GRAND PEAK CAPITAL CORP.

Consolidated Financial Statements

Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Grand Peak Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Grand Peak Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

January 28, 2022

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

September 30,	Note	2021	2020
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		397,229	425,155
Accounts receivable		10,898	44,627
Investments in warrants and options	4	2,020,530	405,932
Marketable securities	4	5,451,659	5,166,258
Loans and interest receivable	5	1,053,628	2,338,649
		8,993,944	8,380,621
Non-Current Assets			
Investment properties	6	1,331,702	990,527
TOTAL ASSETS		10,265,646	9,371,148
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7	110,032	40,423
Loans and interest payable	8	-	407,307
Convertible debenture payable	9	-	2,828,541
		110,032	3,276,271
Non-Current Liabilities			
Loans and interest payable	8	947,408	-
TOTAL LIABILITIES		1,057,440	3,276,271
SHAREHOLDERS' EQUITY			
Share capital	10	10,450,604	10,450,604
Equity component of convertible debentures	9	-	238,541
Deficit		(1,242,398)	(4,594,268)
TOTAL SHAREHOLDERS' EQUITY		9,208,206	6,094,877
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		10,265,646	9,371,148

Nature and continuance of operations 1

Subsequent events 5, 15

On behalf of the Board on January 28, 2022:

"Tajinder Johal" — Tajinder Johal, Director

"Sonny Janda" — Sonny Janda, Director

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

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Expressed in Canadian dollars)

Year ended September 30,	2021	2020
Revenue		
Management fee income (Note 11)	236,683	280,214
Net investment gain (loss) (Note 4)	(8,323,808)	1,369,136
Interest income	58,223	119,036
Rental income, net of cost	18,585	27,060
Total revenue (loss)	(8,010,317)	1,795,446
Expenses		
Bad debt expenses (recovery)	8,996	(7,881)
Consulting fees	27,707	7,850
Depreciation (Note 6)	11,051	11,656
Office and miscellaneous	40,352	39,444
Professional fees	66,510	85,542
Rent (Note 11)	36,000	36,000
Transfer agent and regulatory fees	46,913	22,274
Wages and benefits	59,594	62,894
Total operating expenses	297,123	257,779
Other items		
Interest and accretion expense (Note 8, 9)	(250,420)	(331,903)
Foreign exchange gain (loss)	(158,984)	18,381
Gain on accounts payable and loans settlement	-	26,278
Gain (loss) on settlement of loan receivable (Note 5)	9,263,526	(12,828)
Gain (loss) on modification of convertible debentures (Note 9)	33,229	(44,148)
Recovery of loan receivables (Note 5)	2,481,518	2,018,482
Other income	51,900	-
Total other items	11,420,769	1,674,262
Income before income taxes	3,113,329	3,211,929
Income tax (expense) recovery (Note 13)	-	24,130
Net income and comprehensive income	3,113,329	3,236,059
Earnings per share, basic and diluted	0.03	0.03
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 consolidated financial statements

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Issued Common Shares				
	Number of Shares	**Amount**	**Equity component of convertible debentures**	**Deficit**	**Total**
		$	$	$	$
Balance at September 30, 2019	108,557,940	10,450,604	238,541	(7,830,327)	2,858,818
Net income for the year	-	-	-	3,236,059	3,236,059
Balance at September 30, 2020	108,557,940	10,450,604	238,541	(4,594,268)	6,094,877
Maturity of unexercised convertible debentures (Note 9)	-		(238,541)	238,541	-
Net income for the year	-	-	-	3,113,329	3,113,329
Balance at September 30, 2021	108,557,940	10,689,145	-	(1,242,398)	9,208,206

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

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars)

