

# **GRAND PEAK CAPITAL CORP.**

## **Condensed Consolidated Interim Financial Statements**

**Three and Six Months Ended March 31, 2021 and 2020**

**(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	March 31, 2021	September 30, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		493,501	425,155
Accounts receivable		27,699	44,627
Prepaid expenses		3,248	-
Investment in warrants		2,958,662	405,932
Marketable securities		11,621,002	5,166,258
Loans and interest receivable	5	345,299	2,338,649
		15,449,411	8,380,621
<b>Non-Current Assets</b>			
Loans and interest receivable		1,014,388	-
Investment property	6	985,001	990,527
<b>TOTAL ASSETS</b>		<b>17,448,800</b>	<b>9,371,148</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7	75,303	40,423
Loans and interest payable	8	-	407,307
Convertible debentures	9	2,964,472	2,828,541
Total		3,039,775	3,276,271
<b>Non-current Liabilities</b>			
Loans and interest payable		1,107,233	-
<b>Total liabilities</b>		<b>4,147,008</b>	<b>3,276,271</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	10,450,604	10,450,604
Reserves	10	358,697	238,541
Deficit		2,492,491	(4,594,268)
<b>Total</b>		<b>13,301,792</b>	<b>6,094,877</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>		<b>17,448,800</b>	<b>9,371,148</b>

Nature and continuance of operations

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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)*

	<b>Three months ended March 31,</b>		<b>Six months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>			\$	\$
Management fee income(Note 11)	74,864	67,121	115,302	150,365
Rental income (Note 6)	9,895	4,759	11,567	13,305
<b>Total</b>	<b>84,759</b>	<b>71,880</b>	<b>126,869</b>	<b>163,670</b>
<b>Expenses</b>				
Consulting fees	19,200	-	24,007	-
Depreciation	2,763	4,968	5,526	9,845
Office and miscellaneous	14,387	10,577	19,753	21,085
Professional fees	3,250	21,375	27,000	36,853
Rent (Note 11)	9,000	9,000	18,000	18,000
Transfer agent and regulatory fees	33,724	6,383	37,779	16,534
Wages and benefits	13,696	14,488	29,798	24,421
<b>Total</b>	<b>96,020</b>	<b>66,791</b>	<b>161,863</b>	<b>126,738</b>
<b>Other gain (loss)</b>				
Finance fees and interest income (Note 5)	909,292	73,422	934,424	99,084
Interest and accretion expense (Note 8,9)	(182,713)	(2,969)	(269,320)	(145,220)
Foreign exchange gain (loss)	1,366	143,872	(8,142)	116,493
Gain on loan receivable settlement (Note 5)	7,133,403	-	7,133,403	-
Adjustment of loan receivable (Note 5)	(1,963,482)		2,481,518	-
Loss on modification of convertible debentures	-	(153,702)	-	(102,332)
Gain on accounts payable and loans settlement	-	-	-	20,950
Recovery of receivables	19,455		3,053	-
Realized loss on disposition of marketable securities (Note 4)	(1,813,101)	(448,804)	(1,847,655)	(448,804)
Unrealized gain (loss) on marketable securities (Note 4)	(1,030,671)	157,501	391,214	(177,702)
Unrealized loss on warrants (Note 3)	(1,774,525)	(551,386)	(1,696,742)	(671,573)
Other income	-	-	-	50
	1,299,024	(782,066)	7,121,753	(1,309,054)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>1,287,763</b>	<b>(776,977)</b>	<b>7,086,759</b>	<b>(1,272,122)</b>
<b>Earnings (loss) per share, basic and diluted</b>	<b>0.01</b>	<b>(0.01)</b>	<b>0.07</b>	<b>(0.01)</b>
<b>Weighted average number of outstanding common share, basic and diluted</b>	<b>108,557,940</b>	<b>108,557,940</b>	<b>108,557,940</b>	<b>108,557,940</b>

*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)*

	<u>Issued Common Shares</u>			<b>Accumulated other comprehen - sive income</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>			
		\$	\$	\$	\$	\$
Balance at September 30, 2019	108,557,940	10,450,604	238,541	-	(7,830,327)	2,858,818
Net loss for the period	-	-	-	(119)	(1,272,122)	(1,272,241)
Balance at March 31, 2020	108,557,940	10,450,604	238,541	(119)	(9,102,449)	1,586,577
Balance at September 30, 2020	108,557,940	10,450,604	238,541	-	(4,594,268)	6,094,877
Issuance of convertible debentures	-	-	120,156	-	-	120,156
Net income for the period	-	-	-	-	7,086,759	7,086,759
Balance at March 31, 2021	108,557,940	10,450,604	358,697	-	2,492,491	13,301,792

