

GRAND PEAK CAPITAL CORP.

Consolidated Condensed Interim Financial Statements

Three and Nine Months Ended June 30, 2020 and 2019

(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 CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION***(Unaudited, in Canadian dollars)*

	Note	June 30, 2020	September 30, 2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		621,151	395,536
Receivable		54,114	100,641
Prepaid expenses		2,085	2,185
Loans and interest receivable	6	649,321	1,109,923
		1,326,671	1,608,285
Non-Current Assets			
Investments in warrants	4	30,655	459,966
Marketable securities	5	3,936,687	3,520,298
Investment property	7	416,761	423,091
Property and equipment		368	605
TOTAL ASSETS		5,711,142	6,012,245
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	8	22,477	117,029
Refundable deposits		-	3,046
Deferred revenue		-	-
Loans and interest payable	9	401,603	556,784
Convertible debenture payable	10	2,774,572	-
Income taxes payable		4,887	4,887
		3,203,539	681,746
Non-Current Liabilities			
Convertible debenture payable	10	-	2,471,681
TOTAL LIABILITIES		3,203,539	3,153,427
SHAREHOLDERS' EQUITY			
Share capital	11	10,450,604	10,450,604
Reserves	11	238,541	238,541
Deficit		(8,181,542)	(7,830,327)
TOTAL SHAREHOLDERS' EQUITY		2,507,603	2,858,818
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		5,711,142	6,012,245

Nature and continuance of operations

1

On behalf of the Board:

 "Tajinder Johal"
 Tajinder Johal, Director

 "Jatinder Bains"
 Jatinder Bains, Director

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

GRAND PEAK CAPITAL CORP.**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)***(Unaudited, in Canadian dollars)*

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Revenue	\$	\$	\$	\$
Consulting fee income	-	-	-	800
Management fee income	85,829	100,977	236,194	261,086
Rental income	8,157	-	21,462	-
	93,986	100,977	257,656	261,886
Expenses				
Advertising and promotion	-	-	2,172	-
Consulting fees	7,000	-	7,000	14,319
Depreciation	5,235	-	15,080	-
Office and miscellaneous	4,339	5,651	23,252	18,158
Professional fees	21,800	37,304	58,653	61,175
Rent	9,000	32,809	27,000	41,810
Transfer agent and regulatory fees	3,780	15,400	20,314	33,557
Wages and benefits	17,857	14,386	42,278	43,744
	(69,011)	(105,550)	(195,749)	(212,763)
Other items				
Interest expense (Note 9, 10)	(67,635)	(70,401)	(212,855)	(362,589)
Foreign exchange gain (loss)	(50,710)	(868)	65,783	(4,360)
Gain(loss) on forgiveness of debt/interest (Note 8)	-	(57)	20,950	(57)
Loss on disposition of subsidiary	-	(96,384)	-	(96,384)
Loss on modification of convertible debentures (Note 10)	-	-	(102,332)	-
Interest income (Note 6)	7,506	-	106,590	36,255
Realized loss on disposition of marketable securities (Note 5)	(11,554)	(826,762)	(460,358)	(444,130)
Unrealized gain (loss) on marketable securities and warrants (Note 5)	993,947	(2,062,362)	144,672	(2,656,899)
Other income	24,378	-	24,428	527
	895,932	(3,056,834)	(413,122)	(3,527,637)
Net and comprehensive income (loss)	920,907	(3,061,407)	(351,215)	(3,478,514)
Loss per share, basic and diluted	0.01	(0.03)	(0.00)	(0.04)
No of outstanding share, basic and diluted	108,557,940	108,557,940	108,557,940	88,373,325

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

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

	Issued Common Shares			Accumulated		
	Number of	Amount	Reserves	Comprehensive	Deficit	Total
	Shares			Income		
		\$	\$	\$	\$	\$
Balance at September 30, 2018	74,966,040	9,610,604	79,348	5,983,690	(7,120,133)	8,553,509
Convertible debentures	-	-	159,193	-	-	159,193
Issuance of common shares for cash	33,600,000	840,000	-	-	-	840,000
Return to treasury	(8,100)	-	-	-	-	-
Net loss for the period	-	-	-	-	(6,693,884)	(6,693,884)
Reclassification on adoption of IFRS 9	-	-	-	(5,983,690)	5,983,690	-
Balance at June 30, 2019	108,557,940	10,450,604	238,541	-	(7,830,327)	2,858,818
Balance at September 30, 2019	108,557,940	10,450,604	238,541	-	(7,830,327)	2,858,818
Cumulative translation adjustments	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(351,215)	(351,215)
Balance at June 30, 2020	108,557,940	10,450,604	238,541	-	(8,181,542)	2,507,603

