



GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
NINE MONTHS ENDED JUNE 30, 2020

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 months ended June 30, 2020 and the audited consolidated financial statements and related notes for the recent year ended September 30, 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 31, 2020.

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.

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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.

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.

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:

*The weighted average number of shares reflects the 3:1 stock split on May 17, 2019.

	2020 Q3	2020 Q2	2020 Q1	2019 Q4
	\$	\$	\$	\$
Revenues	93,986	71,880	91,791	46,777
Net income (loss)	920,907	(776,977)	(495,145)	(3,215,371)
Basic earnings (loss) per share	0.01	(0.01)	(0.00)	(0.03)
Weighted average number of shares - basic and diluted	108,557,940	108,557,940	108,557,940	108,557,940

	2019 Q3	2019 Q2	2019 Q1	2018 Q4
	\$	\$	\$	\$
Revenues	100,977	70,859	90,050	36,066
Net income (loss)	(3,061,407)	(4,953,251)	4,536,145	(2,542,798)
Basic earnings (loss) per share	(0.03)	(0.07)	0.06	(0.10)
Weighted average number of shares - basic and diluted	108,557,940	75,489,939	74,957,940	74,957,940

Results for the Three-Month Period ended June 30, 2020 ("2020 Q3)

For the three-month period ended June 30, 2020, the Company had a net income of \$920,907 compared to a loss of (\$3,056,407) for the same period in 2019; an increase of income of \$3,977,314. The variance is mainly caused by the realized and unrealized gain (loss) arising from the Company's investment in marketable securities and warrants. During 2020 Q3, the Company had a realized loss from disposition of marketable securities of (\$11,554) (2019 – (\$826,762)) and an unrealized gain of \$999,947 (2019 – loss of (\$2,062,362)). The realized and unrealized gain (loss) will fluctuate from time to time depends on the market price variation of the investments held on hand.

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Significant expenses incurred during 2020 Q3 were: professional fees \$21,800 (2019 - \$37,304), rent \$9,000 (2019 - \$32,809), and wages and benefits \$17,857 (2019 - \$14,386).

Results for the Nine-Month Period ended June , 2020 ("2020 Nine Months)

For the nine-month period ended June 30, 2020, net loss was (\$351,215) compared to loss of (\$3,478,514) for the same period in 2019; a decrease of loss of (\$3,127,299). The variance is mainly caused by the realized and unrealized gain (loss) arising from the Company's investment in marketable securities and warrants. During 2020 Nine Months, the Company had a realized loss from disposition of marketable securities of (\$460,358) (2019 - (\$444,130)) and an unrealized gain of \$144,672 (2019 - loss of (\$2,656,899)). A combined decrease of loss of (\$2,785,343)

Significant expenses were: professional fees \$58,653 (2019 - \$61,175), wages and benefits \$42,278 (2019 - \$43,744), and rent \$27,000 (2019 - \$41,810).

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal assets consist of cash, marketable securities and loans receivable. 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, 2020, the Company's readily available cash and equivalents totalled \$621,151 (September 30, 2019 - \$395,536). Additional sources of liquidity included \$3,936,687 (September 30, 2019 - \$3,520,298) investment in marketable securities, \$649,321 loans and interest receivable (September 30, 2019 - \$1,109,923), and \$54,114 in accounts receivable (September 30, 2019 - \$100,641).

As at June 30, 2020, the Company had a working capital deficiency of \$1,876,878. In order to eliminate the working capital deficiency, the Company intend to refinance the convertible debenture in the amount of \$2,774,572 when these debentures come due on December 31, 2020 and or to consider another equity financing or debt financing on longer terms.

	June 30, 2020	September 30, 2019
Current assets	\$ 1,326,671	\$ 1,608,285
Current liabilities	(3,203,539)	(681,746)
Working capital	\$ (1,876,878)	\$ 926,539

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions at this time.

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FINANCIAL INSTRUMENT AND 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 Company has not changed its approach in managing its financial risks since its recent year ended September 30, 2019. The type of risk exposure and the way in which such exposure is managed is provided as followings:

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 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.

Investment Property

The Company is exposed to market risk for its investment property in relation to the changes in market price for fair value of the investment property.

Price Risk

The Company is exposed to price risk in relation to listed marketable securities held as FVTPL investment.

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 and loans receivables denominated in United States dollars. At June 30, 2020, a hypothetical change of 10% in foreign exchange rates would have an effect of \$20,800 on net loss and comprehensive loss.

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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. 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.

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.

Financial instruments

Fair value

The fair value of the Company's financial assets and liabilities approximate the carrying value due to their short-term nature or because the interest rates applied to measure their carrying values approximate market rates.

Classification

	Fair value hierarchy level	30-Jun-2020	30-Sep-2019
Financial assets at amortized cost			
Receivables		54,114	100,641
Loan and interest receivable		649,321	1,109,923
Fair-value-through-profit-and-loss (FVTPL)			
Cash	1	621,151	395,536
Investments in warrants	3	30,655	459,966
Marketable securities	1	3,936,687	3,520,298
Financial liabilities at amortized cost			
Accounts payable and accrued		22,477	117,029
Loan and interest payable		401,603	556,783
Convertible debentures		2,774,572	2,471,681

SHARES DATA

As at the date of this report, there were 108,557,940 common shares outstanding.

RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2020, the Company did not have any transactions with related parties nor any amounts receivable or payable to any related parties as at June 30, 2020.

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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, 2019 audited financial statements.

NEW ACCOUNTING STANDARDS INCLUDING ADOPTION

Commencing October 1, 2020, the Company adopted IFRS 16- leases. The adoption of this new standard does not have material impacts to the Company's consolidated financial statements.

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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