

**GRAND PEAK CAPITAL CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the Three Months and Nine Months Ended June 30, 2018 and 2017**

**(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	June 30 2018	September 30 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 1,557,343	\$ 750,087
Accounts receivable		145,561	298,392
Sales tax receivable		5,195	17,527
Prepays and deposits	5	2,005,760	-
Loans and interests receivable	6	272,945	160,254
Investments held-for-trading	3	1,152,023	1,080,110
		5,138,827	2,306,370
<b>Non-Current Assets</b>			
Marketable securities	4	7,570,175	2,868,585
<b>TOTAL ASSETS</b>		<b>\$ 12,709,002</b>	<b>\$ 5,174,955</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7	\$ 73,911	\$ 95,034
Other payables		55,687	-
Deferred revenue		-	3,150
Loans and interests payable	8	-	130,205
Convertible debenture payable	9	2,397,083	-
Due to related parties		40,000	40,000
<b>TOTAL LIABILITIES</b>		<b>2,566,681</b>	<b>268,389</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	10	9,610,604	9,610,604
Reserves	10	5,278,479	1,795,448
Deficit		(4,746,762)	(6,499,486)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>10,142,321</b>	<b>4,906,566</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 12,709,002</b>	<b>\$ 5,174,955</b>

Nature of operations 1  
Subsequent events 12

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 AND NINE-MONTH PERIODS ENDED JUNE 30,

*(Unaudited, in Canadian dollars)*

	Note	Three Months Ended June 30,		Nine Months Ended June 30,	
		2018	2017	2018	2017
<b>Revenue</b>					
Consulting fee income		\$ -	\$ -	\$ 145,456	\$ 106,000
Management fee income		9,371	-	14,270	-
Administration fee income		22,000	40,066	245,500	163,066
		31,371	40,066	405,226	269,066
<b>Expenses</b>					
Bad debt expense		-	-	137	-
Bank charges and interests		5,254	1,287	6,869	12,847
Consulting fees		4,200	-	7,700	3,000
Office and miscellaneous		2,708	1,932	5,757	30,176
Mining taxes		1,525	-	4,502	-
Professional fees		13,111	3,688	50,610	25,220
Rent		9,000	-	27,000	-
Transfer agent and regulatory fees		2,243	4,453	14,253	11,717
Wages and benefits		15,911	19,849	50,006	81,047
		(53,952)	(31,209)	(166,834)	(164,007)
<b>Other Items</b>					
Accretion, interests and royalty income	6, 9	37,229	1,047	110,563	14,303
Gain from sale of marketable securities	4	120,908	48,186	1,399,116	122,504
Gain (loss) from forgiveness of interests	8	-	(30,000)	5,205	(30,000)
Foreign exchange gain (loss)		(385)	39	(552)	222
		157,752	19,272	1,514,332	107,029
<b>Net Income for the Period</b>		135,171	28,129	1,752,724	212,088
<b>Other Comprehensive Income (Loss)</b>					
Unrealized gain (loss) on marketable securities		2,725,114	(1,297,166)	3,436,113	402,345
<b>Comprehensive Income (Loss) for the Period</b>		\$ 2,860,285	\$ (1,269,037)	\$ 5,188,837	\$ 614,433
<b>Basic and diluted earnings per share</b>		\$ 0.01	\$ 0.00	\$ 0.07	\$ 0.01
<b>Weighted Average Number of Common Shares Outstanding</b>					
<b>Basic and diluted</b>		24,988,680	24,988,680	24,988,680	24,988,680

