

# **GRAND PEAK CAPITAL CORP.**

## **Condensed Consolidated Interim Financial Statements**

**Three months Ended December 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	December 31, 2021	September 30, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		349,995	397,229
Accounts receivable		11,218	10,898
Investments in warrants and options	4	1,134,236	2,020,530
Marketable securities	4	4,232,803	5,451,659
Loans and interest receivable	5	1,071,089	1,053,628
		6,799,341	8,933,944
<b>Non-Current Assets</b>			
Investment property	6	1,328,939	1,331,702
<b>TOTAL ASSETS</b>		<b>8,128,280</b>	<b>10,265,646</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7	98,086	110,032
Loans and interest payable	8	956,608	-
		1,054,694	110,032
<b>Non-Current Liabilities</b>			
Loans and interest payable	8	-	947,408
<b>TOTAL LIABILITIES</b>		<b>1,054,694</b>	<b>1,057,440</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	10,450,604	10,450,604
Deficit		(3,377,018)	(1,242,398)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,073,586</b>	<b>9,208,206</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,128,280</b>	<b>10,265,646</b>

Nature and continuance of operations	1
Subsequent events	5,8, 13

On behalf of the Board on February 28, 2022:

"Tajinder Johal"  
Tajinder Johal, Director

"Sonny Janda"  
Sonny Janda, 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 December 31,</b>	2021	2020
<b>Revenue</b>		
Management fee income (Note 10)	69,567	40,438
Net investment gain (loss) (Note 4)	(2,097,297)	1,465,114
Interest income	12,741	25,132
Rental income	4,134	1,672
<b>Total revenue (loss)</b>	<b>(2,010,855)</b>	<b>1,532,356</b>
<b>Expenses</b>		
Consulting fees	31,000	4,807
Depreciation	2,763	2,763
Office and miscellaneous	36,267	5,366
Professional fees	18,645	23,750
Rent	9,000	9,000
Transfer agent and regulatory fees	5,696	4,055
Wages and benefits	15,914	16,102
<b>Total operating expenses</b>	<b>119,285</b>	<b>65,843</b>
<b>Other items</b>		
Interest and accretion expense	(9,200)	(86,607)
Foreign exchange gain (loss)	4,720	(9,508)
Write off of receivables	-	(16,402)
Recovery of loan receivables	-	4,445,000
<b>Total other items</b>	<b>(4,480)</b>	<b>4,332,483</b>
<b>Net income (losses) and comprehensive income (losses)</b>	<b>(2,134,620)</b>	<b>5,798,996</b>
<b>Loss per share, basic and diluted</b>	<b>(0.02)</b>	<b>0.05</b>
<b>Weighted average number of outstanding common share, basic and diluted</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 (DEFICIENCY)***(Unaudited - Expressed in Canadian dollars)*

	<u>Issued Common Shares</u>				
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
		\$	\$	\$	\$
Balance at September 30, 2020	108,557,940	10,450,604	238,541	(4,594,268)	6,094,877
Net income for the period	-	-	-	5,798,996	5,798,996
<b>Balance at December 31, 2020</b>	<b>108,557,940</b>	<b>10,450,604</b>	<b>238,541</b>	<b>1,204,728</b>	<b>11,893,873</b>
Balance at September 30, 2021	108,557,940	10,450,604	-	(1,242,398)	9,208,206
Net loss for the period	-	-	-	(2,134,620)	(2,134,620)
<b>Balance at December 31, 2021</b>	<b>108,557,940</b>	<b>10,450,604</b>	<b>-</b>	<b>(3,377,018)</b>	<b>7,073,586</b>

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

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

<b>Three months ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>	\$	\$
Net income (loss)	(2,134,620)	5,798,996
Adjustment for non-cash items:		
Realized loss (gain) on marketable securities	(1,188)	34,554
Unrealized loss (gain) on investments in warrants	886,294	(77,783)
Unrealized loss (gain) on marketable securities	1,212,191	(1,421,885)
Accretion	-	29,407
Interest expense	9,200	57,200
Interest income	(12,741)	(25,132)
Bad debt expenses	-	16,402
Depreciation	2,763	2,763
Foreign exchange loss (gain)	(4,720)	-
Recovery of loan receivable	-	(4,445,000)
Changes in non-cash working capital items:		-
Accounts receivable	(320)	(7,409)
Prepays	-	(3,248)
Trade payables and accrued liabilities	(11,946)	24,140
Net cash flow provided by (used in) operating activities	(55,087)	(16,995)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	7,853	155,468
Acquisition of marketable securities	-	(314,310)
Net cash flow provided by (used in) investing activities	7,853	(158,842)
Change in cash during the period	(47,234)	(175,837)
Cash, beginning of period	397,229	425,155
Cash, end of period	349,995	249,318

