

# **GRAND PEAK CAPITAL CORP.**

## **Condensed Consolidated Interim Financial Statements**

**Six months ended March 31, 2023 and 2022  
(Unaudited - Expressed in Canadian Dollars)**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the condensed consolidated interim financial statements by an entity's auditor.**

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

|                                                  | <b>Note</b>           | <b>March 31,<br/>2023</b> | <b>September 30,<br/>2022</b> |
|--------------------------------------------------|-----------------------|---------------------------|-------------------------------|
|                                                  |                       | \$                        | \$                            |
| <b>ASSETS</b>                                    |                       |                           |                               |
| <b>Current Assets</b>                            |                       |                           |                               |
| Cash and cash equivalents                        |                       | 91,436                    | 270,737                       |
| Accounts receivable                              | 10                    | 18,655                    | 80,177                        |
| Investments in warrants and options              | 4                     | 396,533                   | 381,239                       |
| Marketable securities                            | 4                     | 2,208,021                 | 2,408,189                     |
|                                                  |                       | 2,714,645                 | 3,140,342                     |
| <b>Non-Current Assets</b>                        |                       |                           |                               |
| Investment property                              | 6                     | 1,049,900                 | 1,049,900                     |
| <b>TOTAL ASSETS</b>                              |                       | <b>3,764,545</b>          | <b>4,190,242</b>              |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |                       |                           |                               |
| <b>Current Liabilities</b>                       |                       |                           |                               |
| Trade payables and accrued liabilities           | 7, 11                 | 151,597                   | 140,079                       |
| Dividend payable                                 | 9                     | 1,563,624                 | 1,557,245                     |
|                                                  |                       | 1,715,218                 | 1,697,318                     |
| <b>SHAREHOLDERS' EQUITY</b>                      |                       |                           |                               |
| Share capital                                    | 9                     | 10,450,604                | 10,450,604                    |
| Deficit                                          |                       | (8,401,277)               | (7,957,680)                   |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                |                       | <b>2,049,327</b>          | <b>2,492,924</b>              |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b> |                       | <b>3,764,545</b>          | <b>4,190,242</b>              |
| Nature and continuance of operations             | 1                     |                           |                               |
| On behalf of the Board:                          |                       |                           |                               |
| <u>"Tajinder Johal"</u>                          | <u>"Sonny Janda"</u>  |                           |                               |
| Tajinder Johal, Director                         | 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)*

|                                                                               | Three Months ended March 31, |                    | Six Months ended March 31, |                      |
|-------------------------------------------------------------------------------|------------------------------|--------------------|----------------------------|----------------------|
|                                                                               | 2023                         | 2022               | 2023                       | 2022                 |
| <b>Revenue</b>                                                                | \$                           | \$                 | \$                         | \$                   |
| Management fee income (Note 10, 12)                                           | 92,679                       | 65,650             | 191,379                    | 135,217              |
| Net investment gain (loss) (Note 4)                                           | 487,982                      | (552,164)          | (480,715)                  | (2,649,461)          |
| Interest income                                                               | -                            | 2,960              | -                          | 15,701               |
| Rental income, net of cost (Note 6)                                           | 10,434                       | 4,903              | 15,640                     | 9,037                |
| <b>Total revenue (loss)</b>                                                   | <b>591,095</b>               | <b>(478,651)</b>   | <b>(273,696)</b>           | <b>(2,489,506)</b>   |
| <b>Expenses</b>                                                               |                              |                    |                            |                      |
| Consulting fees (Note 10)                                                     | 8,688                        | 6,400              | 18,288                     | 37,400               |
| Depreciation (Note 6)                                                         | -                            | 2,763              | -                          | 5,526                |
| Office and miscellaneous                                                      | 10,804                       | 1,971              | 25,657                     | 38,238               |
| Professional fees (Note 10)                                                   | 51,422                       | 13,467             | 54,822                     | 32,112               |
| Rent (Note 10)                                                                | 9,099                        | 9,000              | 18,198                     | 18,000               |
| Transfer agent and regulatory fees                                            | 4,456                        | 11,755             | 8,757                      | 17,451               |
| Wages and benefits                                                            | 12,597                       | 14,789             | 34,678                     | 30,703               |
| <b>Total operating expenses</b>                                               | <b>97,066</b>                | <b>60,144</b>      | <b>160,400</b>             | <b>179,429</b>       |
| <b>Other items</b>                                                            |                              |                    |                            |                      |
| Interest and accretion expense (Note 5)                                       | -                            | (5,419)            | -                          | (14,619)             |
| Foreign exchange gain (loss)                                                  | (1,413)                      | (3,839)            | (3,125)                    | 881                  |
| Other                                                                         | -                            | -                  | -                          | 6,537                |
| <b>Total other items</b>                                                      | <b>(1,413)</b>               | <b>(9,258)</b>     | <b>(3,125)</b>             | <b>(7,201)</b>       |
| <b>Net income (loss) and comprehensive income (loss)</b>                      | <b>\$492,616</b>             | <b>\$(548,053)</b> | <b>\$(437,221)</b>         | <b>\$(2,676,136)</b> |
| <b>Income (Loss) per share, basic and diluted</b>                             | <b>\$0.00</b>                | <b>\$(0.01)</b>    | <b>\$(0.00)</b>            | <b>\$(0.02)</b>      |
| <b>Weighted average number of outstanding common share, basic and diluted</b> | <b>108,557,940</b>           | <b>108,557,940</b> | <b>108,557,940</b>         | <b>108,557,940</b>   |