*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			Total
	Number of Shares	Amount	Loan Reserves	Investment Revaluation	Deficit	
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	-	-	-	-	212,088	212,088
Unrealized loss on marketable securities	-	-	-	402,345	-	402,345
Balance at June 30, 2017	24,988,680	9,610,604	-	1,074,972	(7,187,948)	3,497,628
Comprehensive income						
Net income for the period	-	-	-	-	688,462	688,462
Unrealized losses recognized in net income	-	-	-	720,476	-	720,476
Balance at September 30, 2017	24,988,680	9,610,604	-	1,795,448	(6,499,486)	4,906,566
Convertible Debentures	-	-	46,918	-	-	46,918
Comprehensive income						
Net income for the period	-	-	-	-	1,752,724	1,752,724
Unrealized loss on marketable securities	-	-	-	3,436,113	-	3,436,113
Balance at June 30, 2018	24,988,680	\$ 9,610,604	\$ 46,918	\$ 5,231,561	\$ (4,746,762)	\$ 10,142,321

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

**GRAND PEAK CAPITAL CORP.**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED JUNE 30,**  
*(Unaudited, in Canadian dollars)*

	2018	2017
<b>Operating Activities</b>		
Net income for the period	\$ 1,752,724	\$ 212,088
Adjustment for non-cash items		
Unrealized (gain) loss on marketable securities	(1,719,612)	(122,504)
Accretion	(5,779)	-
Interest income	(64,469)	(12,364)
Interest expenses	11,558	12,339
Gain from forgiveness of interests	(5,205)	-
Changes in non-cash working capital items		
Accounts receivable	152,831	(117,091)
Sales tax receivable	12,332	(11,586)
Prepays	(2,005,760)	-
Trade payables and accrued liabilities	(21,123)	(31,703)
Other payables	55,687	90,468
Deferred revenue	(3,150)	-
Due to related parties	-	(2,000)
Net cash flow provided by (used in) operating activities	(1,839,966)	17,647
<b>Investing Activities</b>		
Proceeds from sale of marketable securities	2,132,618	378,187
Acquisition of marketable securities	(1,750,396)	(143,045)
Loan repayments	930,000	1,250,820
Loans advanced	(1,040,000)	(150,000)
Net cash flow provided by investing activities	272,222	1,335,962
<b>Financing Activities</b>		
Issuance of convertible debentures	2,500,000	-
Repayment of short-term loan	(125,000)	(862,156)
Net cash flows provided by (used in) financing activities	2,375,000	(862,156)
Change in cash during the period	807,256	491,453
Cash, beginning of period	750,087	50,323
Cash, end of period	\$ 1,557,343	\$ 541,776

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

## **GRAND PEAK CAPITAL CORP.**

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

*(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 – 72<sup>nd</sup> Street, Delta, 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 and nine-month periods ended June 30, 2018 were reviewed and authorized for issue by the Board of Directors on August 17, 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

June 30, 2018

*(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%

The Company owns 100% interests in the Vianey Mineral Claims in Guerrero State, Mexico.

**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

June 30, 2018

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

As at June 30, 2018, 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:

	June 30, 2018	September 30, 2017
Opening balance	\$ 1,080,110	\$ 360,800
Change in fair value	\$ 375,663	719,310
Warrants expired	\$ (303,750)	-
Ending balance	\$ 1,152,023	\$ 1,080,110

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

	June 30, 2018	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 June 30, 2018, 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 June 30, 2018 and September 30, 2017 are as follows:

	June 30, 2018	September 30, 2017
Cost	\$ 5,792,914	\$ 5,000,239
Fair value	\$ 7,570,175	\$ 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

June 30, 2018

*(Unaudited, in Canadian dollars)***5. PREPAIDS AND DEPOSITS**

	June 30, 2018	September 30, 2017
Deposits	\$ 2,000,000	\$ -
Prepaid expenses	5,760	-
	\$ 2,005,760	\$ -

Included in deposits is an advance to a company formerly with a common director to acquire a debt instrument. Also see Note 12.

**6. 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 nine-month period ended June 30, 2018, 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. During the nine-month period ended June 30, 2018, the Company received \$157,800 as repayment of outstanding principal balance and accrued interest receivable of the loan.

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

*(Unaudited, in Canadian dollars)*

---

**6. LOANS RECEIVABLE (Continued)**

In November 2017, the Company acquired \$780,000 convertible note receivable of a company formerly 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.

