# GRAND PEAK CAPITAL CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2019 AND 2018

The following discussion and analysis of the financial condition and results of operations of Grand Peak Capital Corp. (the "Company" or "Grand Peak") should be read in conjunction with the condensed consolidated interim financial statements and related notes for the three and nine-month periods ended June 30, 2019 and the audited consolidated financial statements and related notes for the year ended September 30, 2018 and accompanying MD&A dated February 1, 2019. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on SEDAR website at www.sedar.com.

The Company's head office and principal business address is 4770 – 72nd Street, Delta, British Columbia V4K 3N3. The Company is listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol "GPK".

This MD&A is dated August 26, 2019.

**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.

## DESCRIPTION OF BUSINESS AND REVIEW

Grand Peak was a Canadian junior capital company that has completed its continuation from the jurisdiction of Yukon to British Columbia. Effective as of April 27, 2010, the Company is registered in British Columbia under the Business Corporations Act.

Grand Peak is a diversified industry investment company. Grand Peak 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 and leasing and growing hemp on land in Canada and the USA.

### Disposal of Mexican Subsidiary

During the nine months ended June 30, 2019, the Company has determined that it is no longer feasible to maintain the annual Mexican concession fees and accordingly, Grand Peak Mexico S.A. de C.V., is no longer acquired and is therefore abandoned. The assets, liabilities and equities that were on the books of the Mexican subsidiary were written off:

| | | |
|---|---|---|
| Sales tax receivable | $ | 5,789 |
| Accounts Payable | | (5,285) |
| Due to Parent company | | (96,384) |
| Deficit | | 95,880 |
| | $ | - |

At the same time, the Company also recognized a loss of $96,348 as a result of writing off the intercompany accounts between the Parent company and the Mexican subsidiary.

## 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.

### Annual Results

The following table summarizes selected consolidated data for the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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.

The following table represents selected annual financial information on the Company's revenue and net income (loss) for the past three years:

| | | September 30, 2018 | | September 30, 2017 | | September 30, 2016 |
|---|---|---|---|---|---|---|
| Revenue | $ | 541,293 | $ | 535,251 | $ | 64,600 |
| Net income (loss) | $ | (782,586) | $ | 900,550 | $ | 535,481 |
| Total assets | $ | 12,659,069 | $ | 5,174,955 | $ | 4,000,291 |
| Debt | $ | 4,549,830 | $ | 268,389 | $ | 1,117,096 |
| Shareholders' equity | $ | 8,108,789 | $ | 4,906,566 | $ | 2,883,195 |
| Capital stock | $ | 9,610,604 | $ | 9,610,604 | $ | 9,610,604 |
| Earnings (loss) per share (basic and diluted) | $ | (0.03) | $ | 0.04 | $ | 0.03 |
| Weighted-average number of shares | | 24,988,680 | | 24,988,680 | | 17,747,612 |

Revenue was higher in 2018 and 2017 than 2016 because the Company performed more management and consulting services during these years.

Net income decreased in 2018 primarily due to the impairment of loans receivable of $4,540,000.

Total assets increased in 2018 compared to 2017 and 2016 due to the Company sold off some of its marketable securities to purchase other marketable securities, resulting in more cash for the Company.

Debt in 2017 was less than 2018 and 2016 due to the Company repaid some loans in 2017.

**Investment Gains (Losses)**

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.

**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:

| | 2019 Q3 | 2019 Q2 | 2019 Q1 | 2018 Q4 |
|---|---|---|---|---|
| Revenues | 100,977 | 70,859 | 90,050 | 136,066 |
| Net income (loss) | (999,045) | 45,106 | 132,325 | (2,542,798) |
| Total assets | 8,747,622 | 12,211,098 | 16,955,341 | 12,659,069 |
| Debt | 2,693,923 | 3,191,872 | 3,871,986 | 4,258,652 |
| Shareholders' equity | 5,762,521 | 8,728,048 | 12,792,177 | 14,684,681 |
| Capital stock | 10,450,604 | 10,450,604 | 9,610,604 | 9,610,604 |
| Basic earnings (loss) per share | (0.01) | 0.00 | 0.01 | (0.10) |
| Weighted-average number of shares | 108,557,940 | 25,166,013 | 24,988,680 | 24,988,680 |

| | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 |
|---|---|---|---|---|
| Revenues | 31,371 | (47,833) | 421,689 | 129,377 |
| Net income (loss) | 135,171 | 1,056,367 | 568,501 | 688,460 |
| Total assets | 12,709,002 | 8,126,874 | 5,801,358 | 5,174,955 |
| Debt | 2,566,681 | 953,532 | 148,293 | 268,389 |
| Shareholders' equity | 10,142,321 | 7,173,342 | 5,653,065 | 4,906,506 |
| Capital stock | 9,610,604 | 9,610,604 | 9,610,604 | 9,610,604 |
| Basic earnings (loss) per share | 0.01 | 0.04 | 0.02 | 0.03 |
| Weighted-average number of shares | 24,988,680 | 24,988,680 | 24,988,680 | 24,988,680 |

**Results for the Three-Month Period ended June 30, 2019**

For the three-month period ended June 30, 2019, net loss was $999,045 compared to net income of $135,171 for the same period ended June 30, 2018. The difference was mainly due to the Company incurred a substantial loss in the sales of one of its marketable securities and recognized a loss in disposal of subsidiary in 2019.

