

# **GRAND PEAK CAPITAL CORP.**

## **Condensed Interim Consolidated Financial Statements**

**For the Three Months and Nine Months Ended June 30, 2019 and 2018**

**(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 2019	September 30 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 445,180	\$ 1,088,430
Accounts receivable		97,401	108,503
Sales tax receivable		-	5,866
Other receivables		6,604	-
Prepays and deposits		4,760	3,760
Loans and interests receivable	6	681,139	782,605
		1,235,084	1,989,164
<b>Non-Current Assets</b>			
Investments in warrants	4	546,261	1,461,914
Marketable securities	5	6,965,593	9,207,070
Equipment		684	921
<b>TOTAL ASSETS</b>		<b>\$ 8,747,622</b>	<b>\$ 12,659,069</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7	\$ 95,833	\$ 76,530
Other payables		4,155	-
Loans and interests payable	8	1,065,501	1,506,575
Convertible debenture payable	9	1,403,376	2,486,073
Income taxes payable		125,058	149,474
Advance payable		-	40,000
		2,693,923	4,258,652
<b>Non-Current Liabilities</b>			
Deferred income tax liability		291,178	291,178
<b>TOTAL LIABILITIES</b>		<b>2,985,101</b>	<b>4,549,830</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	10	10,450,604	9,610,604
Reserves	10	275,264	79,348
Accumulated other comprehensive income		3,044,010	5,700,909
Deficit		(8,007,357)	(7,281,622)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,762,521</b>	<b>8,109,239</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 8,747,622</b>	<b>\$ 12,659,069</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 31,		Six Months Ended June 31,	
		2019	2018	2019	2018
<b>Revenue</b>					
Consulting fee income		\$ -	\$ -	\$ 800	\$ 145,456
Management fee income		34,977	9,371	89,086	14,270
Administration fee income		66,000	22,000	172,000	245,500
		100,977	31,371	261,886	405,226
<b>Expenses</b>					
Bad debt (recovered)		-	-	-	137
Bank fees		1,963	5,254	4,336	6,869
Consulting fees		-	4,200	14,319	7,700
Mining taxes		-	1,525	-	4,502
Insurance		-	-	1,520	-
Office and miscellaneous		3,688	2,708	12,302	5,757
Professional fees		37,304	13,111	61,175	50,610
Rent		32,809	9,000	41,810	27,000
Transfer agent and regulatory fees		15,400	2,243	33,557	14,253
Wages and benefits		14,386	15,911	43,744	50,006
		(105,550)	(53,952)	(212,763)	(166,834)
<b>Other Items</b>					
Interests expense	8, 9	(66,402)	-	(362,589)	-
Foreign exchange gain (loss)		(868)	(385)	(4,360)	(552)
Gain (loss) from forgiveness of interests	8	(57)	-	(57)	5,205
Interests income	6	(3,999)	37,229	36,255	110,563
Other income		-	-	527	-
Realized gain (loss) on marketable securities	5	(826,762)	120,908	(444,130)	1,399,116
Loss on disposal of subsidiary	3	(96,384)	-	(96,384)	-
		(994,472)	157,752	(870,738)	1,514,332
<b>Net Income for the Period</b>		(999,045)	135,171	(821,615)	1,752,724
<b>Other Comprehensive Income (Loss)</b>					
Unrealized gain (loss) on marketable securities, net		(2,062,362)	2,725,114	(2,656,899)	3,436,113
<b>Comprehensive Income (Loss) for the Period</b>		\$ (3,061,407)	\$ 2,860,285	\$ (3,478,514)	\$ 5,188,837
<b>Basic earnings per share</b>		\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.07
<b>Diluted earnings per share</b>		\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.07
<b>Weighted Average Number of Common Shares Outstanding</b>					
<b>Basic</b>		108,557,940	24,988,680	88,373,325	24,988,680
<b>Diluted</b>		114,157,940	24,988,680	90,609,222	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				Accumulated		
	Number of	Amount	Reserves	Other Comprehensive	Deficit	Total	
	Shares			Income			
Balance at September 30, 2017	74,966,040	\$ 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 gain (loss) on marketable securities	-	-	-	3,436,113	-	3,436,113	
Balance at June 30, 2018	74,966,040	9,610,604	46,918	5,231,561	(4,746,762)	10,142,321	
Convertible debentures	-	-	32,430	-	-	32,430	
Comprehensive income							
Net loss for the period	-	-	-	-	(2,534,860)	(2,534,860)	
Unrealized gains and losses recognized in net income	-	-	-	(193,661)	-	(193,661)	
Unrealized loss on marketable securities	-	-	-	663,009	-	663,009	
Balance at September 30, 2018	74,966,040	9,610,604	79,348	5,700,909	(7,281,622)	8,109,239	
Convertible debentures	-	-	195,916	-	-	195,916	
Disposal of Mexican subsidiary	-	-	-	-	95,880	95,880	
Issuance of common shares	33,600,000	840,000	-	-	-	840,000	
Return to treasury	(8,100)	-	-	-	-	-	
Comprehensive income							
Net income for the period	-	-	-	-	(821,615)	(821,615)	
Unrealized gain on marketable securities	-	-	-	(2,656,899)	-	(2,656,899)	
Balance at June 30, 2019	108,557,940	\$ 10,450,604	\$ 275,264	\$ 3,044,010	\$ (8,007,357)	\$ 5,762,521	

