



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND
RESULTS OF OPERATIONS FOR THE THREE
MONTHS ENDED DECEMBER 31, 2010
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 consolidated financial statements and related notes for the three months ended December 31, 2010 and 2009 the ("Financial Statements"). The Company's financial statements included herein were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The financial statements are prepared and presented in CDN\$. This management discussion is prepared as of February 25, 2011.

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 is located at suite 900 – 555 Burrard Street, Vancouver, BC, V7X 1M8. It is engaged primarily in investing in small cap resource sector public companies. In addition, it occasionally invests in or makes loans to small companies and its shares are listed for trading on the TSX Venture Exchange under the symbol GPK.

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

Going Concern

The interim financial statements for the three months ended Dec. 31, 2010 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 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, 2010	Year Ended Sept 30, 2009	Years Ended December 31,		
			2008	2007	2006
(in thousands other than per share amounts)					
Revenues	CDN\$	CDN\$	US\$	US\$	US\$
	125	605	358	29	31
Net Income (loss)	985	62	416	(106)	(77)
Total assets	9,812	5,312	2,330	1,180	448
Net assets	9,743	4,483	1,679	565	38
Debt	69	829	651	615	411
Shareholder's equity	9,743	4,483	1,679	565	38
Capital stock	8,930	6,263	4,329	3,279	2,649
EPS Basic	0.05	0.00	0.01	(0.01)	(0.01)
EPS Fully diluted	0.05	0.00	(0.01)	(0.01)	(0.01)
Weighted average	21,428	13,439	8,466	13,700	7,940

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:

	2010 – CDN\$				2009 – US\$			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	2	4	8	98	15	74	155	76
Net income (loss)	628	178	163	74	570	(79)	39	(125)
Total assets	10,084	9,812	8,174	9,318	6,555	5,312	3,992	4,431
Net assets	10,016	9,743	8,102	9,192	6,441	4,483	3,287	3,487
Debt	67	69	73	126	113	829	704	944
Shareholders' equity (deficit)	(3,715)	(4,343)	(3,221)	(3,384)	(3,451)	(4,483)	(3,287)	(3,488)
Capital stock	8,930	8,930	8,930	8,930	8,511	6,263	6,220	7,405
EPS Basic	0.03	0.05	0.04	0.03	0.04	0.00	0.00	0.00
EPS Fully diluted	0.03	0.05	0.04	0.03	0.02	(0.00)	0.00	0.00
Weighted average Fully diluted	24,466	21,428	20,879	20,779	15,533	13,598	13,598	8,466

First Quarter 2011

For the three month period ending Dec. 31, 2010 operating revenue was \$2,700 (\$14,811 – Dec. 2009). The difference stems from the absence of property management revenue for the period.

Expenses for the three month period ended Dec. 31, 2010 totaled \$13,972 compared to \$52,081 during the first quarter of fiscal 2010. The difference is mainly attributable to lower rent and professional expenses than in 2010.

For the quarter ended Dec.31, 2010, the Company shows net income of (\$628,439) compared to a net income of \$569,968 incurred in the same quarter ending Dec. 31, 2009. These results include gains from the sale of marketable securities.

Basic and diluted earnings per share was \$0.03 in the three month period ended Dec. 31, 2010 compared to a basic and diluted earnings per common share of \$(0.04) for the same quarter ending Dec. 31, 2009.

Liquidity and Capital Resources

The Company's principal assets consist of cash and marketable securities. The Company's principal sources of funds are its available cash resources, and public financing. The Company has no recurring cash requirements other than repayment of interest and principal on its debt, tax payments and corporate overhead.

At Dec. 30, 2010, the Company's readily available cash totaled \$1,014,187, compared to (\$471,839 – 2009) while additional sources of liquidity included \$7,773,731 in marketable securities and \$97,105 of receivables, which were respectively \$8,820,367 and \$240,581 for the three months ending Dec. 31 2009.

Working capital improved from \$6,123,895 at Dec. 31st 2009 to \$8,817,435 at Dec. 31, 2010. The significant improvement in the Company's working capital position can be attributed to the increase in fair market value of select marketable securities.

Financial Position

Total assets of the Company at Dec. 31, 2010 increased to \$10,084,473 compared to \$6,554,557 at Dec. 31, 2009, predominately from the increase in the value of marketable securities and the exercise of warrants. . The Company's liabilities decreased to \$67,588 as of Dec. 31, 2010 compared to \$113,315 at Dec. 31, 2009.

Shareholders' Equity

Shareholders' capital as at Dec. 31, 2010 was \$8,930,409 compared to \$8,511,900 as at Dec. 31, 2009. The Company had 24,466,702 shares issued and outstanding as at Dec. 31, 2010 and 18,966,702 at Dec. 31, 2009.

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.

Management assessment of Internal Controls

During the quarter ended Dec. 31, 2010, there have not been any changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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")

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly accountable profit-oriented enterprises to use IFRS, replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2012 (beginning on October 1, 2011) for which current and comparative information will be prepared on an IFRS basis. In light of these requirements, the Company has adopted a four phase approach to ensure successful conversion to IFRS, including:

Phase 1 - diagnostic impact assessment. - This phase is essentially completed.

Phase 2 - design and planning: to identify specific changes required to existing accounting policies, information system, and business processes. - This phase is essentially completed.

Phase 3 – solution development: to develop the Company's accounting policies among alternatives allowed under IFRS and the draft of IFRS financial statements. This phase is in the progress.

Phase 4 – implementation – to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policies changes and training programs across the Company's finance and other staff, as needed. This phase is in the progress.

The Company has completed the diagnostic impact assessment and has identified the following areas to date that may impact the financial statements under IFRS, including:

a) Financial Instruments

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.

Under Canadian GAAP, any gains or losses from "available-for-sale" financial assets are recognized in other comprehensive income; however, this classification does not exist under IFRS 9. Any changes in fair value or amortization of amortized-cost financial assets are recognized into net income directly. This difference between Canadian GAAP and IFRS is not expected to have a significant quantitative impact on the Company's financial statements given the Company does not have available-for-sale financial instruments.

b) Income Taxes

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 2 of the September 30, 2010 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 2011 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 conducted in other currencies. Changes in the exchange rates for the US\$ can increase or decrease our revenues, expenses, earnings and the carrying value of assets or liabilities in our balance sheet. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

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.

Officers and Directors

Sonny Janda – Chief Executive Officer, Director

Jamie A. Lewin – Chief Financial Officer

Navchand Jagpal – Director

Ayub Khan - Director

Tom J. Kennedy – Director

Contact Person

Sonny Janda – Chief Executive Officer

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Additional Information relating to the Company is available on SEDAR at www.sedar.com.