

GRAND PEAK CAPITAL CORP.

Condensed Consolidated Interim Financial Statements

Three Months Ended December 31, 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.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION***(Unaudited - Expressed in Canadian dollars)*

	Note	December 31, 2020	September 30, 2020
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		249,318	425,155
Accounts receivable		35,634	44,627
Prepaid expenses		3,248	-
Investment in warrants		483,715	405,932
Marketable securities		8,734,662	5,166,258
Loans and interest receivable	5	4,786,549	2,338,649
		14,293,126	8,380,621
Non-Current Assets			
Investment property	6	987,764	990,527
TOTAL ASSETS		15,280,890	9,371,148
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7	64,562	40,423
Loans and interest payable	8	413,307	407,307
Convertible debenture payable	9	2,909,148	2,828,541
Total		3,387,017	3,276,271
SHAREHOLDERS' EQUITY			
Share capital	10	10,450,604	10,450,604
Reserves	10	238,541	238,541
Deficit		1,204,728	(4,594,268)
Total		11,893,873	6,094,877
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		15,280,890	9,371,148

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.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)***(Unaudited -Expressed in Canadian dollars)*

Three months ended December 31,	2020	2019
Revenue	\$	\$
Management fee income	40,438	83,244
Rental income, net of cost (2020 \$1,083, 2019 \$Nil)	1,672	8,547
Total	42,110	91,791
Expenses		
Consulting fees	4,807	-
Depreciation	2,763	4,877
Office and miscellaneous	5,366	10,508
Professional fees	23,750	15,478
Rent	9,000	9,000
Transfer agent and regulatory fees	4,055	10,151
Wages and benefits	16,102	9,933
Total	65,843	59,947
Other gain (loss)		
Finance fees and Interest income	25,132	25,663
Interest and accretion expense	(86,607)	(142,251)
Foreign exchange gain (loss)	(9,508)	(27,379)
Gain on accounts payable and loans settlement	-	20,950
Loss on modification of convertible debentures	-	51,370
Realized loss on disposition of marketable securities	(34,554)	-
Recovery of loan receivable	4,445,000	-
Write off of receivables	(16,402)	-
Unrealized gain (loss) on marketable securities	1,421,885	(335,203)
Unrealized gain (loss) on warrants	77,783	(120,188)
Other income	-	49
Total	5,822,729	(526,989)
Net income (loss) and comprehensive income (loss)	5,798,996	(495,145)
Earnings (loss) per share, basic and diluted	0.05	(0.00)
Weighted average number of outstanding common share, basic and diluted	108,557,940	108,557,940

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

GRAND PEAK CAPITAL CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***(Unaudited - Expressed in Canadian dollars)*

	Issued Common Shares				
	Number of Shares	Amount	Reserves	Deficit	Total
		\$	\$	\$	\$
Balance at September 30, 2019	108,557,940	10,450,604	238,541	(7,830,327)	2,858,818
Net loss for the period	-	-	-	(495,145)	(495,145)
Balance at December 31, 2019	108,557,940	10,450,604	238,541	(8,325,472)	2,363,673
Balance at September 30, 2020	108,557,940	10,450,604	238,541	(4,594,268)	6,094,877
Net income for the period	-	-	-	5,798,996	5,798,996
Balance at December 31, 2020	108,557,940	10,450,604	238,541	1,204,728	11,893,873

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

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

Three months ended December 31,	2020	2019
OPERATING ACTIVITIES	\$	\$
Net income (loss)	5,798,996	(495,145)
Adjustment for non-cash items:		
Realized loss on disposition of marketable securities	34,554	-
Unrealized loss (gain) on investments in warrants	(77,783)	120,188
Unrealized loss (gain) on investments in marketable securities	(1,421,885)	335,203
Accretion	29,407	85,337
Accrued interest expense	57,200	56,914
Accrued interest and finance fee income	(25,132)	10,803
Bad debt recovery	16,402	-
Depreciation	2,763	4,877
Foreign exchange gain	-	(929)
Gain from settlement of debt and accounts payable	-	(20,950)
Gain on early repayment of convertible debentures	-	(51,370)
Recovery of loan receivable	(4,445,000)	-
Changes in non-cash working capital items:		
Accounts receivable	(7,409)	67,470
Prepays	(3,248)	1,000
Trade payables and accrued liabilities	24,140	(223,265)
Net cash flow used in operating activities	(16,995)	(109,867)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	155,468	-
Acquisition of marketable securities	(314,310)	-
Repayment of loan receivable	-	73,461
Net cash flow provided by (used in) investing activities	(158,842)	73,461
Change in cash during the year	(175,837)	(36,406)
Cash, beginning of period	425,155	395,536
Cash, end of period	249,318	359,130

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

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019***(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, and early-stage venture capital 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 210-9648 128 Street, Surrey, BC V3T2X9.