*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)*

	2019	2018
<b>Operating Activities</b>		
Net income (loss) for the period	\$ (821,615)	\$ 1,752,724
Adjustment for non-cash items		
Depreciation	237	-
Unrealized loss on investments in warrants	915,653	-
Unrealized gain on marketable securities	(492,357)	(1,719,612)
Accretion	(654,987)	(5,779)
Accrued interest expense	169,463	11,558
Accrued interest income	(4,058)	(64,469)
Gain from forgiveness of interests	(88)	(5,205)
Loss from disposal of subsidiary	96,462	-
Changes in non-cash working capital items		
Accounts receivable	11,102	152,831
Sales tax receivable	-	12,332
Other receivables	(6,604)	-
Prepays	(1,000)	(2,005,760)
Trade payables and accrued liabilities	24,587	(21,123)
Other payables	(20,261)	55,687
Deferred revenue	-	(3,150)
Net cash flow used in operating activities	(783,466)	(1,839,966)
<b>Investing Activities</b>		
Proceeds from sale of marketable securities	671,919	2,132,618
Acquisition of marketable securities	(594,984)	(1,750,396)
Loan repayments	(670,262)	930,000
Loans advanced	297,630	(1,040,000)
Net cash flow provided by (used in) investing activities	(295,697)	272,222
<b>Financing Activities</b>		
Issuance of convertible debentures	2,140,000	2,500,000
Retirement of convertible debentures	(2,500,000)	-
Issuance of common shares	840,000	-
Repayment of loans	(44,087)	(125,000)
Net cash flows provided by financing activities	435,913	2,375,000
Change in cash during the period	(643,250)	807,256
Cash, beginning of period	1,088,430	750,087
Cash, end of period	\$ 445,180	\$ 1,557,343

*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, 2019

*(Unaudited, 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 is a diversified industry investment company. Grand Peak Capital invests in high quality cash flow assets across multiple industries, including real estate ventures in Canada and the USA, securities, early stage venture capital companies and leasing and growing hemp on land in Canada and the USA.

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, 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 and six-month periods ended June 30, 2019 were reviewed and authorized for issue by the Board of Directors on August 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.

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

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)***2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Basis of Consolidation (Continued)**

Entity	Incorporation	Ownership Percentage
Grand Peak Mexican Holding Inc.	Canada	100%
1151101 BC Ltd.	Canada	100%
Grand Peak USA, Inc.	USA	100%

During the nine months ended June 30, 2019, the Company has determined that it is no longer feasible to maintain the annual Mexican concession fees and accordingly, Grand Peak Mexico S.A. de C.V., is no longer required and is therefore abandoned. See Note 3.

