**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND
RESULTS OF OPERATIONS FOR THREE MONTH
PERIOD ENDED DECEMBER 31, 2012 and 2011
FORM 51-102F1**

The following discussion and analysis of the financial condition and results of operations of Grand Peak Capital Corp. (the "Company") should be read in conjunction with the condensed interim consolidated financial statements and related notes for the three month period ended December 31, 2012 and the annual audited consolidated financial statements at September 30, 2012 the ("Financial Statements"). The Company's condensed interim consolidated financial statements included herein were prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared and presented in CDN$.

This management discussion is prepared as of February 25, 2013.

**Description of Business and Review**

Grand Peak Capital Corp ("the Company" or "Grand Peak") is a Canadian junior capital company that has completed its continuation from the jurisdiction of Yukon to British Columbia. Effective as of April 27, 2010, Grand Peak is registered in British Columbia under the Business Corporations Act (British Columbia). The Company's head office and business office is located at Suite 200, 8338 - 120th Street Surrey, British Columbia V3W 3N4.Grand Peak's shares are listed for trading on the TSX Venture Exchange under the symbol ("GPK").

It is engaged primarily in investing in small cap resource sector public companies. The focus is on increasing the Company's value to the benefit of its stakeholders. Accordingly, its financial success may be dependent upon the extent to which it can develop its investments and the economic viability of developing any additional investment portfolios.

In November, 2011, the company executed a Mineral Claim Rights Assignment Agreement for the Vianey Concessions in Mexico with Musgrove Corp and Minerales Jazz S.A. de CV . The aggregate sum is $325,000 CDN. The Company paid $125,000 CDN plus VAT upon legal transfer of the concessions. An additional $100,000 was paid on December 31, 2012. A further payment of $100,000 will be due on October 31 2013.

The Company has entered into an agreement to sell Vianey mining concessions to Lucky Minerals Inc. ("Lucky Minerals"), a company related by a common director. The substantial terms of the agreement include the payment of $700,000 over a 3 year period with a payment of $100,000 upon TSX Venture Exchange approval and six subsequent payments of $100,000 every six months. The Company will retain a 2% Net Smelter Return ("NSR"), Lucky Minerals has an option to purchase 1% of the NSR for $1,000,000 on or before December 1, 2015. Lucky Mineral must also complete a work commitment of $125,000 by December 31, 2013, an aggregate amount of $375,000 by December 31, 2014 and finally an aggregate amount of $825,000 by December 31, 2015. The transaction contemplated in the agreement is subject to all necessary regulatory approvals.

Management is actively looking for additional opportunities for investment. The team has experience evaluating and financing investment projects and anticipates expanding the Company's activities in the near future.

**Going Concern**

The financial statements for the three month period ended December 31, 2012 have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity or other financings.

Management feels that sufficient working capital will be obtained from public share offerings and the sale of marketable securities to meet the Company's liabilities and commitments as they come due. The financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

**Selected Annual Financial Data**

The following table summarizes selected consolidated data for the Company prepared in accordance with International Financial Reporting Standards (IFRS) and Canadian GAAP. The information in the following table was extracted from the more detailed consolidated Financial Statements and related notes and should be read in conjunction with such Financial Statements.

| | **Year Ended Sept 30, 2012** | **Year Ended Sept 30, 2011** | **Year Ended Sept 30, 2010** | **Year Ended Sept 30, 2009** |
|---|---|---|---|---|
| | (in thousands other than per share amounts) | | | |
| | IFRS | IFRS | CGAAP | CGAAP |
| Revenues | CDN$ | CDN$ | CDN$ | CDN$ |
| | 15 | 11 | 125 | 605 |
| Net Income (loss) | (240) | 693 | 985 | 62 |
| Total assets | 4,736 | 7,557 | 9,812 | 5,312 |
| Net assets | 4,511 | 7,540 | 9,743 | 4,483 |
| Debt | 224 | 17 | 69 | 829 |
| Shareholder's equity | 4,511 | 7,540 | 9,743 | 4,483 |
| Capital stock | 8,707 | 8,984 | 8,930 | 6,263 |
| EPS Basic | (0.01) | 0.03 | 0.05 | 0.00 |
| EPS Fully diluted | (0.01) | 0.03 | 0.05 | 0.00 |
| Weighted average | 24,466 | 24,466 | 21,428 | 13,439 |