Year ended September 30,	2021	2020
OPERATING ACTIVITIES	$	$
Net income (loss)	3,113,329	3,236,059
Adjustment for non-cash items:		
Income tax expense (recovery)	-	(4,887)
Realized loss (gain) on investment in warrants	145,596	(128,041)
Realized loss (gain) on marketable securities	2,881,779	54,391
Unrealized loss (gain) on investments in warrants	2,578,881	(47,425)
Unrealized loss (gain) on marketable securities	2,717,552	(1,248,061)
Accretion	62,636	107,912
Interest expense	187,784	223,991
Interest income	(34,348)	(73,152)
Bad debt expenses	8,996	7,881
Depreciation	11,051	11,656
Foreign exchange loss (gain)	113,710	4,028
Other income	(51,900)	-
Gain from settlement of debt and accounts payable	-	(26,278)
Loss (gain) on modification of convertible debentures	(33,229)	44,148
Loss (gain) of settlement of loan receivable	(9,263,526)	12,828
Recovery of loan receivable	(2,481,518)	(2,018,482)
Changes in non-cash working capital items:		
Accounts receivable	24,733	(27,024)
Prepaids	-	2,185
Trade payables and accrued liabilities	69,609	(55,656)
Refundable deposits	-	(3,046)
Net cash flow provided by operating activities	51,135	73,027
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	1,526,082	286,403
Acquisition of marketable securities	(1,092,319)	(360,585)
Acquisition of investment properties	-	(578,487)
Advance of loan receivable	(1,269,280)	(445,677)
Repayment of loan receivable	250,000	1,186,598
Interest income	3,947	31,680
Net cash flow provided by (used in) investing activities	(581,570)	119,932
FINANCING ACTIVITIES		
Proceeds from loans	1,100,000	400,000
Repayment of loans	(580,000)	(525,000)
Interest payment	(17,491)	(38,340)
Net cash flow provided by financing activities	502,509	(163,340)
Change in cash during the year	(27,926)	29,619
Cash, beginning of year	425,155	395,536
Cash, end of year	397,229	425,155

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

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.

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 Suite 120 – 9648 128 Street, Surrey, British Columbia, Canada, V4K 3N3.

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's going concern is dependent on cashflow from its investments, or operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. As at September 30, 2021, the Company had a working capital of $8,823,912 (2020 – $5,104,350) and deficit of $1,242,398 (2020 - $4,594,268). Management believes that Company has sufficient resources to fund its business activities for at least the next 12 months. The Company's financial success is dependent on its ability to identity, evaluate, negotiate, and exit investments in assets or businesses. These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumptions inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements 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 consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2022.

Basis of Preparation

These financial statements have been prepared on historical cost basis except for financial instruments classified as and measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's and all its subsidiaries' functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

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

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	
		2021	2020
Grand Peak Mexican Holding Inc. (ii)	Canada	-	100%
1151101 BC Ltd.(i)	Canada	-	100%
Grand Peak Mexico S.A. de C.V. (ii)	Mexico	-	100%
Grand Peak USA, Inc. (Note 15)	USA	100%	100%
Fruitridge 65 LLC	USA	100%	100%

(i) 1151101 BC Ltd. Amalgamated with Grand Peak Capital Corp. on March 1, 2021 whereby the surviving entity is Grand Peak Capital Corp.

(ii) Grand Peak Mexican Holding Inc. and its wholly owned subsidiary Grand Peak Mexico S.A. de C.V. were dormant in 2020 and 2021 and were dissolved before the year ended September 30, 2021.

Foreign Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Canadian dollars which is the functional and presentation currency of the Company and all of its subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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

Financial Instruments (continued)

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss in the period in which they arise.

Investments
All investments except investments in loan receivables are classified upon initial recognition at FVTPL, with changes in fair value reported in profit or loss. Purchases and sales of investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value. Transaction costs are expensed as incurred in profit or loss. Investments in loan receivables are initially measured at fair value then subsequently measured at amortized cost using the effective interest rate method.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. The valuation of these shares has been determined in whole by reference to the close price of the shares on the TSX, TSX Venture Exchange or Canadian Securities Exchange ("CSE") at each reporting date. Various warrants have been received as attachments to share purchase units and do not trade in an active market. At the time of purchase, the per unit cost is allocated to common shares and warrants using the residual value method. The value of the warrants is subsequently determined at the measurement date using the Black-Scholes option pricing model.

All privately held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted with unrealized gains and losses recognized through profit or loss. The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

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

Financial Instruments (continued)

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Investment Properties

Investment properties comprise residential property held either to earn rental income or for capital appreciation or both. Investment properties include land and buildings, and are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost; the estimated useful life of the building; its components, and residual value. Depreciation methods, useful lives and residual values are reviewed annually and adjusted as required.

Repair and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized and amortized on a straight-line basis over the expected useful life of the improvement.

Note 6 discloses the investment properties' fair values. The following approaches either individually or in combination, are used by management, together with appraisers, in their determination of the fair value of investment properties:

- The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

- The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject property and adjusting for any significant differences between them.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in profit or loss in the year of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying value of the asset on the date the transaction occurred.