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

GRAND PEAK CAPITAL CORP.**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS***(Unaudited, in Canadian dollars)*

Nine months ended June 30,	2020	2019
OPERATING ACTIVITIES	\$	\$
Net income (loss)	(351,215)	(3,478,514)
Adjustment for non-cash items:		
Realized loss (gain) on marketable securities	460,358	444,130
Unrealized loss (gain) on investments in marketable securities and warrants	(144,672)	2,656,899
Interest expense and accretion	212,855	362,589
Interest income	(106,590)	(36,255)
Depreciation	15,080	237
Foreign exchange	(65,783)	4,360
Gain from forgiveness of debt	(20,950)	57
Loss on modification of convertible debentures	102,332	-
Loss of disposition of subsidiary	-	96,384
Changes in non-cash working capital items:		
Receivable	50,027	10,364
Advance payable	-	(40,000)
Prepays	100	(1,000)
Trade payables and accrued liabilities	(73,775)	(5,493)
Income taxes payable	-	(24,416)
Refundable deposits	(3,046)	-
Net cash flow provided by (used in) operating activities	74,721	(10,658)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	113,082	651,085
Acquisition of marketable securities	(415,846)	(494,984)
Advance of loan receivable	(149,600)	(673,370)
Repayment of loan receivable	683,000	663,358
Receipt of interest payment	57,553	67,836
Net cash flow provided by (used in) investing activities	288,189	213,925
FINANCING ACTIVITIES		
Issuance of convertible debentures	-	2,140,000
Retirement of convertible debentures	-	(3,180,000)
Issuance of common shares	-	840,000
Proceeds from loans	400,000	900,000
Repayment of loans	(525,000)	(1,375,000)
Interest payment	(12,295)	(171,517)
Net cash flow provided by financing activities	(137,295)	(846,517)
Change in cash during the period	225,615	(643,250)
Cash, beginning of period	395,536	1,088,430
Cash, end of period	621,151	445,180

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

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****THREE AND NINE MONTHS ENDED JUNE 30, 2020***(Unaudited, Expressed 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 is a diversified industry investment company. The Company 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

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, 2019, 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 period ended June 30, 2020 were authorized for issue by the Board of Directors on August 31, 2020.

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 were presented in Canadian dollars unless otherwise noted.

Several items presented in the comparative column for 2019 have been reclassified to conform the presentation in the current year.

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**

THREE AND NINE MONTHS ENDED JUNE 30, 2020

*(Unaudited, Expressed 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%
Grand Peak USA, Inc.	USA	100%

The Company does not have mineral interest in Mexico and accordingly, the Company has determined that Grand Peak Mexico S.A. de C.V., is no longer required and will be wound up. See Note 3.

Adoption of new accounting policies

The Company has not adopted new accounting policies since its recent year ended September 30, 2019 except the adoption of IFRS 16 – Leases.

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The adoption of this standard on October 1, 2019 did not have a significant impact on the Company's consolidated financial statements.

Significant Estimates and Assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if it affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, fair value of investments held for trading and fair values of loans receivable.

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

THREE AND NINE MONTHS ENDED JUNE 30, 2020

*(Unaudited, Expressed in Canadian dollars)***2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant Judgements**

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

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the determination of the functional currency of the parent company and its subsidiaries.

3. DISPOSAL OF SUBSIDIARY

The Company does not have any mineral interest in Mexico and accordingly, the Company has determined that Grand Peak Mexico S.A. de C.V., is no longer required and will therefore be wound up. As a result a loss of \$96,384 was recorded during the third quarter ended June 30, 2019 for the disposal.