*The accompanying notes are an integral part of these condensed consolidated Interim Financial Statements*

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

|                                          | <b>Common Shares</b>    |                   | <b>Deficit</b>     | <b>Total</b>     |
|------------------------------------------|-------------------------|-------------------|--------------------|------------------|
|                                          | <b>Number of shares</b> | <b>Amount</b>     |                    |                  |
|                                          |                         | \$                | \$                 | \$               |
| Balance at September 30, 2021            | 108,557,940             | 10,450,604        | (1,242,398)        | 9,208,206        |
| Net loss for the period                  | -                       | -                 | (2,676,136)        | (2,676,136)      |
| <b>Balance at March 31, 2022</b>         | <b>108,557,940</b>      | <b>10,450,604</b> | <b>(3,918,534)</b> | <b>6,532,070</b> |
| Balance at September 30, 2022            | 108,557,940             | 10,450,604        | (7,957,680)        | 2,492,924        |
| Revaluation of dividend payable (Note 9) | -                       | -                 | (6,376)            | (6,376)          |
| Net loss for the period                  | -                       | -                 | (437,227)          | (437,221)        |
| <b>Balance at March 31, 2023</b>         | <b>108,557,940</b>      | <b>10,450,604</b> | <b>(8,401,277)</b> | <b>2,049,327</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>Six months ended March 31,</b>                        | <b>2023</b> | <b>2022</b> |
|----------------------------------------------------------|-------------|-------------|
| <b>OPERATING ACTIVITIES</b>                              | <b>\$</b>   | <b>\$</b>   |
| Net loss                                                 | (437,221)   | (2,676,136) |
| Adjustment for non-cash items:                           |             |             |
| Realized loss (gain) on marketable securities            | (15,833)    | (1,188)     |
| Unrealized loss on investments in warrants               | (15,924)    | 947,294     |
| Unrealized loss on marketable securities                 | 511,842     | 1,703,355   |
| Interest expense                                         | -           | 14,619      |
| Depreciation                                             | -           | 5,526       |
| Foreign exchange loss (gain)                             | -           | (881)       |
| Changes in non-cash working capital items:               |             |             |
| Accounts receivable                                      | 61,522      | (821)       |
| Trade payables and accrued liabilities                   | 11,524      | 48,097      |
| Net cash flow provided by (used in) operating activities | 116,540     | 39,865      |
| <b>INVESTING ACTIVITIES</b>                              |             |             |
| Proceeds from sale of marketable securities              | 34,359      | 7,853       |
| Acquisition of marketable securities                     | (330,200)   | (10)        |
| Issuance of loan receivable                              | -           | (37,973)    |
| Repayment of loan receivable                             | -           | 1,049,863   |
| Net cash flow provided by (used in) investing activities | (295,841)   | 1,019,733   |
| <b>FINANCING ACTIVITIES</b>                              |             |             |
| Repayment of loan payable                                | -           | (962,027)   |
|                                                          | -           | (962,027)   |
| Change in cash during the period                         | (179,301)   | 97,571      |
| Cash, beginning of period                                | 270,737     | 397,229     |
| Cash, end of period                                      | 91,436      | 494,800     |

*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****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Grand Peak Capital Corp. (the “Company”) is incorporated under the Business Corporations Act of British Columbia and is a diversified industry investment company. The Company invests in high quality cash flow assets across multiple industries, including real estate ventures in Canada and the USA, securities, 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 210 – 9648 128 Street, Surrey, British Columbia, Canada, V4K 3N3.