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

Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of non-financial assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-Based Payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded in option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings (loss) attributable to common shareholders equals the reported earnings (loss) attributable to the owners of the Company. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, warrants and convertible debentures outstanding that may add to the total number of common shares.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. The value of common shares and warrants issued as private placement units is measured using the residual value method, which first allocates value to the more easily measurable component based on fair value (common shares in the private placements) and then the residual value, if any, to the less easily measurable component (warrants in the private placements). Warrants that are issued as agency compensation or other transaction costs are accounted for as share issue costs.

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

Revenue

Revenue from services provided is recognized at the point in time when services were rendered. The Company satisfies its performance obligation upon delivery of services.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of income, as part of net investment gains (losses). All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of income as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recorded by providing for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is possible that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Adoption of new accounting policies and new accounting pronouncements

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

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2021 and have therefore not been applied in preparing these consolidated financial statements. None are expected to have a material effect on the financial statements of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(i) Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future taxable income and the application of existing tax laws. To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize deferred tax assets could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

(ii) Valuation of share-based payments and derivative financial assets

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative financial assets (e.g. investments in warrants and options). Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(iii) Impairment of financial assets at amortized cost and determining expected credit losses

The Company recognizes a loss allowance for expected credit losses on amounts receivable and loans receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognises lifetime ECLs for amounts receivable and loans receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are

(Expressed in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Significant Estimates and Assumptions (continued)

such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include amounts receivable and loans receivables.

(iv) Fair value of private company investments

Where the fair values of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

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.

4. INVESTMENTS

(a) Investments in warrants and options

As at September 30, 2021, and September 30, 2020, the Company's investments in options and warrants consists of share-purchase warrants and stock options of Canadian public companies which are measured at fair value using the Black Scholes option pricing model. The fair values of the options and warrants are as follows:

September 30,	2021	2020
	$	$
Opening balance	405,932	459,966
Cost of acquisition	4,339,075	-
Increase of fair value before exercise of warrants	-	128,041
Exercise and expiry of warrants	(145,596)	(229,500)
Change in fair value	(2,578,881)	47,425
Ending balance	2,020,530	405,932

(Expressed in Canadian dollars)

4. INVESTMENTS

(b) Marketable securities

As at September 30, 2021, and September 30, 2020, the Company's marketable securities mainly 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:

		September 30, 2021		September 30, 2020
Cost	$	7,454,673	$	7,336,412
Fair value	$	5,451,659	$	5,166,258

(c) Net investment gain (loss)

Net investment gain (loss) comprised of the following for the years ended September 30, 2021 and 2020:

	2021	2020
	$	$
Net realized gain (loss) on disposal of investments	(3,027,375)	73,650
Net change in unrealized loss on investments	(5,296,433)	1,295,486
Net investment gain (loss)	(8,323,808)	1,369,136

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 year ended September 30, 2021, the Company received common shares with fair value of $9,476,351 and share purchase warrants with fair value of $4,287,175 of the borrower, totalling $13,763,526, as full repayment of the loan receivable. As a result, the Company recorded a gain on loan receivable settlement of $9,263,526 and a recovery of loan receivable of $2,481,518 (2020 -$2,018,482).

During the year ended September 30, 2021, the Company advanced $1,019,280 (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 rate of 5% per annum. As at September 30, 2021, the Company recorded accrued interest of $34,348. This loan receivable has been fully repaid subsequent to the year ended September 30, 2021.

During the year ended September 30, 2021, the Company advanced $250,000 to an arm's length party. This loan receivable was unsecured, due within 30 days and bore interest at 10% per annum (interest rate was increased to 18% if payment was not received on the maturity date). The borrower fully repaid the loan principal of $250,000 and accrued interest of $3,946 during fiscal 2021.

On September 9, 2019, the Company advanced $434,115 (US$330,000) to a company at an interest rate of 10% per annum. The loan was unsecured and due on demand. During the year ended September 30, 2020, the Company recorded $33,147 in interest income in connection with the loan receivable. The principal of this loan was fully repaid on June 30, 2020. The Company advanced a new unsecured loan of $300,000 to this borrower at an interest rate of 5% per annum. This new loan will mature on August 7, 2021. As at September 30, 2020, the outstanding balance from this borrower was $337,799 (principal of $300,000 and accrued interest of 37,799). One director of the Company is a significant shareholder of this borrower. During the year ended September 30, 2021, the borrower fully repaid this loan by delivering two parcels of vacant land to settle the principal of $300,000 and accrued interest of $52,183. The acquired land is recorded at its fair value on the date of settlement.