**Selected Quarterly Financial Data**

The following selected financial data for the past eight business quarters have been summarized from the Company's unaudited quarterly financial statements and are qualified in their entirety by reference to, and should be read in conjunction with, such financial statements:

| Thousands '000 | | | | **2011 – CDN$ restated in IFRS** | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Q1-13** | **Q4-12** | **Q3-12** | **Q2-12** | **Q1-12** | **Q4-11** | **Q3-11** | **Q2-11** |
| Revenues | 236 | 5 | 5 | 5 | - | 5 | 5 | (1) |
| Net income (loss) | (659) | (220) | (47) | 40 | 27 | (40) | 499 | (23) |
| Total assets | 3,697 | 4,736 | 3,834 | 6,062 | 6,210 | 7,557 | 9,144 | 10,589 |
| Debt | 140 | 224 | 224 | - | 14 | 17 | 53 | 56 |
| Shareholders' equity (deficit) | (3,926) | (3,271) | (3,023) | (2,909) | (2,949) | (3,030) | (3,239) | (3,738) |
| Capital stock | 8,707 | 8,707 | 8,707 | 8,707 | 8,707 | 8,984 | 8,930 | 8,930 |
| Basic income (loss) per share | (0.03) | (0.001) | (0.005) | 0.002 | 0.001 | 0.04 | 0.02 | (0.00) |
| Weighted average number of shares | 24,466,702 | 24,466 | 24,466 | 24,466 | 24,466 | 24,466 | 24,466 | 24,466 |

**Results for the three month period ended December 31, 2012**

For the three month period ending December 31, 2012 net revenue (loss) was $(659,350) and $(27,382) – December 31, 2011). The difference is attributed to loss on the sale of marketable securities and market decline.

Expenses for the three month period ended December 31, 2012 totaled $22,647 compared to $16,371 during the first quarter of fiscal 2012. The difference can mostly be attributed to transfer and regulatory fees.

Basic and diluted loss per share was $(0.03) in the three month period ended December 31, 2012 compared to a basic and diluted earnings per common share of $0.001 for the same quarter ending December 31, 2011.

The first quarter also saw a decrease of approximately $925,966 in the market value of its trading assets. In particular, $629,584 was loss on the sale of marketable securities and a market decline of $296,286.

**Liquidity and Capital Resources**

The Company's principal assets consist of cash, marketable securities and a mining claim. The Company's principal sources of funds are its available cash resources, and public financing. The Company has no recurring cash requirements other than corporate overhead.

At December 31, 2012, the Company's readily available cash and equivalents totaled $18,096 compared to ($44,833 – September 30, 2012). Additional sources of liquidity included 3,087,620 in marketable securities and $43,143 of loans and accounts receivable ($41,331 – September 30, 2012).

Working capital declined from $4,129,372 at September 30, 2012 to $3,008,471 at December 31, 2012. The impairment of the Company's working capital position can be attributed to the loss on the sale of securities and a decrease in fair market value of select marketable securities. This is seen as a temporary impairment.

**Financial Position**

Total assets of the Company at December 31, 2012 were 3,697,313 compared to $4,736,402 at September 30, 2012, predominately because of the fall in the value of marketable securities. The Company's liabilities increased to $140,388 as of December 31, 2012 compared to $134,143 at September 30, 2012.

**Shareholders' Equity**

Shareholders' capital stock as at December 31, 2012 was $8,707,804 compared to $8,707,804 as at September 30, 2012. The Company had 24,466,702 shares issued and outstanding as at December 31, 2012 and 24,466,702 at September 30, 2012.

**Overall Performance**

Realized investment gains or losses are a recurring element in the Company's revenues and net earnings. Realized investment gains or losses may fluctuate significantly from period to period, with a meaningful effect upon the Company's consolidated net earnings. However, the amount of realized investment gain or loss for any given period has no predictive value, and variations in amount from period to period have no practical analytical value.