4. INVESTMENTS IN WARRANTS

As at June 30, 2020, 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, 2020		September 30, 2019
Opening balance	\$	459,966	\$	1,461,914
Change in fair value		(429,311)		(1,001,948)
Ending balance	\$	30,655	\$	459,966

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

	June 30, 2020	September 30, 2019
Expected life of warrants	0.10 – 1.58 years	0.35 – 2.08 years
Annualized volatility	81% - 205%	45% - 167%
Risk-free interest rate	0.46%	1.50%
Dividend rate	0%	0%

5. MARKETABLE SECURITIES

As at June 30, 2020, 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 profit or loss ("FVTPL"). The cost and fair values of the shares at June 30, 2020 and September 30, 2019 are as follows:

		June 30, 2020		September 30, 2019
Cost	\$	4,754,610	\$	7,387,793
Fair value	\$	3,936,687	\$	3,520,298

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****THREE AND NINE MONTHS ENDED JUNE 30, 2020***(Unaudited, Expressed in Canadian dollars)*

6. LOANS RECEIVABLE

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 the maturity date. During the year ended September 30, 2018, the Company recognized interest revenue of \$19,247 on the loan. During the year ended September 30, 2019, the Company received \$276,507 including principal and interest as full repayment of this loan.

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. In September 2019, the Company signed a promissory note with the borrower, whereby the borrower agreed to repay the Company \$6,621,500 (US\$5,000,000) at an interest rate of 10% per annum, payable each month. There is no indication that the credit risk of the counterparty has changed since the impairment was made. The carrying value of this note receivable remains to be \$nil as at June 30, 2020 (2019 - \$Nil).

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 year ended September 30, 2019, the Company received \$13,650 including principal and interest as full repayment of this loan.

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 year ended September 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 as repayment of the loan.

On January 21, 2019, the Company advanced \$71,000 to an unrelated company (the "borrower"). This loan bears interests at 5% per annum, is unsecured and due on demand. In October 2019, the Company received common shares of the borrower with the fair value of \$73,451 as full repayment of loan (\$71,000) and interest of \$2,451.

In April 2019, the Company advanced \$602,370 (US\$450,000) to an unrelated company (the "Borrower"). The loan bore interest at 10% per annum, with three California properties as collateral and a personal guarantee by the CEO of the Borrower. The loan was due on December 31, 2019. In January 2020, the Company and the Borrower agreed to extend the due date of the loan to April 30, 2020, and the Borrower agreed to pay the Company \$32,628 (US\$25,000) as consideration for the extension of the loan which also included interest payment for January 2020, and will continue to make monthly interest payments of US\$3,750. During the nine months ended June 30, 2020, the Company received \$651,578 (US\$453,214) as a full repayment towards the principal and accrued interest.

On September 9, 2019, the Company advanced \$434,115 (US\$330,000) to an unrelated company at an interest rate of 10% per annum; the loan is unsecured and due on demand. The Company recorded an accrued interest of \$21,987 for the nine months ended June 30, 2020.

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

THREE AND NINE MONTHS ENDED JUNE 30, 2020

*(Unaudited, Expressed in Canadian dollars)***6. LOANS RECEIVABLE (Continued)**

In March 2020, the Company advanced \$149,600 (US\$110,000) to an unrelated company at an interest rate of 10% per annum; the loan is unsecured and due on May 31, 2020, subsequent extended to December 31, 2020. The Company recorded an accrued interest of \$4,960 for the nine months ended June 30, 2020.

	30-Jun-20	30-Sep-19
	\$	\$
Balance at September 30, 2018 and 2019	1,109,923	782,605
Loans advanced	149,600	1,107,485
Loans repaid	(683,000)	(828,820)
Interests earned	59,040	53,411
Foreign exchange	13,761	(4,758)
Balance at June 30, 2020 and September 30, 2019	649,324	1,109,923

7. INVESTMENT PROPERTY

The following table presents changes in the cost and the accumulated depreciation and impairment on the Company's investment property which is comprised of land and building:

	June 30, 2020	September 30, 2019
Cost:	\$	\$
Balance at September 30, 2019 and 2018	423,091	-
Additions	-	423,091
Foreign exchange	8,513	-
Balance at June 30, 2020 and September 30, 2019	431,604	423,091
Depreciation:		
Balance at September 30, 2019 and 2018	-	-
Depreciation	14,843	-
Balance at June 30, 2020 and September 30, 2019	14,843	-
Net carrying amount at June 30, 2020 and September 30, 2019	416,761	423,091

Investment properties were acquired on September 30, 2019 and therefore, no depreciation was taken and no rental income was generated for 2019. During the nine months ended June 30, 2020, the Company recorded depreciation expense of \$14,843 and rental income of \$21,462. The Company estimated the fair value of its investment property to be approximately \$524,000 using the recent sales prices of comparable properties.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	June 30, 2020	September 30, 2019
Trade payable	\$ 12,477	\$ 93,138
Accrued liabilities	10,000	23,891
	\$ 22,477	\$ 117,029

During the nine months ended June 30, 2020, the Company recorded a gain of \$20,950 from the forgiveness of debt by a supplier.