**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, 2019

*(Unaudited, in Canadian dollars)***3. DISPOSAL OF SUBSIDIARY**

During the nine months ended June 30, 2019, the Company has determined that it is not feasible to maintain the annual Mexican concession fees and accordingly, Grand Peak Mexico S.A. de C.V., is no longer required and is therefore abandoned. The assets, liabilities and equities that were on the books of the Mexican subsidiary were written off:

Sales tax receivable	\$	5,789
Accounts Payable		(5,285)
Due to Parent company		(96,384)
Deficit		95,880
	\$	-

At the same time, the Company also recognized a loss of \$96,348 as a result of writing off the intercompany accounts between the Parent company and the Mexican subsidiary.

**4. INVESTMENTS IN WARRANTS**

As at June 30, 2019, 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:

	June 30, 2019	September 30, 2018
Opening balance	\$ 1,461,914	\$ 1,080,110
Change in fair value	\$ (915,653)	381,804
Ending balance	\$ 546,261	\$ 1,461,914

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

	June 30, 2019	September 30, 2018
Expected life of warrants	0.45 - 3.90	1.35 - 4.65
Annualized volatility	53% - 146%	95% - 237%
Risk-free interest rate	1.41% - 1.52%	1.63% - 2.30%
Dividend rate	0%	0%

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)***5. MARKETABLE SECURITIES**

As at June 30, 2019, the Company's marketable securities comprise of investments in common shares of Canadian public companies. The Company designates its investment in common shares as fair value through other comprehensive income ("FVOCI"). The cost and fair values of the shares at June 30, 2019 and September 30, 2018 are as follows:

		June 30, 2019		September 30, 2018
Cost	\$	4,857,714	\$	6,190,761
Fair value	\$	6,965,593	\$	9,207,070

**6. 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 an unrelated entity. 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 to an unrelated entity. 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. During the nine months ended June 30, 2019, the Company received \$297,900 including principal and interests as full payment of this loan.

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)*

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**6. 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 bore interest at 10% per annum, was unsecured and due on demand. During the nine months ended June 30, 2019, this loan was repaid.

In September 30, 2018, the Company advanced \$500,000 to an unrelated entity. This loan bore interest at 8% per annum and was due 1 year from its issuance date. During the nine months ended June 30, 2019, the Company received \$410,082 including interest of \$10,082 and common shares of the borrower with a fair value of \$100,000.

On January 21, 2019, the Company advanced \$71,000 to an unrelated company. This loan bears interests at 5% per annum, is unsecured and due on demand.

In April 2019, the Company advanced \$602,370 (US\$450,000) to an unrelated company (the "Borrower") to acquire a property in California, USA. The loan bore interest at 10% per annum, with a personal guarantee by the CEO of the Borrower and will be due on December 31, 2019. The Company received two months interest payments (\$8,741) during the three months ended June 30, 2019.

**7. TRADE PAYABLES AND ACCRUED LIABILITIES**

		June 30, 2019		September 30, 2018
Trade payable	\$	80,733	\$	61,430
Accrued liabilities		15,100		15,100
	\$	95,833	\$	76,530

**8. LOANS PAYABLE**

During the year ended September 30, 2016, the Company entered into a loan agreement for \$125,000 to an unrelated entity 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.

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)*

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**8. LOANS PAYABLE (Continued)**

In August 2018, the Company entered into a loan agreement of \$1,500,000 to an unrelated entity. This loan bears interest at 4% per annum, and is due on demand. During the nine months ended June 30, 2019, the Company made a payment of \$975,000 towards the principal; thereby, reducing the principal to \$525,000. The Company recorded an accrued interest of \$23,405 for the nine months ended June 30, 2019.

In March 2019, the Company entered into a loan agreement of \$400,000 with an unrelated entity. This loan bears interest at 8% per annum, and is due on demand. The Company recorded an accrued interest of \$8,416 for the nine months ended June 30, 2019.