(Expressed in Canadian dollars)

5. LOANS RECEIVABLE (Continued)

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 a fair value of $73,451 as full repayment of the loan ($71,000) and interest of $2,451. In October 2019, the Company subscribed to the shares of the borrower with a value of $148,608; in lieu of cash payment for the subscription, the Company applied the amount as repayment on outstanding accounts receivable of $75,157 and loan and interest receivable of $73,451.

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. The Borrower paid the Company an additional $32,641 (US$25,000) finance fees for the extension. During the year ended September 30, 2020, the loan and the accrued interest ($30,523) were fully repaid.

In March 2020, the Company advanced $145,677 (US$110,000) to a company of which a director of the Company is a director. This loan is unsecured, has an interest rate of 10% per annum, and due on May 31, 2020 which was subsequently extended to December 31, 2020. The Company also earned and received a finance fee of $13,243 (US$10,000) on inception. The Company agreed to fully settle the loan for repayment of $137,078 (US$105,000) and forfeited $6,528(US$5,000) in principal and $6,300 (US$4,617) in interest. As a result, the Company recognized a loss on loan settlement of $12,828.

Year ended September 30,		2021		2020
Balance, beginning of year	$	2,338,629	$	1,109,923
Loans advanced		1,269,280		445,677
Loans repaid		(253,946)		(1,291,729)
Interest income		52,678		73,152
Loss on early settlement		-		(12,828)
Settlement of loans receivable		(4,833,676)		
Recovery of loans receivable		2,481,518		2,018,482
Foreign exchange loss		(855)		(4,028)
Balance, ending of year	$	1,053,628	$	2,338,649

6. INVESTMENT PROPERTIES

The investment property acquired in 2019 is comprised of a rental property. There was no amortization and rental income reported in 2019 as the property was acquired on September 30, 2019. The rental house is amortized over 27.5 years on a straight-line basis commencing the beginning of fiscal 2020. The consideration paid has been allocated to the investment property based on the relative fair value of the rental house and land on the acquisition date.

During the year ended September 30, 2020, the Company acquired four parcels of vacant land located in California, USA for $578,487 (US$430,000) (Note 11).

During the year ended September 30, 2021, the Company acquired two parcels of vacant land located in California, USA for $352,226 (US$278,626) as settlement of a loan receivable (Note 5 and 11)

(Expressed in Canadian dollars)

6. INVESTMENT PROPERTIES (Continued)

As at September 30, 2021, the Company estimated the fair value of these investment properties to be $1,990,000.

	Building	Land	Total
Cost:	$	$	$
Balance, September 30, 2019	303,904	119,187	423,091
Addition	-	578,487	578,487
Balance, September 30, 2020	303,904	697,674	1,001,578
Addition	-	352,226	352,226
Balance, September 30, 2021	303,904	1,049,900	1,353,804
Depreciation:			
Balance at September 30, 2019	-	-	-
Depreciation	11,051	-	11,051
Balance at September 30, 2020	11,051	-	11,051
Depreciation	11,051	-	11,051
Balance, September 30, 2021	22,102	-	22,102
Net carrying amount at September 30, 2020	292,853	697,674	990,527
Net carrying amount at September 30, 2021	281,802	1,049,900	1,331,702

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2021	September 30, 2020
Trade payable	$ 85,032	$ 20,423
Accrued liabilities	25,000	20,000
	$ 110,032	$ 40,423

8. LOANS PAYABLE

During the year ended September 30, 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. The Company repaid the lender $180,000 in June 2021. As at September 30, 2021, the outstanding balance of this loan payable was $920,000 plus accrued interest of $27,408, totalling $947,408.

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 and carry an interest rate of 6%. During the year ended September 30, 2021, the Company fully repaid the outstanding loan and interest balance of $417,491.

(Expressed in Canadian dollars)

8. LOANS PAYABLE (Continued)

Details of the Company's loans payable are as follows:

Year ended September 30,	2021	2020
	$	$
Balance, beginning of year	407,307	556,784
Loans borrowed	1,100,000	400,000
Repayment of loan	(580,000)	(525,000)
Interest expense	37,592	19,191
Gain on loan settlement	-	(5,328)
Interest paid	(17,491)	(38,340)
Less current portion	-	(407,307)
Balance, ending of year – non current portion	**947,408**	**-**

9. CONVERTIBLE DEBENTURES

As at September 30, 2021, the outstanding payable for convertible debentures was $Nil. The Company fully repaid all the convertible debentures during the year ended September 30, 2021; accordingly the equity component of convertible debentures totalling $238,541 was reclassified to deficit. Details are as follow:

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 estimated 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 value method and recorded the fair value of the conversion option of $195,917 as equity component within shareholders' equity. 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 $1,460,000 and an interest rate of 9% per annum, which would mature on April 30, 2021. In connection with the issuance of this replacement convertible debenture, the Company recorded the difference ($18,951) between the carrying value of the debenture and the net present value of the replacement debenture as gain from modification. 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 ($1,441,050) of the convertible debentures at inception on January 1, 2021. The difference ($17,950) between the face value of $1,460,000 and $1,441,049 is recorded as equity component within shareholders' equity. The CD#1 matured on April 30, 2021 without exercise. The Company recorded an accretion expense of $17,950 during the year ended September 30, 2021.

(Expressed in Canadian dollars)

9. CONVERTIBLE DEBENTURES (Continued)

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 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 estimated 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 value method and recorded the fair value of the conversion option of $100,705 as equity component within shareholders' equity.

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.

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 $1,100,000 and an interest rate of 9% per annum, which would mature on April 30, 2021. In connection with the issuance of this replacement convertible debenture, the Company recorded the difference ($14,278) between the carrying value of the debenture and the net present value of the replacement debenture as gain from modification. The Company estimated 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 ($1,085,722) of the convertible debentures at inception on January 1, 2021. The difference ($14,278) between the face value of $1,100,000 and $1,085,722 is recorded as equity component within shareholders' equity. The CD#2 matured on April 30, 2021 without exercise. The Company recorded an accretion expense of $14,278 during the year ended September 30, 2021.

The Company fully settled these two CDs on May 19, 2021 by delivering common shares of a public company with fair value of $ 3,008,140 to fully repay the CD#1 with a payable amount of $1,747,480 ($1,460,000 principal and accrued interest of $287,480) and the CD#2 with a payable amount of $1,260,660 (principal of $1,100,000 and accrued interest of $160,660).

Continuity of the convertible debentures are as follow:

Balance, September 30, 2019	$ 2,467,892
Loss from loan modification	44,148
Interest and accretion expense	316,501
Balance, September 30, 2020	2,828,541
Maturity of CD#1	(1,460,000)
Issuance of replacement CD#1	1,460,000
Maturity of CD#2	(1,100,000)
Issuance of replacement CD#2	1,100,000
Interest and accretion expense	212,828
Gain on modification	(33,229)
Repayment	(3,008,140)
Balance, September 30, 2021	$ -

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 years ended September 30, 2021 and 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 September 30, 2021, 2020, and 2019.

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.

Including the repayment of 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 year ended September 30, 2021.

1) The Company earned management fee income totalling $130,183 (2020 - $203,144) 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 $36,000 (2020 - $36,000) by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord. As at September 30, 2021, the Company owed $49,582 (2020 $nil) to the landlord. During 2020, the landlord had agreed to write off payables for rent previously charged. The Company recorded a gain of $20,950 on settlement of trades payable.

3) During 2021, the Company acquired two parcels (2020 - four parcels) of vacant land (Note 6) from a Company of which a significant shareholder is also a director of the Company.

12. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Market Risk

Marketable Securities

Market risk is the risk that the fair value of, or future cash flows from the Company's investment in marketable securities will significantly fluctuate because of changes in market places. The Company is exposed to market risk or equity risk or equity price risk in trading its investment and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company marks its investments to market in accordance with accounting policies at each reporting period. This process could result in significant write-downs of the Company's investment over one or more reporting periods, particularly during periods of declining resource markets.

Market risk includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis.

Investment Properties

The Company is exposed to market risk for its investment properties in relation to the changes in market price for fair value of the investment properties.

Price Risk

The Company is exposed to price risk in relation to listed marketable securities and warrants held as FVTPL investment. For the year ended September 30, 2021, a 10% change in the closing price of its marketable securities would result in a change in earnings of $545,000.

Interest Rate Risk

Interest risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the Company does not have variable interest bearing asset or debt.

Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk on cash, marketable securities and loans receivables denominated in United States dollars. At September 30, 2021, a hypothetical change of 10% in foreign exchange rates would have an effect of $268,000 (2020-$18,163) on net loss and comprehensive loss.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its loans receivable and accounts receivables. The Company's secondary risk is its cash. The Company evaluates the creditworthiness of the counterparty and the value of any collateral. The Company mitigates its credit risk by only providing loans to counterparties whereby the Company has detailed knowledge about their business operations and strategy. Cash is deposited in bank accounts held with a major bank in Canada. A significant amount of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit financial institutions as determined by rating agencies.