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 March 31, 2023, the Company had a working capital of \$999,427 (September 30, 2022 – \$1,443,024) and deficit of \$8,401,277 (September 30, 2022 - \$7,957,680). 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 Condensed Consolidated Interim 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****Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). As such, these condensed consolidated interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s consolidated audited annual financial statements for the year ended September 30, 2022.

These financial statements were approved and authorized for issuance by the Company’s Board of Directors on May 8, 2023.

**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****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**2. BASIS OF PREPARATION (Continued)****Basis of Consolidation**

These condensed consolidated Interim 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 condensed consolidated Interim 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 |                    |
|----------------------|---------------|----------------------|--------------------|
|                      |               | March 31, 2023       | September 30, 2022 |
| Grand Peak USA, Inc. | USA           | 100%                 | 100%               |
| Fruitridge 65 LLC    | USA           | 100%                 | 100%               |

**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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited annual consolidated financial statements for the year ended September 30, 2022.

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

The Company has not adopted new accounting policies since its recent year ended September 30, 2022.

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

**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.

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Certain factors impact and cast additional uncertainty on the assumptions used by management in making its judgments and estimates. These factors include, but not limited to, the potential continued impacts of the COVID-19 pandemic, inflation, significant monetary and fiscal interventions by the government and central banks to stabilize economic conditions, including slowing economic growth, inflation and rising interest rates, as well as the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy.

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

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Significant Estimates and Assumptions (continued)**

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 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.

The determinations of the fair value other than initial cost is 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.

(v) Fair value of dividends payable

Dividends payable are initially recognized at fair value and remeasured to fair value at each reporting date. The payable is determined based on fair value of the assets held and liabilities assumed by the entity declared dividends on. Included in the assets are investment properties.

The fair value of the investment properties is performed by external independent knowledgeable valuers located in the area of the properties. Inputs used in the property valuation models are based on appropriate assumptions that reflect the type of property and location. Management reviews the assumptions made and models used to ensure they correlate with their expectation and understanding of the market. Changes in assumptions about these factors could affect the fair value of investment properties.

**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**

SIX MONTHS ENDED MARCH 31, 2023 AND 2022

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

Warrants have been received as attachments to share-purchase units and do not trade in an active market. At the time of purchase, the 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.

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:

|                       | March 31, 2023 | September 30, 2022 |
|-----------------------|----------------|--------------------|
|                       | \$             | \$                 |
| Opening balance       | 381,239        | 2,020,530          |
| Cost of acquisition   | -              | 243,700            |
| Expiry of warrants    | -              | (243,700)          |
| Change in fair value  | 15,294         | (1,639,291)        |
| <b>Ending balance</b> | <b>396,533</b> | <b>381,239</b>     |

**(b) Marketable securities**

The Company's marketable securities comprise of investments in common shares of Canadian public companies and private companies. The Company designates its investment in common shares as FVTPL.

|                                           | March 31, 2023   | September 30, 2022 |
|-------------------------------------------|------------------|--------------------|
|                                           | \$               | \$                 |
| Opening balance                           | 2,408,189        | 5,451,659          |
| Additions                                 | 330,200          | 233,840            |
| Disposition                               | (34,359)         | (15,390)           |
| Change in fair value and foreign exchange | (496,009)        | (3,261,920)        |
| <b>Ending Balance</b>                     | <b>2,208,021</b> | <b>2,408,189</b>   |

The cost and fair values of the marketable securities are as follows:

|            | March 31, 2023 | September 30, 2022 |
|------------|----------------|--------------------|
| Cost       | \$ 6,928,052   | \$ 7,473,978       |
| Fair value | \$ 2,208,021   | \$ 2,408,189       |

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.