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

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020***(Unaudited - Expressed in Canadian dollars)*

---

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Grand Peak Capital Corp. (the “Company”) is incorporated under the Business Corporations Act of British Columbia and is a diversified industry investment company. The Company invests in high quality cash flow assets across multiple industries, including real estate ventures in Canada, USA, securities, and early-stage venture capital companies (Note 13).

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 \$5,744,647 (2021/9/30 – \$8,823,912) and deficit of \$3,377,018 (2021/9/30 - \$1,242,398). 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 identify, 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 condensed consolidated interim 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 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, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC”).

These condensed consolidated interim financial statements for the three months ended December 31, 2021, were authorized for issue by the Board of Directors on February 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.

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

*(Unaudited - Expressed in Canadian dollars)***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	
		2021/12/31	2021/9/30
Grand Peak USA, Inc. (Note 13)	USA	100%	100%
Fruitridge 65 LLC	USA	100%	100%

**Adoption of new accounting policies and new accounting pronouncements**

The Company has not adopted new accounting policies since its recent year ended September 30, 2021.

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 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.



**GRAND PEAK CAPITAL CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

*(Unaudited - Expressed in Canadian dollars)*

---

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)**

**Significant Estimates and Assumptions (continued)**

(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 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.

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

*(Unaudited - Expressed in Canadian dollars)***4. INVESTMENTS****(a) Investments in warrants and options**

As at December 31, 2021, and September 30, 2021, 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:

Periods ended,	December 31, 2021	September 30, 2021
	\$	\$
Opening balance	2,020,530	405,932
Cost of acquisition	-	4,339,075
Increase of fair value before exercise of warrants	-	-
Exercise and expiry of warrants	-	(145,596)
Change in fair value	(886,294)	(2,578,881)
Ending balance	1,134,236	2,020,530

**(b) Marketable securities**

As at December 31, 2021, and September 30, 2021, 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:

	December 31, 2021	September 30, 2021
Cost	\$ 7,423,673	\$ 7,454,673
Fair value	\$ 4,232,803	\$ 5,451,659

**(c) Net investment gain (loss)**

Net investment gain (loss) comprised of the following for the period ended December 31, 2021, and 2020:

	2021	2020
	\$	\$
Net realized gain (loss) on disposal of investments	1,188	(34,554)
Net change in unrealized gain (loss) on investments	(2,098,485)	1,499,668
Net investment gain (loss)	(2,097,297)	1,465,114

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

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

As at December 31, 2021, the Company's loan receivable comprised solely a loan \$1,024,000 (US\$800,000) advanced to an arm's length entity during 2021. 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 December 31, 2021, the Company recorded accrued interest of \$47,089. This loan receivable has been fully repaid in January 2022, subsequent to the period ended December 31, 2021.

Period ended	December 31, 2021	September 30, 2021
Balance, beginning of period	\$ 1,053,628	\$ 2,338,629
Loans advanced	-	1,269,280
Loans repaid	-	(253,946)
Interest income	12,741	52,678
Loss on early settlement	-	(4,833,676)
Recovery of loan receivable	-	2,481,518
Foreign exchange	4,720	(855)
Balance, ending of period	\$ 1,071,089	\$ 1,053,628

**6. INVESTMENT PROPERTIES**

The investment property acquired in 2019 is comprised of a rental property. 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 period ended December 31, 2021, the Company did not acquire additional investment properties.

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 at December 31, 2021, the Company estimated the fair value of these investment properties to be \$1,990,000.

