

GRAND PEAK CAPITAL CORP.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 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 | December 31 2018 | September 30 2018 |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | \$ 1,322,172 | \$ 1,088,430 |
| Accounts receivable | | 97,366 | 108,503 |
| Sales tax receivable | | 5,891 | 5,866 |
| Prepays and deposits | | 4,760 | 3,760 |
| Loans and interests receivable | 5 | 275,548 | 782,605 |
| | | 1,705,737 | 1,989,164 |
| Non-Current Assets | | | |
| Investments in warrants | 3 | 948,821 | 1,461,914 |
| Marketable securities | 4 | 14,281,903 | 9,207,070 |
| Equipment | | 842 | 921 |
| TOTAL ASSETS | | \$ 16,937,303 | \$ 12,659,069 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Trade payables and accrued liabilities | 6 | \$ 85,719 | \$ 76,530 |
| Other payables | | 1,509 | - |
| Loans and interests payable | 7 | 663,967 | 1,506,575 |
| Convertible debenture payable | 8 | 2,927,635 | 2,486,073 |
| Income taxes payable | | 149,474 | 149,474 |
| Advance payable | | 43,682 | 40,000 |
| | | 3,871,986 | 4,258,652 |
| Non-Current Liabilities | | | |
| Deferred income tax liability | | 291,178 | 291,178 |
| TOTAL LIABILITIES | | 4,163,164 | 4,549,830 |
| SHAREHOLDERS' EQUITY | | | |
| Share Capital | 9 | 9,610,604 | 9,610,604 |
| Reserves | 9 | 226,141 | 79,348 |
| Accumulated other comprehensive income | | 10,086,691 | 5,700,909 |
| Deficit | | (7,149,297) | (7,281,622) |
| TOTAL SHAREHOLDERS' EQUITY | | 12,774,139 | 8,109,239 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 16,937,303 | \$ 12,659,069 |

Nature of operations 1
Subsequent events 11

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 | 2018 | 2017 |
|---|------|------------|------------|
| Revenue | | | |
| Consulting fee income | \$ | 800 | \$ 58,354 |
| Management fee income | | 31,250 | 13,500 |
| Administration fee income | | 58,000 | 349,835 |
| | | 90,050 | 421,689 |
| Expenses | | | |
| Consulting fees | | 6,358 | 3,500 |
| Mining taxes | | - | 1,496 |
| Office and miscellaneous | | 3,466 | 1,358 |
| Professional fees | | 7,388 | 4,205 |
| Rent | | 9,000 | 9,000 |
| Transfer agent and regulatory fees | | 5,791 | 6,621 |
| Wages and benefits | | 14,973 | 17,895 |
| | | (46,976) | (44,075) |
| Other Items | | | |
| Interests expense | 7, 8 | (115,960) | (4,852) |
| Foreign exchange gain (loss) | | 2 | (468) |
| Gain (loss) from forgiveness of interests | 7 | - | 8,863 |
| Interests income | | 17,231 | 16,813 |
| Other income | | 522 | 775 |
| Realized gain on marketable securities | 4 | 187,456 | 169,756 |
| | | 89,251 | 190,887 |
| Net Income (Loss) for the Period | | 132,325 | 568,501 |
| Other Comprehensive Income (Loss) | | | |
| Unrealized gain on marketable securities, net | | 4,403,820 | 177,998 |
| Comprehensive Income (Loss) for the Period | \$ | 4,536,145 | \$ 746,499 |
| Basic and diluted earnings per share | \$ | 0.01 | \$ 0.02 |
| Weighted Average Number of Common Shares Outstanding | | | |
| Basic and diluted | | 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 | Accumulated Other Comprehensive Income | | Deficit | Total |
|--|----------------------|--------------|------------|--|----------------|---------------|-------|
| | Number of Shares | Amount | | | | | |
| 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 | |
| Convertible debentures | - | - | 79,348 | - | - | 79,348 | |
| Comprehensive income | | | | | | | |
| Net loss for the period | - | - | - | - | (1,350,637) | (1,350,637) | |
| Unrealized gains and losses recognized in net income | - | - | - | (193,661) | - | (193,661) | |
| Unrealized loss on marketable securities | - | - | - | 3,921,124 | - | 3,921,124 | |
| Balance at September 30, 2018 | 24,988,680 | 9,610,604 | 79,348 | 5,700,909 | (7,281,622) | 8,109,239 | |
| Convertible debentures | - | - | 146,793 | - | - | 146,793 | |
| Comprehensive income | | | | | | | |
| Net income for the period | - | - | - | - | 132,325 | 132,325 | |
| Unrealized gain on marketable securities | - | - | - | 4,385,782 | - | 4,385,782 | |
| Balance at September 30, 2018 | 24,988,680 | \$ 9,610,604 | \$ 226,141 | \$ 10,086,691 | \$ (7,149,297) | \$ 12,774,139 | |