Investments in common shares of a private company 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 these common shares may, depending upon the circumstances, be adjusted with unrealized gains and losses recognized through profit or loss. On March 31, 2023, the Company determines the fair value of common shares of \$40,000 (September 30, 2022 - \$40,000) using the market approach with the following key assumptions:

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)***4. INVESTMENTS (continued)****(b) Marketable securities (continued)**

- The most current financial and operational information of the investee;
- The forecast financial information of the investee;
- Existence of any material contingent liabilities, know environmental issues, unusual contractual obligations, litigation pending or threatened, or substantial commitments on the valuation date; and
- The most recent capital financing of the investee; and
- Index of comparable public companies engaged in early-stage mining operations as indicative of the overall industry investment sentiment for business similar to the investee.

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

Net investment gain (loss) comprised of the following for the six months ended March 31, 2023 and 2022:

|                                                     | 2023      | 2022        |
|-----------------------------------------------------|-----------|-------------|
|                                                     | \$        | \$          |
| Net realized gain (loss) on disposal of investments | 15,833    | 1,188       |
| Net change in unrealized loss on investments        | (496,548) | (2,650,649) |
| Net investment gain (loss)                          | (480,715) | (2,649,461) |

The fair value of investment in options and warrants have been estimated by using the Black-Scholes option pricing model with the following assumptions:

|                          | March 31,<br>2023 | September<br>30, 2022 |
|--------------------------|-------------------|-----------------------|
| Risk-free interest rate  | 3.4-4.2%          | 3.4-3.9%              |
| Expected life of options | 0.3-3.5 years     | 0.4-3.5 years         |
| Annualized volatility    | 107-254%          | 100-280%              |
| Dividend rate            | 0.00%             | 0.00%                 |

**5. LOANS RECEIVABLE**

During the six months ended March 31, 2023, the Company had no new loan receivables.

a) As at September 30, 2021, the Company's loan receivable comprised of solely a loan of \$1,024,000 (US\$800,000) advanced to an arm's length entity. The loan receivable was unsecured, has a two-year term that matured on January 27, 2023, and had an interest rate of 5% per annum. In January 2022, the Company received \$1,066,559 (US\$800,000 principal and US\$39,890 interest) as the full repayment.

b) During the year ended September 30, 2022, the Company advanced \$37,973 to an arm's length party. The loan was unsecured, payable on-demand, and had an interest rate of 5% per annum. This loan was fully repaid on September 15, 2022.

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

SIX MONTHS ENDED MARCH 31, 2023 AND 2022

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

| Period ended                 | March 31, 2023 | September 30, 2022 |
|------------------------------|----------------|--------------------|
| Balance, beginning of period | -              | 1,053,628          |
| Loans advanced               | -              | 37,973             |
| Loans repaid                 | -              | (1,105,598)        |
| Interest income earned       | -              | 17,582             |
| Loss on early settlement     | -              | -                  |
| Recovery of loan receivable  | -              | -                  |
| Foreign exchange gain (loss) | -              | (3,585)            |
| Balance, end of period       | -              | -                  |

**6. INVESTMENT PROPERTIES**

The Company's investment properties were comprised of a residential property and several parcels of land.

|                                                  | <b>Building</b> | <b>Land</b> | <b>Total</b> |
|--------------------------------------------------|-----------------|-------------|--------------|
| <b>Cost:</b>                                     | \$              | \$          | \$           |
| Balance, September 30, 2021                      | 303,904         | 1,049,900   | 1,353,804    |
| Impairment                                       | (294,275)       | -           | (294,275)    |
| Foreign Exchange Loss                            | (9,629)         | -           | (9,629)      |
| Balance, September 30, 2022 and March 31, 2023   | -               | 1,049,900   | 1,049,900    |
| <b>Depreciation:</b>                             |                 |             |              |
| Balance, September 30, 2021                      | 22,102          | -           | 22,102       |
| Depreciation                                     | 11,051          | -           | 11,051       |
| Impairment                                       | (33,153)        | -           | (33,153)     |
| Balance, September 30, 2022 and March 31, 2023   | -               | -           | -            |
| <b>Net carrying amount at September 30, 2022</b> | -               | 1,049,900   | 1,049,900    |
| <b>Net carrying amount at March 31, 2023</b>     | -               | 1,049,900   | 1,049,900    |

As at September 30, 2022, the Company recorded an impairment charge of \$270,751 on the building. The impairment is assessed based on the property type and the trading history of comparable properties located in the same are as the residential property. During the period ended March 31, 2023, the Company noted no additional impairment indicators.