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.

The Company applied residual method to record the fair value of the conversion feature of \$61,778 to the Company's loan reserve accordingly. During the nine month period ended June 30, 2018, the Company recorded \$28,785 in accretion associated with the convertible debentures. In April 2018, the Company received \$810,767 as repayment of principal \$780,000 and accrued interests \$30,767.

In March 2018, the Company advanced \$250,000 to an unrelated company (the "borrower"). This loan bears interests at 10% per annum and accrued until maturity date, which is 60 days from issuance date. In addition, the Company charges the borrower a 2% flat fee payable on maturity date. During the three-month period ended June 30, 2018, the Company extended the maturity date to December 31, 2018. As at June 30, 2018, the loan was still outstanding.

As at June 30, 2018, total interests accrued on outstanding loan receivable were \$12,945 (September 30, 2017 - \$3,863).

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

*(Unaudited, in Canadian dollars)***7. TRADE PAYABLES AND ACCRUED LIABILITIES**

	June 30, 2018	September 30, 2017
Trade payable	\$ 58,811	\$ 79,934
Accrued liabilities	15,100	15,100
	\$ 73,911	\$ 95,034

**8. 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.

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 six-month period ended March 31, 2018, 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.

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

June 30, 2018

*(Unaudited, in Canadian dollars)*

---

**9. CONVERTIBLE DEBENTURE PAYABLE**

On June 25, 2018, the Company issued convertible debentures with total principal of \$2,500,000 to an unrelated party. These convertible debentures are convertible into common shares of the Company at a conversion price of \$0.36 per share at the option of the holder. These convertible debentures are unsecured, will mature one year from issuance, and carry an interest rate of 10% per annum. The Company reserves the right to pay interests on the convertible debentures in cash or in shares.

The Company considers 15% to be the effective interest rate of these convertible debentures and applied this rate to obtain the fair value (\$2,391,304) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of \$108,696 to the Company's loan reserve accordingly. As at June 30, 2018, these convertible debentures had a carrying value of \$2,392,974 with accrued interests of \$4,109, totalling \$2,397,083. During the nine months ended June 30, 2018, the Company incurred \$1,669 accretion expenses associated with the convertible debentures.

**10. SHARE CAPITAL****Authorized Share Capital**

Unlimited number of common shares without par value

**Share Issuances**

As at June 30, 2018 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

June 30, 2018

*(Unaudited, in Canadian dollars)*

---

**10. 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 June 30, 2018 and September 30, 2017.

**Warrants**

No new warrant was issued during the nine-month period ended June 30, 2018 and during the year ended September 30, 2017.

There was no warrant outstanding at June 30, 2018 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.

**11. RELATED PARTY TRANSACTIONS**

**Transactions with Key Management and Directors**

During the three- and nine-month periods ended June 30, 2018 and June 30, 2017, the Company did not have any transaction with key management and directors.

**GRAND PEAK CAPITAL CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

*(Unaudited, in Canadian dollars)*

---

**11. RELATED PARTY TRANSACTIONS (Continued)**

**Revenue**

During the three months ended June 30, 2018, the Company collected \$4,542 (June 30, 2017 - \$1,500) of management and rental income from a company formerly 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 (June 30, 2017 - \$1,500) for service fee.

During the nine-month period ended June 30, 2018, the Company collected \$15,317 (June 30, 2017 - \$10,000) of management and rental income, and \$nil of consulting income (June 30, 2017 - \$1,000) from a company formerly 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 \$12,000 (June 30, 2017 - \$7,500) for service fee.

As at June 30 31, 2018, the outstanding balance of \$81,418 (September 30, 2017 - \$71,925) from former 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 6.

**12. SUBSEQUENT EVENTS**

In July 2018, the Company announced that it has acquired a debt instrument of approximately US\$4,400,000, from a company formerly with a common director, for investment purposes. The Company paid \$3,500,000 to the seller and returned 1,176,471 common shares in the capital of the seller.