

GRAND PEAK CAPITAL CORP.

Management Discussion and Analysis

Nine Months Ended June 30, 2021

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30, 2021

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 unaudited condensed consolidated interim financial statements and related notes for the nine months ended June 30, 2021 and the audited consolidated financial statements for the recent year ended September 30, 2020. 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 210-9648 128 Street, Surrey, British Columbia V3Y 2X9. The Company is listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol "GPK".

The Company's audit committee reviews the Company's financial statements and the MD&A and recommends approval to the Company's board of directors.

This MD&A is dated August 30, 2021.

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 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, marketable securities, and early-stage venture capital companies.

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30,2021

SELECTED QUARTERLY FINANCIAL DATA

The Company's operations are not subject to seasonality. 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:

	2021 Q4	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	50,230	84,759	42,110	49,617	93,986	71,880	91,791	46,777
Net income (loss)	(237,456)	1,287,763	5,798,996	3,587,274	920,907	(776,977)	(495,145)	(3,215,371)
Basic and diluted earnings (loss) per share	(0.00)	0.01	0.05	0.03	0.01	(0.01)	(0.00)	(0.03)

OVERALL PERFORMANCE

Nine months ended June 30, 2021

Nine months ended June 30,	2021	2020
Revenue	\$	\$
Management fee income	162,510	236,194
Rental income	14,589	21,462
Total	177,099	257,656
Expenses		
Advertisement and promotion	-	2,172
Consulting fees	25,707	7,000
Depreciation	8,289	15,080
Office and miscellaneous	22,588	23,252
Professional fees	42,450	58,653
Rent	26,880	27,000
Transfer agent and regulatory fees	47,912	20,314
Wages and benefits	43,800	42,278
Total (iii)	217,626	195,749
Other gain (loss)		
Finance fees and interest income	950,749	106,590
Interest and accretion expense	(323,887)	(212,855)
Foreign exchange gain (loss)	(8,142)	65,783
Gain on loan receivable settlement (i)	2,481,518	-
Recovery of loan receivable (i)	7,133,403	-
Loss on modification of convertible debentures	-	(102,332)
Gain on accounts payable and loans settlement	-	20,950
Recovery of receivables	3,053	-
Realized loss on disposition of marketable securities (ii)	(5,039,220)	(460,358)
Unrealized gain (loss) on marketable securities (ii)	2,805,545	144,672
Unrealized loss on warrants (ii)	(1,113,189)	-
Other income	-	24,428
	6,889,830	(413,122)
Net income (loss)	6,849,303	(351,215)

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30, 2021

(i) The Company reported a net income of \$6.89 million compared to a net loss of \$0.41 million during the comparative period in 2020. The significant factors that contributed to the increase of net income in 2021 are as follows:

On July 23, 2018, the Company acquired a note receivable for \$4,500,000 with consideration consisting of \$3,500,000 and 1,176,471 common shares of the counterparty with an estimated fair value of \$1,000,000. During the year ended September 30, 2018, management identified evidence that this loan was impaired, and recognized an impairment loss of \$4,500,000. In September 2019, the Company signed a promissory note with the borrower, whereby the borrower agreed to repay the Company \$6,621,500 (US\$5,000,000) at an interest rate of 10% per annum, payable each month.

During the nine months ended June 30, 2021, the Company received common shares with fair value of \$8,292,677 and share purchase warrants with fair value of \$4,249,472 of the borrower (totalling \$12,542,149) as full repayment of the loan receivable plus default interest of \$908,746. As a result, the Company recorded an interest income of \$908,746, a gain on loan receivable settlement of \$7,133,403 to account for the difference between the shares and warrants received (\$12,542,149) and the amount of loan impairment recovery (\$4,500,000) plus the payment of the default interest of \$908,746.

As the \$4,500,000 impairment recorded in 2018 has been fully recovered - a recovery of loan receivable of \$2,018,482 in fiscal 2020 and \$2,481,518 during the nine months ended June 30, 2021 are recorded respectively

The gain discussed above are incidental and non-recurring in nature. There is no guarantee the Company may have similar gain in the future.

(ii) The realized and unrealized gain (loss) arising from the Company's investment fluctuates from time to time depends on the performance of the capital market and the investments held by the Company.

(iii) The total operating expenses of \$217,626 incurred in the nine months ended June 30, 2021 is about \$22,000 higher than the same period in fiscal 2020 as the Company engaged additional consultants to manage its operations in 2021.

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30, 2021

Three months ended June 30, 2021

Three months ended June 30,	2021	2020
Revenue		
Management fee income	47,208	85,829
Rental income	3,022	8,157
Total	50,230	93,986
Expenses		
Consulting fees	1,700	7,000
Depreciation	2,763	5,235
Office and miscellaneous	2,835	4,339
Professional fees	15,450	21,800
Rent	8,880	9,000
Transfer agent and regulatory fees	10,133	3,780
Wages and benefits	14,002	17,857
Total	55,763	69,011
Other gain (loss)		
Finance fees and interest income	16,325	7,506
Interest and accretion expense	(54,567)	(67,635)
Foreign exchange gain (loss)	-	(50,710)
Realized loss on disposition of marketable securities	(3,191,565)	(11,554)
Unrealized gain (loss) on marketable securities	2,414,331	993,947
Unrealized loss on warrants	583,553	-
Other income	-	24,378
	(231,923)	895,932
Net income (loss)	(237,456)	920,907

The main factors for the changes in income and expenses during these three-month periods are the gain and loss arising from the marketable securities held by the Company. As discussed in the above, these gain (loss) fluctuates from time to time depends on the performance of the capital market and the investments held by the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal assets consist of cash, marketable securities, investments in warrants, and loans receivable. As at June 30, 2021, the Company has working capital of \$11 million. Management believes this is sufficient to finance the Company's operations in the next twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30, 2021

PROPOSED TRANSACTIONS

The Company has no proposed transactions at this time.

FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

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

	Nine months ended June 30, 2021	Year ended September 30, 2020
	\$	\$
Balance at September 30, 2020 and 2019	407,307	556,784
Loans borrowed	1,100,000	400,000
Repayment of loan and interest	(580,000)	(525,000)
Interest expense	24,132	19,191
Gain on loan settlement	-	(5,328)
Interest paid	(13,307)	(38,340)
Balance at June 30, 2021 and September 30, 2020	938,132	407,307

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 are follows:

Market Risk

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.

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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.

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30, 2021

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.

Price Risk

The Company is exposed to price risk in relation to listed marketable securities and warrants 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, 2021, a hypothetical change of 5% in foreign exchange rates would have an effect of \$150,000 on net income and comprehensive income for the nine months ended June 30, 2021.

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.

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Months ended June 30,2021

SHARES DATA

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

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 nine months ended June 30, 2021, the Company had the following transactions with entities related to one director (Sonny Janda or "Mr. Janda") of the Company:

- 1) The Company earned management fee income totalling \$95,037 from two companies of which one director of the Company is also a director and/or officers of these two companies.
- 2) The Company was charged an office rent of \$26,880 by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord.
- 3) During fiscal 2020, the Company advanced an unsecured loan of \$300,000 to a company at an interest rate of 5% per annum. This loan will mature on August 7, 2021. As at June 30, 2021, the outstanding balance from this borrower was \$349,049. Mr. Janda is a significant shareholder of this borrower.

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.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2020. Details of the Company's significant accounting policies are available at the Note 2 of the audited financial statements for the year ended September 30, 2020.