As at March 31, 2023, the Company estimated the fair value of the investment properties to be \$2,820,359 (September 30, 2022 - \$2,820,359).

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)***7. TRADE PAYABLES AND ACCRUED LIABILITIES**

|                     |    | March 31, 2023 |    | September 30, 2022 |
|---------------------|----|----------------|----|--------------------|
| Trade payable       | \$ | 28,045         | \$ | 29,885             |
| Accrued liabilities |    | 93,552         |    | 110,188            |
|                     | \$ | 151,597        | \$ | 140,073            |

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’ products including telecom hardware and software (the “Products”). The term of the Agreement was 12 months which was automatically renewable for another 12 months. The Company had a non-exclusive, non-transferable right to distribute, sell, market, and support the Products in Canada and India. During the year ended September 30, 2022, the Company made an initial purchase of the Products (“Initial Purchase”) whereby such products, if not sold by the Company within the first six months following the Initial Purchase, may be returned for credits without penalty or refund if business is insufficient to off set.

On April 27, 2022, after all best efforts, the Company and COMS entered into an agreement to terminate this Distribution Agreement with the following terms:

- All the unsold Initial Purchase returned to COMS without penalty or fees
- The proceeds received from the sale of the Initial Purchase was \$183,049, net of fees charged by the Company of \$7,058, are returned to COMS. As at December 31, 2022, there was an amount of \$Nil (September 30, 2022 - \$9,239) owing to COMS in connection with these transactions included in the Company’s accounts payable and accrued liabilities.
- The Company assigned all the receivables of \$259,895 from the sales of the Initial Purchase to COMS.

Given the consignment nature of the Distribution Agreement, the Company has not recorded inventory and accounts payable in connection with the Initial Purchase during the year ended September 30, 2022.

There were no further transactions incurred with COMS during the six months ended March 31, 2023.

**8. LOANS PAYABLE**

During the six months ended March 31, 2023, the Company did not have any new loan payables.

During the year ended September 30, 2021, the Company borrowed from a lender an amount of \$1,100,000. The loan was unsecured, had an interest of 4% per annum, and matured on January 26, 2023. The Company repaid \$180,000 in June 2021. As at September 30, 2021, the outstanding balance of the loan was \$920,000 and the accrued interest was \$27,408. In February 2022, the Company repaid this loan and accrued interest in full.

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

| Period ended                   | March 31, 2023 | September 30, 2022 |
|--------------------------------|----------------|--------------------|
|                                | \$             | \$                 |
| Beginning balance              | -              | 947,408            |
| Loans borrowed                 | -              | -                  |
| Repayment of loan and interest | -              | (962,027)          |
| Interest expense               | -              | 14,619             |
| Ending balance                 | -              | -                  |

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)***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 six months ended March 31, 2023 and year ended September 30, 2022.

**Dividend payable**

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. ("GPK USA"), based on each shareholder's ownership of the Company on a pro-rata basis. The Company intends to list the common shares of GPK USA. on the OTCQB in the USA.

In accordance with IFRIC17 – Distribution of Non-cash Assets to Owners, the fair value of the dividend payable, which is the net asset value of GPK USA, on September 30, 2022 and March 31, 2023, was \$1,557,245 and \$1,563,621 respectively. Details are as follow:

|                                          | March 31, 2023 | September 30, 2022 |
|------------------------------------------|----------------|--------------------|
|                                          | \$             | \$                 |
| Cash                                     | 7,065          | 16,234             |
| Accounts receivable                      | 8,949          | 9,064              |
| Investment properties (i)                | 2,820,359      | 2,820,359          |
| less:                                    |                |                    |
| Accounts payable and accrued liabilities | 13,334         | (12,802)           |
| Amount owing to Grand Peak Capital Corp. | (1,259,418)    | (1,275,610)        |
| Net asset to be distributed              | 1,563,621      | 1,557,245          |

*(i) The Company has adopted the direct comparison approach to estimate the fair values of the investment properties based on what other purchasers and sellers in the market have agreed for comparable properties on respective dates.*

The distribution of these dividend in kind (common shares of GPK USA) pending the successful listing of common shares of Grand Peak USA on the OTCQB.