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)

| | 2018 | 2017 |
|---|--------------|-------------|
| Operating Activities | | |
| Net income for the period | \$ 132,325 | \$ 568,501 |
| Adjustment for non-cash items | | |
| Depreciation | 79 | - |
| Unrealized (gain) loss on investments in warrants | 513,093 | - |
| Unrealized (gain) loss on marketable securities | (700,550) | (169,756) |
| Accretion | 29,641 | - |
| Accrued interest expense | 9,788 | 8,863 |
| Accrued interest income | - | (10,212) |
| Gain from forgiveness of debt | - | (8,863) |
| Interest received | 7,057 | - |
| Changes in non-cash working capital items | | |
| Accounts receivable | 11,137 | (24,463) |
| Sales tax receivable | (25) | 13,016 |
| Prepays | (1,000) | (320,000) |
| Trade payables and accrued liabilities | 9,189 | (26,353) |
| Other payables | 1,509 | 39,612 |
| Deferred revenue | - | (3,150) |
| Net cash flow provided by (used in) operating activities | 12,243 | 67,195 |
| Investing Activities | | |
| Proceeds from sale of marketable securities | 282,343 | 505,460 |
| Acquisition of marketable securities | (270,844) | (96,000) |
| Loan repayments | (850,000) | (1,114,000) |
| Loans advanced | - | 45,000 |
| Net cash flow provided by investing activities | (838,501) | (659,540) |
| Financing Activities | | |
| Issuance of shares from debt | 100,000 | - |
| Issuance of convertible debentures | 1,760,000 | - |
| Retirement of convertible debentures | (1,200,000) | - |
| Repayment of short-term loans | 400,000 | (130,205) |
| Net cash flows provided by (used in) financing activities | 1,060,000 | (130,205) |
| Change in cash during the period | 233,742 | (722,550) |
| Cash, beginning of period | 1,088,430 | 750,087 |
| Cash, end of period | \$ 1,322,172 | \$ 27,537 |

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, 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 – 72nd 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, 2018, 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, 2018 were reviewed and authorized for issue by the Board of Directors on February 26, 2019.

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, 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% |
| 1151101 BC Ltd. | 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, 2018

*(Unaudited, in Canadian dollars)***3. INVESTMENTS IN WARRANTS**

As at December 31, 2018, the Company's investments in warrants 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, 2018 | September 30, 2018 |
|----------------------|-------------------|--------------------|
| Opening balance | \$ 1,461,914 | \$ 1,080,110 |
| Change in fair value | \$ (513,093) | 381,804 |
| Ending balance | \$ 948,821 | \$ 1,461,914 |

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

| | December 31, 2018 | September 30, 2018 |
|---------------------------|-------------------|--------------------|
| Expected life of warrants | 1.10 - 4.39 | 1.35 - 4.65 |
| Annualized volatility | 75% - 192% | 95% - 237% |
| Risk-free interest rate | 1.85% - 1.90% | 1.63% - 2.30% |
| Dividend rate | 0% | 0% |

4. MARKETABLE SECURITIES

As at December 31, 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 December 31, 2018 and September 30, 2018 are as follows:

| | December 31, 2018 | September 30, 2018 |
|------------|-------------------|--------------------|
| Cost | \$ 5,623,904 | \$ 6,190,761 |
| Fair value | \$ 14,281,903 | \$ 9,207,070 |

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

December 31, 2018

(Unaudited, in Canadian dollars)

5. LOANS RECEIVABLE

On November 14, 2016, the Company advanced \$6,391. This loan bore interest at 3% per annum, was unsecured and due on demand. During the year ended September 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. This loan bore interest at 10% per annum, was unsecured and due on demand. During the year ended September 30, 2018, the Company received \$157,800 as repayment of outstanding principal balance and accrued interest receivable of the loan.

In November 2017, the Company acquired a note receivable from a company for a consideration of \$40,000. The note receivable was a loan to Easy Technologies Inc. ("borrower") with a principal of \$180,000 at an interest rate of 5% per annum and was guaranteed by a third party related to the borrower. During the year ended September 30, 2018, the Company identified evidence this loan was impaired and recognized an impairment loss of \$40,000.

In November 2017, the Company acquired \$780,000 convertible note receivable of a company. Interest rate was 10% per annum, compounded annually and accrued until maturity date, which was one year from issuance date. The issuer had the right to repay the interest in cash or in common shares. The Company has the option to convert the note to common shares of the issuer at a conversion price of \$0.50 per share. During the year ended September 30, 2018, the convertible note receivable was repaid with accrued interest in the amount of \$810,767.

In March 2018, the Company advanced \$250,000. This loan bore interest at 10% per annum and was due 60 days from its issuance date. In addition, the Company charged the borrower a 2% fee payable on maturity date. During the year ended September 30, 2018, the Company recognized interest revenue of \$19,247 on the loan. Subsequent to the three months ended December 31, 2018, the Company received full payment on this loan receivable.