*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)*

<b>Six months ended March 31,</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Net income (loss)	7,086,759	(1,272,122)
Adjustment for non-cash items:		
Realized loss on disposition of marketable securities	1,847,655	448,804
Unrealized loss on investments in warrants	1,696,742	415,371
Unrealized loss (gain) on investments in marketable securities	(391,214)	433,906
Accretion	118,808	(60,910)
Accrued interest expense	150,512	200,731
Accrued interest and finance fee income	(950,407)	(30,246)
Bad debt recovery	(3,053)	-
Depreciation	5,526	9,844
Foreign exchange loss (gain)	8,142	(253,203)
Gain from settlement of accounts payable	-	(20,950)
Gain on settlement of loan receivable	(7,133,403)	
Gain on modification of convertible debentures	-	102,332
Recovery of loan receivable	(2,481,518)	-
Changes in non-cash working capital items:		
Accounts receivable	19,981	(29,896)
Deferred revenue	-	19,000
Prepays	(3,248)	1,000
Refundable deposit	-	(705)
Trade payables and accrued liabilities	34,880	(90,110)
Cash provided by (used in) operating activities	6,162	(127,154)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	1,401,210	87,343
Acquisition of marketable securities	(1,019,719)	(148,608)
Proceeds from increase in loan payable	1,100,000	-
Issuance of loan receivable	(1,006,000)	-
Repayment of loan payable	(413,307)	630,966
Cash provided by investing activities	62,184	569,701
Change in cash	68,346	442,547
Cash, beginning of period	425,155	395,536
Cash, end of period	493,501	838,083

*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 AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed 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. 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 six months ended March 31, 2021 were authorized for issue by the Board of Directors on May 31, 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 AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed in Canadian dollars)*

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**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 AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

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

As at March 31, 2021, 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:

	March 31, 2021	September 30, 2020
	\$	\$
Opening balance	405,932	459,966
Addition	4,249,472	-
Increase of fair value before exercise of warrants	-	128,041
Exercise of warrants	-	(229,500)
Change in fair value	(1,696,742)	47,425
Ending balance	2,958,662	405,932

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

	March 31, 2021	September 30, 2020
Expected life of warrants	0.30 – 5 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 March 31, 2021, 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 marketable securities are as follows:

	March 31, 2021	September 30, 2020
Cost	\$ 11,229,788	\$ 7,336,412
Fair value	\$ 11,621,002	\$ 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 six months ended March 31, 2021, the Company received common shares with fair value of \$7,985,169 (US\$6,167,689) and share purchase warrants with fair value of \$4,249,472 (US\$3,368,854) of the borrower as full repayment of \$6,621,500 (US\$5,000,000) of the loan receivable plus default interest of \$908,746 (US\$711,069) totalling 12,542,149. These common shares are tradable on the Nasdaq Stock Exchange

As a result, the \$4,500,000 impairment recorded in 2018 has been fully recovered - a recovery of loan receivable of \$2,018,482 in fiscal 2020 and \$2,481,518 during the six months ended March 31, 2021 respectively.

The Company also recorded an interest income of \$908,746 and gain on loan receivable settlement of \$7,133,403

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

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

to account for the difference between the fair value of shares and warrants received for the settlement (\$12,542,149) and the amount of loan impairment recovery (\$4,500,000)

During the six months ended March 31, 2021, the Company advanced \$1,006,000 (US\$800,000) to an arm's length entity. This loan receivable is unsecured, has a two-year term that will mature on January 27, 2023, and has an interest of 5% per annum.

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 March 31, 2021, the outstanding balance from this borrower was \$345,299 (principal of \$300,000 and accrued interest of \$45,299). One director of the Company is a significant shareholder of this borrower (Note 11).

	Six months ended March 31, 2020	Year ended September 30, 2020
	\$	\$
Balance at September 30, 2020 and 2019	2,338,649	1,109,923
Loans advanced	1,006,000	445,677
Repayment received	(12,542,149)	(1,291,729)
Interest and finance fees income	934,424	73,152
Gain (loss) in settlement	7,133,403	(12,828)
Recovery of loan receivable	2,481,518	2,018,482
Foreign exchange	7,842	(4,028)
<b>Balance at March 31, 2021 and September 30, 2020</b>	<b>1,359,687</b>	<b>2,338,649</b>
Represent by:		
Current	345,299	2,338,649
Non-current	1,014,388	-