**Stock Options**

The Company has adopted a stock option plan whereby the Company may from time-to-time in accordance with the CSE requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities'.

There was no option outstanding at March 31, 2023, and September 30, 2022.

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**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.

During the six months ended March 31, 2023 the Company:

- Incurred \$7,100 (2022 - \$12,600) in consulting fees paid to the former CFO of the Company
- Incurred \$3,500 (2022 - \$Nil) in consulting fees paid to the CFO of the Company
- Incurred \$18,000 (2022 - \$18,000) in rent expense by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord.
- Earned \$133,141 (2022 - \$73,136) in management fee income from two companies of which one director of the Company is also a director and/or officers of these two companies.

As at March 31, 2023 there was \$48,992 (September 30, 2022 - \$30,885) due to related parties recorded in accounts payable and accrued liabilities.

As at March 31, 2023 there was \$Nil (September 30, 2022 - \$26,744) due from related parties recorded in accounts receivable.

**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 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 period ended March 31, 2023, a 10% change in the closing price of its marketable securities would result in a change in earnings of \$220,000.

**GRAND PEAK CAPITAL CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED MARCH 31, 2023 AND 2022***(Unaudited - Expressed in Canadian dollars)*

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**11. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)****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 March 31, 2023, a hypothetical change of 10% in foreign exchange rates would have an effect of \$1,600 (September 30, 2022-\$9,800) 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 March 31, 2023, the Company's top five equity investments, all in the mining sector, had a fair value of \$1,812,508. This represents 82% 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.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at March 31, 2023:

|                                       | <b>Less than<br/>1 Year</b> | <b>1-5 years</b> | <b>More than 5 years</b> |
|---------------------------------------|-----------------------------|------------------|--------------------------|
|                                       | \$                          | \$               | \$                       |
| Trade payable and accrued liabilities | 151,597                     | Nil              | Nil                      |
| Dividends payable                     | Nil                         | 1,563,621        | Nil                      |

**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.

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

SIX MONTHS ENDED MARCH 31, 2023 AND 2022

*(Unaudited - Expressed in Canadian dollars)***11. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)****Classification of Financial Instruments**

Financial assets and liabilities of the Company are as follows:

|                                                   | <b>Fair value<br/>measurement</b> | <b>Classification</b> | <b>March 31,<br/>2023</b> | <b>September<br/>30, 2022</b> |
|---------------------------------------------------|-----------------------------------|-----------------------|---------------------------|-------------------------------|
|                                                   |                                   |                       | \$                        | \$                            |
| Financial assets:                                 |                                   |                       |                           |                               |
| Accounts receivable                               |                                   | Amortized cost        | 18,655                    | 80,177                        |
| Cash                                              |                                   | Amortized cost        | 91,436                    | 270,737                       |
| Investment in options and warrants                | Level 2                           | FVTPL                 | 396,533                   | 381,239                       |
| Investment in common shares of public companies   | Level 1                           | FVTPL                 | 2,168,021                 | 2,368,189                     |
| Investments in common shares of private companies | Level 3                           | FVTPL                 | 40,000                    | 40,000                        |
| Financial liabilities:                            |                                   |                       |                           |                               |
| Accounts payable and accrued liabilities          |                                   | Amortized cost        | 151,597                   | 140,073                       |
| Loans and interest payable                        |                                   | Amortized cost        | -                         | -                             |
| Dividends payable                                 | Level 3                           | FVTPL                 | 1,563,621                 | 1,557,245                     |

**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 in common shares of public companies are measured using level 1 fair value measurements (Note 4).

Investments in options and warrants are measured using level 2 fair value measurements as the fair value estimate incorporates the use of option pricing models (Note 4).

Investments in private companies are measured using level 3 fair value measurements as the fair value estimate incorporates non-observable market inputs (Note 4).

Dividends payable are measured using level 3 fair value measurements as the fair value estimate incorporates non-observable market inputs (Note 9).

**12. MAJOR CUSTOMER**

During the three months ended March 31, 2023, the Company earned management fee income of \$99,778 from one customer (2022 - \$62,280) which was approximately 52% of the total management fee income during the year (2022 - 46%).