In March 2019, the Company entered into a loan agreement of \$400,000 with an unrelated entity. This loan bears interest at 8% per annum, and is due on demand. During the nine months ended June 30, 2019, the Company recorded an accrued interest of \$8,416. During the nine months ended June 30, 2019, the Company made a total payment of \$403,244 to the lender as repayment of the loan and accrued interests.

In March 2019, the Company entered into a loan agreement of \$100,000 with an unrelated entity. This loan bears interest at 8% per annum, and is due on demand. During the nine months ended June 30, 2019, the Company recorded an accrued interest of \$2,104.

**9. 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. In February 2019, the Company paid a total of 1,385,479 to the remaining holder of the convertible debentures which included \$1,300,000 in principal and \$85,479 in accrued interests. As at June 30, 2019, these convertible debentures were fully retired.

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)*

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**9. CONVERTIBLE DEBENTURE PAYABLE (Continued)**

In January 2019, the Company issued convertible debentures with total principal of \$2,140,000. 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 (\$1,944,083) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of \$195,917 to the Company's loan reserve. In March 2019, the Company paid a total of \$687,452 to three holders of these convertible debentures which included \$680,000 in principal and \$7,452 in accrued interests. As at June 30, 2019, these convertible debentures had a carrying value of \$1,352,196 with accrued interest of \$50,880, totalling \$1,403,376.

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

Unlimited number of common shares without par value

**Stock Split**

On May 16, 2019, the Company had a three for one stock split of its issued and outstanding common shares. Total issued and outstanding shares post stock split was 108,557,940. All share numbers in the financial statements are reported on a post stock split basis.

**Share Issuance**

In March 2019, the Company issued 33,600,000 units at a price of \$0.025 per unit for gross proceeds of \$840,000. Each unit consists of one common share of the Company and one common share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.033 per share for a period of 5 years. Using the residual method, the entire proceeds of \$840,000 were allocated to the shares and \$nil to the warrants.

**Return to Treasury**

In April 2019, the Company made an adjustment to its share capital by cancelling 7,500 common shares and return them to treasury. This adjustment was to correct rounding errors in prior years so the number of shares outstanding agrees to the Company's share registries.

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

JUNE 30, 2019

*(Unaudited, in Canadian dollars)***10. SHARE CAPITAL (Continued)****Return to Treasury (Continued)**

In March 2019, the Company made an adjustment to its share capital by cancelling 600 common shares and return them to treasury. This adjustment was to correct rounding errors in prior years so the number of shares outstanding agrees to the Company's share registries.

**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 June 30, 2019 and September 30, 2018.

**Warrants**

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
Balance at September 30, 2018	\$ -	-
Issuance of warrants	\$ 0.10	33,600,000
Balance at June 30, 2019	\$ 0.10	33,600,000

The expiry of warrants is as follows:

Issued Date	Expiry Date	Number of warrants Issued	Weighted Average Exercise Price
March 13, 2019	March 13, 2024	33,600,000	\$ 0.10

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2019***(Unaudited, in Canadian dollars)*

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**11. RELATED PARTY TRANSACTIONS****Transactions with Key Management and Directors**

The Company did not have transactions with management and directors for the three and nine-month periods ended June 30, 2019.

**Due to Related Parties**

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

**12. SUBSEQUENT EVENTS**

In July 2019, the Company announced it will conduct a non-brokered private placement to raise up to \$2,000,000 by issuance of \$100,000 increments of unsecured convertible debentures of the Company.

The term of each convertible debenture will be 2 years from the date of issuance and will carry an interest rate of 8% per annum. 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 convertible debentures will be convertible into units at \$0.20. Each unit will consist of one common share and one common share purchase warrant, exercisable for one year from the date of conversion, provided that the holder will not be able to convert in the event that such conversion will result in the holder owning more than 9.9% of the issued and outstanding shares of the Company without prior written consent of the Company.

In early August 2019, the Company closed the first tranche of this private placement and raised \$1,100,000.