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.

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, 2020, 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 months ended December 31, 2020 were authorized for issue by the Board of Directors on March 1, 2021.

Basis of Consolidation

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiaries. 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.

Entity	Incorporation	Ownership Percentage
1151101 BC Ltd.	Canada	100%
Grand Peak Mexico S.A. de C.V.	Mexico	100%
Grand Peak USA, Inc.	USA	100%
Fruitridge 65 LLC	USA	100%

GRAND PEAK CAPITAL CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Adoption of new accounting policies

The Company has not adopted new accounting policies since its recent year ended September 30, 2020.

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

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

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

As at December 31, and September 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:

	December 31, 2020	September 30, 2020
Opening balance	\$ 405,932	\$ 459,966
Increase of fair value before exercise of warrants	-	128,041
Exercise of warrants	-	(229,500)
Change in fair value	77,783	47,425
Ending balance	\$ 483,715	\$ 405,932

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

	December 31, 2020	September 30, 2020
Expected life of warrants	0.30 – 3.40 years	0.72 – 3.65 years
Annualized volatility	100% - 280%	125% - 280%
Risk-free interest rate	0.19 – 1.0 %	0.19 – 1.5 %
Dividend rate	0%	0%

4. MARKETABLE SECURITIES

As at December 31, 2020 and September 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 are as follows:

	December 31, 2020	September 30, 2020
Cost	\$ 9,536,985	\$ 7,336,412
Fair value	\$ 8,734,662	\$ 5,166,258

5. LOANS RECEIVABLE

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.

During the three months ended December 31, 2020, the Company received restricted common shares of the borrower as a partial repayment of \$2,018,462 (US\$1,500,000) of the loan receivable. These common shares are tradable on the Nasdaq Stock Exchange after removal of restrictions. Since the partial settlement of the loan receivable with shares indicated that the credit risk of the counterparty has decreased, the Company recorded a recovery of loan receivable of \$2,018,482 for the fiscal 2020, which has been fully settled during the three months ended December 31, 2020.

Subsequent to the period ended December 31, 2020, the Company received restricted common shares and share purchase warrants of the borrower with the fair value of \$4,445,000 for the full settlement of the remaining balance of \$4,445,000 (US\$3,500,000) of the loan receivable plus accrued interest. These common shares are tradable on the Nasdaq Stock Exchange after removal of restrictions. As a result, the Company has recorded a recovery of loan receivable of \$4,445,000 during the period ended December 31, 2020.

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

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

*(Unaudited - Expressed in Canadian dollars)***5. LOANS RECEIVABLE (Continued)**

As at December 31, 2020, the carrying value of this note receivable was \$4,450,000 (US\$3,500,000) (2020/9/30-\$2,018,482).

During fiscal 2020, the Company advanced an unsecured loan of \$300,000 to a company at an interest rate of 5% per annum. This loan will mature on August 7, 2021. As at December 31, 2020, the outstanding balance from this borrower was \$341,549 (principal of \$300,000 and accrued interest of \$41,549). One director of the Company is a significant shareholder of this borrower (Note 11).

	Three months ended December 31, 2020	Year ended September 30, 2020
Balance, September 30, 2020 and September 30, 2019	\$ 2,338,649	\$ 1,109,923
Loans advanced	-	445,677
Loans and interest repaid	(2,018,482)	(1,291,729)
Interests and finance fees income	21,382	73,152
Loss on early settlement	-	(12,828)
Recovery of loan receivable	4,445,000	2,018,482
Foreign exchange loss	-	(4,028)
Balance at December 31, 2020 and September 30, 2020	\$ 4,786,549	\$ 2,338,649

6. INVESTMENT PROPERTIES

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:

	Building	Land	Total
Cost:	\$	\$	\$
Balance, September 30, 2019	303,904	119,987	423,091
Additions	-	578,487	578,487
Foreign exchange	-	-	-
Balance at December 31, 2020 and September 30, 2020	303,904	697,674	1,001,578
Depreciation:			
Balance at September 30, 2019	-	-	-
Depreciation	11,051	-	11,051
Balance at September 30, 2020	11,051	-	11,051
Depreciation	2,763	-	2,763
Balance at December 31, 2020	13,814	-	13,814
Net carrying amount at December 31, 2020	290,090	697,674	987,764
Net carrying amount at September 30, 2020	292,853	697,674	990,527

The rental house acquired in fiscal 2020 is amortized over 27.5 years on a straight-line basis commencing the beginning of fiscal 2020. As at December 31, 2020, the Company estimated the carrying value of this investment property approximated its fair value of \$290,090 (September 30, 2020 - \$292,853)

As at December 30, 2020 and September 30, 2020, the cost of Land approximated its fair value as the acquisition was made shortly before the year end.