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****THREE AND NINE MONTHS ENDED JUNE 30, 2020***(Unaudited, Expressed in Canadian dollars)***9. LOANS PAYABLE**

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 year ended September 30, 2019, the Company made a payment of \$975,000 towards the principal; thereby, reducing the principal to \$525,000. During the nine months ended June 30, 2020, the Company repaid \$300,000 reducing the principal to \$225,000. The Company recorded an accrued interest of \$10,528 (2019 - \$13,803) for the nine months ended June 30, 2020.

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 year ended September 30, 2019, the Company made a payment of \$415,079 as repayment of the loan and accrued interest.

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 year ended September 30, 2019, the Company made a total payment of \$403,244 to the lender as repayment of the loan and accrued interest.

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 year ended September 30, 2019, the Company made a total payment of \$103,770 to the lender as repayment of the loan and accrued interest.

	June 30, 2020	September 30, 2019
	\$	\$
Balance at September 30, 2019 and 2018	556,784	1,506,575
Loans borrowed	400,000	900,000
Loans repaid	(525,000)	(1,897,093)
Interest accrued	1,603	25,209
Interest paid	(31,784)	22,093
Balance at June 30, 2020 and September 30, 2019	401,603	556,784

10. 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 interest 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 interest. 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 interest. As at September 30, 2019, these convertible debentures were fully retired.

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****THREE AND NINE MONTHS ENDED JUNE 30, 2020***(Unaudited, Expressed in Canadian dollars)*

10. CONVERTIBLE DEBENTURE PAYABLE (Continued)

As at June 30, 2020, the Company had the following two convertible debentures outstanding totalling \$2,774,572:

1) In January 2019, the Company issued convertible debentures with total principal of \$2,140,000. These convertible debentures are 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 one year from the 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 interest by cash payment of 4% and issuance of shares at the 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 interest.

In October 2019, the Company and the debenture holder reached an agreement to reprice the conversion amount and the maturity dates of the debentures. The new conversion price and maturity date will be \$1.00 per unit and mature on December 31, 2020.

As at June 30, 2020, these convertible debentures had a carrying value of \$1,441,872 with accrued interest of \$167,158, totalling \$1,609,030.

2) In August 2019, the Company issued convertible debentures with total principal of \$1,100,000. These convertible debentures are convertible into units of the Company at a conversion price of \$0.20 per unit; each unit consists of one common share and one common share purchase warrant of the Company exercisable for one 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 interest by cash payment of 4% and issuance of shares at the 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 (\$999,295) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of \$100,705 to the Company's loan reserve.

In October 2019, the Company and the debenture holder reached an agreement to reprice the conversion amount and the maturity dates of the debentures. The new conversion price and maturity date will be \$1.00 per unit and mature on December 31, 2020.

As at June 30, 2020, these convertible debentures had a carrying value of \$1,086,342 with accrued interest of \$79,200, totalling \$1,165,542.

During the six months ended June 30, 2020, the Company recorded a loss of \$102,332 from modification of these convertible debentures.

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****THREE AND NINE MONTHS ENDED JUNE 30, 2020***(Unaudited, Expressed in Canadian dollars)***11. SHARE CAPITAL****Authorized Share Capital**

Unlimited number of common shares without par value

Stock Split

On May 17, 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 consolidated 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 five years. Using the residual method, the entire proceeds of \$840,000 were allocated to the shares and \$nil to the warrants.

There were no share issuance during the nine months ended June 30, 2020.

Return to Treasury

During the year ended September 30, 2019, the Company made an adjustment to its share capital by cancelling 8,100 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.

There were no shares return or redemption during the nine months ended June 30, 2020.

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, 2020 and September 30, 2019.

Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Warrants
Balance at September 30, 2018	\$ -	-
Issuance of warrants	0.03	33,600,000
Cancellation of warrants	0.03	(33,600,000)
Balance at June 30, 2020 and September 30, 2019	\$ -	-

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JUNE 30, 2020

(Unaudited, Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2020, the Company did not have any transactions with related parties nor any amounts receivable or payable to any related parties as at June 30, 2020.