Loss per share for the quarter ended June 30, 2019 was $0.01, while earnings per share was $0.01 for the quarter ended June 30, 2018.

Significant expenses were: professional fees $37,304 (2018 - $13,111), rent $32,809 (2018 - $9,000), transfer agent and regulatory fees $15,400 (2018 - $2,243), and wages and benefits $14,386 (2018 - $15,911).

**Results for the Nine-Month Period ended June 30, 2019**

For the nine months ended June 30, 2019, net loss was $821,615 compared to net income of $1,752,724 for the same period ended June 30, 2018. The difference was mainly due to the Company incurred a substantial loss in the sales of one of its marketable securities and recognized a loss in disposal of subsidiary in 2019.

Loss per share for the nine-month period ended June 30, 2019 was $0.01, while earnings per share was $0.07 for the nine months ended June 30, 2018.

Significant expenses were: professional fees $61,175 (2018 - $50,610), wages and benefits $43,744 (2018 - $50,006), rent $41,809 (2018 - $27,000), and transfer agent and regulatory fees $33,557 (2018 - $14,253).

## 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 overheads.

As at June 30, 2019, the Company's readily available cash and equivalents totalled $445,180 (September 30, 2018 - $1,088,430). Additional sources of liquidity included $546,261 (September 30, 2018 - $1,461,914) in investments in warrants, $6,965,593 (September 30, 2018 - $9,207,070) in marketable securities, and $97,401 in accounts receivable (September 30, 2018 - $108,503).

Working capital deficiency improved from $2,269,488 at September 30, 2018 to $1,458,839 at June 30, 2019. The improvement of the Company's working capital was mainly due to repayment of loans and convertible debentures.

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| Current assets | 1,235,084 | 1,989,164 |
| Current liabilities | (2,693,923) | (4,258,652) |
| Working capital | (1,458,839) | (2,269,488) |

### Financial Position

Total assets of the Company at June 30, 2019 were $8,747,622, compared to $12,659,069 at September 30, 2018. The difference was mainly due decrease in cash and marketable securities in 2019 to repay some of the Company's loans.

The Company's liabilities decreased from $4,549,830 at September 30, 2018 to $2,985,101 at June 30, 2019.

### Shareholders' Equity

Shareholders' capital stock as of June 30, 2019 was $10,450,604 and September 30, 2018 was $9,610,604.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions at this time.

## SUBSEQUENT EVENTS

See Note 11 of the consolidated interim financial statements for the nine months ended June 30, 2019.

## FINANCIAL RISK 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 followings:

### Market Risk

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 prices. 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.

### Price Risk

The Company is exposed to price risk in relation to listed marketable securities held as available-for-sale and FVTPL investment, assessed as high.

### 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.

**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 not exposed to currency risk as the Company does not hold financial instrument denominated in foreign currency.

**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 cash held in bank accounts. Cash is deposited in bank accounts held with a major bank in Canada. As all 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. The Company's secondary exposure to risk is on its GST receivable. The risk is minimal.

**Liquidity Risk**

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

**Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

## OUTSTANDING SHARES

As at August 26, 2019, there were 108,557,940 common shares.

## RELATED PARTY TRANSACTIONS

### Transactions with Key Management and Directors

The Company did not have transactions with management and directors for the nine-month period ended June 30, 2019.

### Due to Related Parties

The Company did not have any balances owing to or from its related parties.

## 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 ("NI52-109"). 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.

## CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2 of the September 30, 2018 audited financial statements.

## NEW ACCOUNTING STANDARDS INCLUDING ADOPTION

See Note 2 of the Company's financial statements for the year ended September 30, 2018 for a detailed summary of accounting standards issued but not yet effective. The Company has adopted the following new accounting standards on October 1, 2018:

**IFRS 9 Financial Instruments**

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The adoption of this standard on October 1, 2018 did not have a significant impact on the Company's consolidated financial statements.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: i. Identify the contract with the customer; ii. Identify the performance obligations in the contract; iii. Determine the transaction price; iv. Allocate the transaction price to the performance obligations in the contracts; v. Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The adoption of this standard on October 1, 2018 did not have a significant impact on the Company's consolidated financial statements.

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**Officers and Directors**
Tajinder Johal – Chief Executive Officer, Chief Financial Officer and Director
Jatinder Bains – Director
Santokh Sahota – Director

**Contact Person**
Tajinder Johal – Chief Executive Officer
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