In September 30, 2018, the Company advanced \$500,000. This loan bore interest at 8% per annum and was due 1 year from its issuance date. During the three months ended December 31, 2018, the Company received \$410,082 including interest of \$10,082 and common shares of the borrower with a fair value of \$100,000.

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(Unaudited, in Canadian dollars)

5. LOANS RECEIVABLE (Continued)

On July 23, 2018, the Company acquired a note receivable for \$4,500,000 with consideration consisting of \$3,500,000 and 1,176,471 common shares of the counterparty with an estimated fair value of \$1,000,000. During the year ended September 30, 2018, management identified evidence that this loan was impaired, and recognized an impairment loss of \$4,500,000.

On August 8, 2018, the Company advanced \$13,358 to an unrelated company. This loan bears interest at 10% per annum, is unsecured and due on demand. During the three months ended December 31, 2018, this loan was repaid.

6. TRADE PAYABLES AND ACCRUED LIABILITIES

| | December 31, 2018 | September 30, 2018 |
|---------------------|-------------------|--------------------|
| Trade payable | \$ 70,619 | \$ 61,430 |
| Accrued liabilities | 15,100 | 15,100 |
| | <u>\$ 85,719</u> | <u>\$ 76,530</u> |

7. LOANS PAYABLE

During the year ended September 30, 2016, the Company entered into a loan agreement for \$125,000 with a repayment date on or before September 15, 2017. The loan bore interest at 4% per annum. As of September 30, 2018, the Company had repaid the loan and the accrued interest of \$5,205 was forgiven by the lender.

In August 2018, the Company entered into a loan agreement of \$1,500,000. This loan bears interest at 4% per annum, and is due on demand. During the three months ended December 31, 2018, the Company made a payment of \$850,000 towards the principal; thereby, reducing the principal to \$650,000. The Company recorded an accrued interest of \$7,392 for the three months ended December 31, 2018.

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(Unaudited, in Canadian dollars)

8. CONVERTIBLE DEBENTURE PAYABLE

On June 25, 2018, the Company issued convertible debentures with total principal of \$2,500,000. 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, 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 estimates 15% to be the market interest rate for a similar debt instrument without a conversion option 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. The amount recorded to the loan reserve was offset by a deferred tax charge of \$29,348. In December 2018, the Company paid a total of \$1,275,342 to a holder of the convertible debentures which included \$1,200,000 in principal and \$75,342 in accrued interests. As at December 31, 2018, these convertible debentures had a carrying value of \$1,243,918 with accrued interest of \$59,453, totalling \$1,303,371.

In the three months ended December 31, 2018, the Company issued convertible debentures with total principal of \$1,760,000. These convertible debentures were convertible into units of the Company at a conversion price of \$0.15 per unit; each unit consists of one common share and one common share purchase warrant of the Company exercisable for 1 year from conversion date. These convertible debentures are unsecured, mature 2 years from issuance, and carry an interest rate of 8% per annum. The Company reserves the right to pay interests by cash payment of 4% and issuance of shares at market price corresponding to 4% of accrued interest payable.

The Company estimates 13% to be the market interest rate for a similar debt instrument without a conversion option of these convertible debentures and applied this rate to obtain the fair value (\$1,613,207) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of \$146,793 to the Company's loan reserve. As at December 31, 2018, these convertible debentures had a carrying value of \$1,616,694 with accrued interest of \$7,570, totalling \$1,624,264.

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(Unaudited, in Canadian dollars)

9. SHARE CAPITAL

Authorized Share Capital

Unlimited number of common shares without par value

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.

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, 2018 and September 30, 2018.

Warrants

There was no warrant outstanding at December 31, 2018 and September 30, 2018.

10. RELATED PARTY TRANSACTIONS

Transactions with Key Management and Directors

The Company did not have transactions with management and directors for the period ended December 31, 2018.

Due to Related Parties

The Company did not have any balances owing to or from its related parties.

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(Unaudited, in Canadian dollars)

11. SUBSEQUENT EVENTS

In January 2019, the Company announced it has closed its offering of unsecured convertible debenture. The Company raised an aggregate of \$2,140,000 by issuance of unsecured convertible debentures of the Company.

The convertible debentures have a term of two years from the date of issuance, carry an interest rate of 8% per annum, and interest will be payable annually by a cash payment of 4% and issuance of common shares of the Company, at market price, corresponding to 4% of the accrued interest payable. The Company may prepay all or part of the convertible debentures without bonus or penalty at its discretion.

The convertible debentures are convertible into units at \$0.15; each unit consists of one common share and one common share purchase warrant, exercisable for one year at \$0.15 per warrant share, from the date of conversion, provided that the holder will not be able to convert in the event that such conversion will result in him holding more than 9.9% of the issued and outstanding shares of the Corporation without prior written consent of the Corporation.

In February 2019, the Company announced it will conduct a non-brokered private placement of up to 10,000,000 units at a price of \$0.075 per unit to raise up to an aggregate of \$750,000. Each unit will consist of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 per common share for a period of 5 years from the closing of this financing.