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

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

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

	December 31, 2020	September 30, 2020
Trade payable	\$ 20,562	\$ 20,423
Accrued liabilities	44,000	20,000
	\$ 64,562	\$ 40,423

8. LOANS PAYABLE

In May and June 2020, the Company entered into a loan agreement of \$150,000 and \$250,000 with two arm's length entities respectively. These loans are unsecured, with a one-year term, carry an interest rate of 6%. As at December 31, 2020, these loans had an accrued interest of \$5,406 and \$7,901 respectively.

	Three months ended December 31, 2020	Year ended September 30, 2020
	\$	\$
Balance at September 30, 2020 and 2019	407,307	556,784
Loans borrowed	-	400,000
Loans repaid	-	(525,000)
Interest expense	6,000	19,191
Gain on loan settlement	-	(5,328)
Interest paid	-	(38,340)
Balance at December 31, 2020 and September 30, 2020	413,307	407,307

9. CONVERTIBLE DEBENTURE PAYABLE

As at December 31, 2020, the Company had the following two convertible debentures outstanding totalling \$2,909,148:

- 1) In January 2019, the Company issued convertible debentures with total principal of \$2,140,000 ("CD #1"). 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 two 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 and recorded the fair value of the conversion option of \$195,917 to the Company's loan reserve. During fiscal 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. As a result of early repayment, the equity component was reduced to \$137,836.

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 is \$1.00 per unit and the new maturity date is December 31, 2020. As a result, the Company recorded a loss from modification of \$9,234.

GRAND PEAK CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019***(Unaudited - Expressed in Canadian dollars)*

9. CONVERTIBLE DEBENTURE PAYABLE (Continued)

As at December 31, 2020, CD#1 had a carrying value of \$1,460,000 with accrued interest of \$225,888, totalling \$1,685,888.

Subsequent to the period ended December 31, 2020, the Company reached an agreement to extend the maturity date of these convertible debentures to April 30, 2021 with the interest rate increased to 9% per annum.

- 2) In August 2019, the Company issued convertible debentures with total principal of \$1,100,000 ("CD #2") 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 two 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 and recorded 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 is \$1.00 per unit and the new maturity date is December 31, 2020. As a result, the Company recorded a loss from modification of \$34,914.

As at December 31, 2020, these convertible debentures had a carrying value of \$1,100,000 with accrued interest of \$123,260, totalling \$1,223,260.

Subsequent to the period ended December 31, 2020, the Company reached an agreement to extend the maturity date of these convertible debentures to April 30, 2021 with the interest rate increased to 9% per annum.

10. SHARE CAPITAL**Authorized Share Capital**

Unlimited number of common shares without par value

Share Issuance

There was no share issuance nor redemption during the three months ended December 31, 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'.

There was no option outstanding at December 31, 2020 and September 30, 2020.

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

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

*(Unaudited - Expressed in Canadian dollars)***11. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

Excepted the loan receivable with the principal of \$300,000 that has been disclosed in the Note 5, the Company had the following transactions with related parties during the three months ended December 31, 2020:

1) The Company earned management fee income totalling \$29,975 (2020 - \$38,770) from two companies of which one director of the Company is also a director and/or officers of these two companies.

2) The Company was charged an office rent of \$9,000 (2020 - \$9,000) by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord.

12. FINANCIAL INSTRUMENTS**Classification of Financial Instruments**

Financial assets and liabilities of the Company are as follows:

	Fair value measurement	Classification	December 31, 2020	September 30, 2020
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	35,634	44,627
Loan receivables		Amortized cost	4,786,549	2,338,649
Cash	Level 1	FVTPL	249,318	425,155
Investment warrants	Level 3	FVTPL	483,715	405,932
Marketable securities	Level 1	FVTPL	8,734,662	5,166,258
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	64,562	40,423
Loans and interest payable		Amortized cost	413,307	407,307
Convertible debentures		Amortized cost	2,909,148	2,858,541

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount whether due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quote prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Investments consist of common shares and share-purchase warrants of Canadian public companies (Notes 3 & 4). Investments in common shares are measured using level 1 fair value measurements. Investments in share-purchase warrants are measured using level 3 fair value measurements as the fair value estimate incorporates the use of option pricing models, where volatility is not based on observable market data.