**Internal Financial Controls**

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52- 109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

**Changes in Accounting Policies including Initial Adoption**

Capital Disclosures, CICA Handbook Section 1535

Effective October 1, 2007, the Company adopted new CICA Handbook section 1535 which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

Financial Instruments - Disclosure and Presentation, CICA Handbook Sections 3862 and 3863

Effective October 1, 2007, the Company adopted new CICA Handbook sections 3862 and 3863 which replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation. These standards increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

New Accounting Pronouncements

The following pronouncements recently issued by the Canadian Institute of Chartered Accountants ("CICA") will likely impact the Company's future accounting policies:

**International Financial Reporting Standards ("IFRS")**

The Company has converted to IFRS, and is reputed to have made the transition to IFRS at October 01, 2010

a) <u>Financial Instruments</u>

The ISAB recently issued IFRS 9 "Financial Instruments", which addresses the recognition and measurement of financial assets. Financial assets are initially measured at fair value and classified as either amortized-cost or fair-value. This differs from the current Canadian GAAP (CICA Handbook section 3855 "Financial Instruments: Recognition and Measurement"), in that financial assets are initially recorded at fair value, and they are classified in one of the followings: held-for-trading, held-to-maturity, loans and receivables, or available-for-sale. Temporary market swings are allocated to Other Comprehensive Income.

b) <u>Income Taxes</u>

Under IFRS, a deferred tax asset is recognized to the extent it is "probable" that taxable profit will be available against which the deductible temporary differences can be utilized. Under Canadian GAAP, future tax assets are recognized if it is more likely than not that such asset will be realized. The term "probable" is not defined in IAS 12. However, entities have often used a definition of "more likely than not" similar to Canadian GAAP. Accordingly, we do not expect the adoption of IFRS will result in significant difference as long as the Company uses "more likely than not" as its definition of "probable".

**Critical Accounting Policies**

The Company's significant accounting policies are described in Note 3 of the September 30, 2012 financial statements. The Company considers the following policies to be most critical in understanding its financial results:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are based on past experience, industry trends and known commitments and events. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from those estimates.

Stock-based compensation

The Company has adopted the fair value based method of accounting for stock option and compensatory warrant awards granted to directors, employees and consultants. Under this method, the fair value of compensatory warrants or agents stock options are calculated at the grant date and recorded as share issue costs at the date of grant, with the offsetting credit to contributed surplus. Employee and consultant options are expensed over the period in which related services are rendered. If the stock options are exercised, the proceeds are credited to share capital.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options and compensatory warrants granted. This model is subject to various assumptions and estimates including the Company's future stock volatility, expected life of options granted, and the risk free interest rate. The Company believes its estimates are reasonable under the circumstances.

**Risk and Uncertainties**

Credit Risk

At the present time, the Company does not perceive and serious credit risks.

Liquidity Risk

The Company believes that at the present time it will not face significant liquidity risk as it has been able to secure sufficient funding.

Interest Risk

Grand Peak Capital may become exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates.

Uncertainties

Global economies, while showing fitful signs of recovery remain a long way from being healthy. Financial markets continue to deal with the fallout of a crisis in credit markets and are struggling to return to normal in most countries. Volatile financial market conditions are likely to continue through 2013 as credit and liquidity concerns persist. We anticipate that global government intervention will continue as the fear of removing support too early will outweigh the concerns of stoking inflation. This stimulus should improve financial market operations.

As an investment company, which deals in several sectors and markets, Grand Peak Capital will always be exposed to market fluctuations.

Our financial statements are expressed in Canadian dollars, but a portion of our business may be influenced by other currencies.

**Forward Looking Statements**

Forward looking statements are statements that are not historical facts and are generally , but not always identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", “interprets” and similar expressions, or that events or conditions “will”, “may”, “could” or “should” occur. , The information contained herein may contain forward looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Factors that could cause the actual results to differ materially from those in forward-looking statements, but are not limited to: the risk associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The foregoing list of assumptions is not exhaustive. Additional information on these and other factors that could affect the Company’s operations or financial results are included in the Company’s reports on file with Canadian securities regulatory authorities. Events or circumstances could cause results to differ materially.

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Eugene Beukman – Director
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