**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
	\$	\$	\$
<b>Cost:</b>			
Balance, September 30, 2019	303,904	119,987	423,091
Additions	-	578,487	578,487
Foreign exchange	-	-	-
<b>Balance at March 31, 2021 and September 30, 2020</b>	<b>303,904</b>	<b>697,674</b>	<b>1,001,578</b>
<b>Depreciation:</b>			
Balance at September 30, 2019	-	-	-
Depreciation	11,051	-	11,051
Balance at September 30, 2020	11,051	-	11,051
Depreciation	5,526	-	5,526
Balance at March 31, 2021	16,577	-	16,577
<b>Net carrying amount at March 31, 2021</b>	<b>287,327</b>	<b>697,674</b>	<b>985,001</b>
<b>Net carrying amount at September 30, 2020</b>	<b>292,853</b>	<b>697,674</b>	<b>990,527</b>

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed in Canadian dollars)***6. INVESTMENT PROPERTIES (Continued)**

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 March 31, 2021, the Company estimated the carrying value of this investment property approximated its fair value of \$287,327 (September 30, 2020 - \$292,853)

As at March 31, 2021 and September 30, 2020, the cost of Land approximated its fair value as the acquisition.

**7. TRADE PAYABLES AND ACCRUED LIABILITIES**

		March 31, 2021		September 30, 2020
Trade payable	\$	15,303	\$	20,423
Accrued liabilities		60,000		20,000
	\$	75,303	\$	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%. During the six months ended March 31, 2021, the Company fully repaid the outstanding loan balance of \$413,307.

During the six months ended March 31, 2021, the Company borrowed from a lender an amount of \$1,100,000. This loan is unsecured, has an interest of 4% per annum, and will mature on January 26, 2023. As at March 31, 2021, the outstanding balance of this loan payable was 1,107,233.

	Six months ended March 31, 2021	Year ended September 30, 2020
	\$	\$
Balance at September 30, 2020 and 2019	407,307	556,784
Loans borrowed	1,100,000	400,000
Repayment of loan and interest	(400,000)	(525,000)
Interest expense	13,233	19,191
Gain on loan settlement	-	(5,328)
Interest paid	(13,307)	(38,340)
<b>Balance at March 31, 2021 and September 30, 2020</b>	<b>1,107,233</b>	<b>407,307</b>

**9. CONVERTIBLE DEBENTURES**

As at March 31, 2021, 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.

**GRAND PEAK CAPITAL CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed in Canadian dollars)*

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**9. CONVERTIBLE DEBENTURES (Continued)**

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 in fiscal 2020.

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. On January 1, 2021, the Company issued a replacement convertible debenture with the principal of \$1,685,888 and an interest rate of 9% per annum, which mature on April 30, 2021. 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 (\$1,616,256) of the convertible debentures at inception on January 1, 2021. The difference (\$69,632) between the face value of \$1,685,888 and \$1,616,256 has been added to the Company's account of reserve.

As at March 31, 2021, the carrying amount of the CD#1 was \$1,717,969 (an accrued interest of 49,884 inclusive).

- 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 in fiscal 2020.

**GRAND PEAK CAPITAL CORP.**

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

**THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020**

*(Unaudited - Expressed in Canadian dollars)*

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**9. CONVERTIBLE DEBENTURES**

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. On January 1, 2021, the Company issued a replacement convertible debenture with the principal of \$1,233,260 and an interest rate of 9% per annum, which mature on April 30, 2021. 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 (\$1,172,736) of the convertible debentures at inception on January 1, 2021. The difference (\$50,524) between the face value of \$1,685,888 and \$1,616,256 has been added to the Company's account of reserve.

As at March 31, 2021, the carrying amount of the CD#2 was \$1,246,503 (an accrued interest of 36,195 inclusive).

Subsequent to the period ended March 31, 2021, the Company fully repaid these two CD on April 30, 2021 without any conversion into common shares of the Company.

**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 six months ended March 31, 2021.

**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 March 31, 2021 and September 30, 2020.

**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 six months ended March 31, 2021:

- 1) The Company earned management fee income totalling \$64,222 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 \$18,000 by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord.

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed in Canadian dollars)***12. FINANCIAL INSTRUMENTS****Classification of Financial Instruments**

Financial assets and liabilities of the Company are as follows:

	Fair value measurement	Classification	March 31, 2021	September 30, 2020
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	27,699	44,627
Loan receivables (current and non-current)		Amortized cost	1,359,687	2,338,649
Cash	Level 1	FVTPL	493,501	425,155
Investment in warrants	Level 3	FVTPL	2,958,662	405,932
Marketable securities	Level 1	FVTPL	11,621,002	5,166,258
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	75,303	40,423
Loans and interest payable		Amortized cost	1,107,233	407,307
Convertible debentures		Amortized cost	2,964,472	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.