	<b>Building</b>	<b>Land</b>	<b>Total</b>
<b>Cost:</b>	\$	\$	\$
Balance, September 30, 2020	303,904	697,674	1,001,578
Addition	-	352,226	352,226
Balance, December 31, and September 30, 2021	303,904	1,049,900	1,353,804
<b>Depreciation:</b>			
Balance at September 30, 2020	11,051	-	11,051
Depreciation	11,051	-	11,051
Balance at September 30, 2021	22,102	-	22,102
Depreciation	2,763	-	2,763
Balance, December 31, 2021	24,865	-	24,865
<b>Net carrying amount at September 30, 2021</b>	<b>281,802</b>	<b>1,049,900</b>	<b>1,331,702</b>
<b>Net carrying amount at December 31, 2021</b>	<b>279,039</b>	<b>1,049,900</b>	<b>1,328,939</b>

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

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

	December 31, 2021		September 30, 2021	
Trade payable	\$	59,086	\$	85,032
Accrued liabilities		39,000		25,000
	\$	98,086	\$	110,032

**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 December 31, 2021, the outstanding balance of this loan payable was \$920,000 plus accrued interest of \$36,608, totalling \$956,608. The Company fully repaid this loan in February 2022, subsequent to the period ended December 31, 2021.

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

<b>Period ended</b>	December 31, 2021	September 30, 2021
	\$	\$
Balance, beginning of period	947,408	407,307
Loans borrowed	-	1,100,000
Repayment of loan	-	(580,000)
Interest expense	9,200	37,592
Interest paid	-	(17,491)
<b>Balance, ending of period</b>	<b>956,608</b>	<b>947,408</b>

**9. SHARE CAPITAL****Authorized Share Capital**

Unlimited number of common shares without par value

**Share Issuance**

There was no share issuance nor redemption during the period ended December 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 December 31, 2021, and September 30, 2021.

**GRAND PEAK CAPITAL CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

*(Unaudited - Expressed in Canadian dollars)*

---

**10. 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.

The Company had the following transactions with related parties during the period ended December 31, 2021, and 2020.

1) The Company earned management fee income totalling \$38,237 (2020 - \$29,975) from two companies of which one director of the Company is also a director and/or officers of these two companies.

2) The Company was charged an office rent of \$9,000 (2020 - \$9,000) by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord. As at December 31, 2021, the Company owed \$58,582 (September 30, 2021 - \$49,582) to the landlord.

**11. 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:

**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 marketplaces. 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 period ended December 31, 2021, a 10% change in the closing price of its marketable securities would result in a change in earnings of \$423,000.

**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.

**GRAND PEAK CAPITAL CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020

*(Unaudited - Expressed in Canadian dollars)***11. FINANCIAL RISK AND CAPITAL MANAGEMENT(Continued)****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. On December 31, 2021, a hypothetical change of 10% in foreign exchange rates would have an effect of \$148,000 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 December 31, 2021, the Company's top five equity investments, all in the mining and technology sector, had a fair value of \$3,312,000. This represents 41% of the fair value of the Company's total assets.

**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.

**Classification of Financial Instruments**

Financial assets and liabilities of the Company are as follows:

	Fair value measurement	Classification	December 31, 2021	September 30, 2021
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	11,218	10,898
Loan receivables		Amortized cost	1,071,089	1,053,628
Cash		Amortized cost	349,995	397,229
Investment in warrants and options	Level 2	FVTPL	1,134,236	2,020,530
Marketable securities	Level 1 and 2	FVTPL	4,232,803	5,451,659
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	98,086	110,032
Loans and interest payable		Amortized cost	956,608	947,408

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED DECEMBER 31, 2021, AND 2020***(Unaudited - Expressed in Canadian dollars)*

---

**11. FINANCIAL RISK AND CAPITAL MANAGEMENT(Continued)****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.

**12. MAJOR CUSTOMER**

During the period ended December 31, 2021, the Company earned management fee income of \$31,331 from one customer (2020 - \$10,463) which was approximately 45% of the total management fee income during the period (2020 - 26%).

**13. 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. The Company intends to list the common shares of Grand Peak USA, Inc. ("GPK USA Shares") on the OTCQB in the USA and the dividend (GPK USA Shares) will be delivered to shareholders upon the approval of the listing of the GPK USA shares.
- b) On December 15, 2021, the Company and COMSovereign Holding Corp, ("COMS") a US public 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. The Company received first orders from customers in connection with this Agreement in January 2022.