisting of the outstanding principal balance and accrued interest receivable. As at September 30, 2017, the note receivable has been received in full and is no longer outstanding.

On November 14, 2016, the Company advanced \$6,391 to an unrelated company. This loan bears interests at 3% per annum, is unsecured and due on demand. During the three-month period ended December 31, 2017, the Company received \$6,602 as repayment of outstanding principal balance and accrued interest receivable of the loan.

On June 28, 2017, the Company advanced \$150,000 to an unrelated company. This loan bears interests at 10% per annum, is unsecured and due on demand. Subsequent to the three-month period ended December 31, 2017, the Company received \$157,800 as repayment of outstanding principal balance and accrued interest receivable of the loan.

In November 2017, the Company acquired \$780,000 convertible note receivable of a company with a common director. Interest rate is 10% per annum, compounded annually and accrued until maturity date, which is one year from issuance date. The issuer has the right to repay the interests in cash or in common shares of the issuer. The Company has the option to convert the note to common shares of the issuer at a conversion price of \$0.50 per share.

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

December 31, 2017

(Unaudited, in Canadian dollars)

5. LOANS RECEIVABLE (Continued)

The fair value of the conversion feature of the note was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

Expected life of warrants	1 year
Annualized volatility	131.00%
Risk-free interest rate	1.39%
Dividend rate	0%

The fair value of the conversion feature was \$61,778, while the fair value of the note receivable was \$718,222 for a total of \$780,000.

As at December 31, 2017, total interests accrued on outstanding loans receivable were \$20,466 (September 30, 2017 - \$3,863).

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2017	September 30, 2017
Trade payable	\$ 53,581	\$ 79,934
Accrued liabilities	15,100	15,100
	<u>\$ 68,681</u>	<u>\$ 95,034</u>

7. LOANS PAYABLE

On August 10, 2016, the Company entered into a loan agreement with a company with a common director for principal of \$850,000. The loan bore interests at 3% per annum, was unsecured and due on demand. At September 30, 2016, the balance outstanding included accrued interest payable of \$3,563. In January 2017, the Company paid a total of \$862,156, consisting of the outstanding principal balance and accrued interests. As at September 30, 2017, the loan was repaid in full and was no longer outstanding.

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

December 31, 2017

(Unaudited, in Canadian dollars)

7. LOANS PAYABLE (Continued)

During the year ended September 30, 2016, the Company entered into a loan agreement with an unrelated company for a principal of \$125,000 with a repayment date on or before September 15, 2017. The loan bears interests at 4% per annum, and the Company used certain investments as collateral for the loan. During the three-month period ended December 31, 2017, the Company repaid the loan and the accrued interest was waived.

In November 2017, the Company entered into a loan agreement with an unrelated individual for a principal of \$289,000. The loan bore interests at 3% per annum, was unsecured and due on demand. In December 2017, the Company repaid the loan and the accrued interest was waived.

Also in November 2017, the Company entered into a loan agreement with another unrelated individual for a principal of \$825,000. The loan bore interests at 4% per annum, was unsecured and due on demand. Later in November 2017, the Company repaid the loan and the accrued interest was waived.

8. SHARE CAPITAL**Authorized Share Capital**

Unlimited number of common shares without par value

Share Issuances

As at December 31, 2017 and September 30, 2017, 24,988,680 common shares were outstanding.

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, 2017

(Unaudited, in Canadian dollars)

8. SHARE CAPITAL (Continued)

Stock Options (Continued)

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 was no option outstanding at December 31, 2017 and September 30, 2017.

Warrants

No new warrant was issued during the three-month period ended December 31, 2017 and during the year ended September 30, 2017.

There was no warrant outstanding at December 31, 2017 and September 30, 2017.

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.

9. RELATED PARTY TRANSACTIONS

Transactions with Key Management and Directors

During the three-month periods ended December 31, 2017 and December 31, 2016, the Company did not have any transaction with key management and directors.

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

December 31, 2017

(Unaudited, in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (Continued)**Revenue**

During the three-month period ended December 31, 2017, the Company collected \$9,000 (December 31, 2016 - \$nil) of management and rental income from a company with a common director pursuant to a revenue collection agreement the Company entered into with an unrelated company in August 2016. In return, the Company was paid \$4,500 (December 31, 2016 - \$nil) for service fee. As at December 31, 2017, the outstanding balance of \$72,367 (September 30, 2017 - \$71,925) from related party was included in accounts receivable.

Amounts due to and from related parties are non-interest bearing, unsecured, with no terms of repayment.

Also see Note 5.

10. SUBSEQUENT EVENTS

See Note 5.