Concentration risk

Concentration risk is the risk that any investment or group of investments will have the potential to materially affect the operating results of the Company. As at September 30, 2021, the Company's top five equity investments, all in the mining and technology sector, had a fair value of $5,913,390. This represents 58% of the fair value of the Company's total assets.

(Expressed in Canadian dollars)

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Liquidity Risk
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

Capital Management
The Company considers items in its shareholders' equity as capital. The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and safeguard the Company's ability to sustain future development of the business. There is no restriction on the Company's capital and was no change in the Company's approach to capital management since last year.

Classification of Financial Instruments
Financial assets and liabilities of the Company are as follows:

	Fair value measurement	Classification	September 30, 2021	September 30, 2020
			$	$
Financial assets:				
Accounts receivable		Amortized cost	10,898	44,627
Loan receivables		Amortized cost	1,053,628	2,338,649
Cash		Amortized cost	397,229	425,155
Investment in warrants and options	Level 2	FVTPL	2,020,530	405,932
Marketable securities	Level 1 and 2	FVTPL	5,451,659	5,166,258
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	110,032	40,423
Loans and interest payable		Amortized cost	947,408	407,307
Convertible debentures		Amortized cost	-	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 public and private companies (Notes 4). Investments in common shares of public companies are measured using level 1 fair value measurements. Investments in share-purchase warrants and options are measured using level 2 fair value measurements as the fair value estimate incorporates the use of option pricing models. Investments in private companies are measured using level 3 fair value measurements as the fair value estimate incorporates the use of non-observable market inputs.

(Expressed in Canadian dollars)

13. INCOME TAXES

A reconciliation of expected income tax recovery to the actual income tax recovery is as follows:

September 30,	2021	2020
	$	$
Income (loss) before taxes	3,113,329	3,211,929
Statutory tax rate	27%	27%
	841,000	867,000
Change in statutory, foreign tax, foreign exchange rate and others	(32,000)	-
Permanent difference	(499,000)	(461,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(25,000)	(596,130)
Change in unrecognized deductible temporary difference	(285,000)	166,000
Total income tax recovery	-	(24,130)

For the year ended September 30, 2021, income tax recovery recognized in profit and loss was comprised of $Nil (2020 - $24,130) of current income tax recovery and $Nil (2020 - $Nil) of deferred tax recovery.

The Company has the following deferred tax assets and liabilities:

September 30,	2021	2020
	$	$
Allowable capital losses	-	52,000
Non-capital loss carry-forward	-	8,000
Convertible debt	-	(8,000)
Investments in warrants	-	(52,000)
	-	-

The significant components of the Company's deductible temporary differences, unused tax credits and unusual tax losses that have not been recognized on the statement of financial position are as follows:

	2021	**Expiry dates**	**2020**	**Expiry dates**
	$		$	
Property and equipment	205,000	No expiry	156,000	No expiry
Marketable securities	1,774,000	No expiry	1,941,000	No expiry
Investments in warrants and options	2,319,000	No expiry	-	No expiry
Allowable capital losses	2,673,000	No expiry	5,218,000	No expiry
Non-capital losses available for future periods	652,000	2038-2041	82,000	2039 - 2040

14. MAJOR CUSTOMER

During the year ended September 30, 2021, the Company earned management fee income of $112,658 from one customer (2020 - $133,333) which was approximately 48% of the total management fee income during the year (2020 – 48%).

15. SUBSEQUENT EVENTS

a) On November 2, 2021, the Company declared a special dividend in kind to the shareholders of record at the close of business on November 5, 2021. Each shareholder will receive common shares of the Company's wholly owned subsidiary, Grand Peak USA, Inc., based on each shareholder's ownership of the Company on a pro-rata basis. Dividend payment date was January 19, 2022. The Company intends to list the common shares of Grand Peak USA, Inc. on the OTCQB in the USA.

b) On December 15, 2021, COMSovereign Holding Corp, ("COMS") a US public Company, and the Company entered into a distribution agreement (the "Agreement"), whereby COMS has appointed the Company as the distributor of COMS' inventory of telecom hardware and software (the "Products'). The term of the Agreement is 12 months which is automatically renewable for another 12 months. The Company has a non-exclusive, non-transferable right to distribute, sell, market, and support the Products in Canada and India, to Customers, agents, and regional distributors subject to Company's ability to fulfill its obligations under this Agreement.