

GRAND PEAK CAPITAL CORP.

Management Discussion and Analysis

Six months ended March 31, 2022

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Six months ended March 31, 2022

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 six months ended March 31, 2022, and the audited financial statements for the recent year ended September 30, 2021. 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 May 30, 2022.

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. The Company reviews and participates in business opportunities with merits from time to time in order to maximize shareholder's value.

On December 15, 2021, the Company and COMSovereign Holding Corp. ("COMS") a US public Company, entered into a distribution agreement (the "Distribution Agreement"), whereby COMS has appointed the Company as the distributor of COMS' inventory of telecom hardware and software (the "Products"). The term of the Agreement is 12 months which is automatically renewable for another 12 months. The Company has a non-exclusive, non-transferable right to distribute, sell, market, and support the Products in Canada and India, to Customers, agents, and regional distributors subject to Company's ability to fulfill its obligations under this Agreement.

During the six months ended March 31, 2022, the Company made an initial purchase of Products ("Initial Purchase") whereby products initially purchased, if not sold by the Company within the first six months, may be returned for credit without penalty or refund if business is insufficient to offset. Given the consignment nature of the Distribution

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Agreement, the Company has not recorded inventory and accounts payable in connection with the Initial Purchase as at and during the three months ended March 31, 2022.

On April 27, 2022, after all best efforts, the Company and COMS entered into an agreement to terminate this Distribution Agreement with the following terms:

- All the unsold Initial Purchase returned to COMS without penalty or fees
- The proceeds from the sale of the Initial Purchase before and after March 31, 2022 was \$126,211 (US\$101,905) and US\$22,537 respectively. All the sales proceeds have been returned to COMS in April and May, 2022. As a result, the Company included a payable to COMS of \$126,211 in the Company's accounts payable and accrued liabilities as of March 31, 2022.
- The Company assigned all the receivables from the partial sale of the Initial Purchase to COMS. Consequently, the Company has not recognized sales revenue and accounts receivable during and as at the three months ended March 31, 2022 from the sales of the Initial Purchase.

On November 2, 2021, the Company declared a special dividend in kind to the shareholders of record at the close of business on November 5, 2021. Each shareholder will receive common shares of the Company's wholly owned subsidiary, Grand Peak USA, Inc., based on each shareholder's ownership of the Company on a pro-rata basis. The Company intends to list the common shares of Grand Peak USA, Inc. ("GPK USA Shares") on the OTCQB in the USA and the dividend (GPK USA Shares) will be delivered to shareholders upon the approval of the listing of the GPK USA shares.

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.

	2022 Q2	2022 Q1	2021 Q4	2021 Q3
	\$	\$	\$	\$
Revenues (loss) (i)	(478,651)	(2,010,855)	(5,791,301)	(127,126)
Net income (loss) and comprehensive loss	(548,035)	(2,134,620)	(3,735,974)	(237,456)
Basic and diluted earnings (loss) per share	(0.01)	(0.02)	(0.03)	(0.00)
Weighted average number of shares (basis and diluted)	108,557,940	108,557,940	108,557,940	108,557,940

	2021 Q2	2021 Q1	2020 Q4	2020 Q3
	\$	\$	\$	\$
Revenues (loss) (i)	(3,624,246)	1,532,356	1,746,886	1,083,885
Net income and comprehensive income	1,287,763	5,798,996	3,587,274	920,907
Basic and diluted earnings per share	0.01	0.05	0.03	0.01
Weighted average number of shares (basis and diluted)	108,557,940	108,557,940	108,557,940	108,557,940

(i) During 2021, the Company was actively investing in marketable securities and income earning instruments. As such, the Company decided to include all the gain (loss) from the investments in the operating earnings instead of under "other items" in the Company's annual financial statements for the year ended September 30, 2021. As such, the line item "total revenue" has been reclassified in 2020 for comparison purpose

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The Company's operations are not subject to seasonality. The main component of the Company's net income (loss) is comprised of realized and unrealized gain (loss) of the Company's investments in marketable securities which fluctuates from time to time based on the performance of these investments and is difficult to predict.

OVERALL PERFORMANCE

Six months ended March 31, 2022 compared to the same period of 2021

Six months ended March 31,	2022	2021
Revenue		
Management fee income	135,217	115,302
Net investment loss (ii)	(2,649,461)	(3,153,183)
Interest income	15,701	25,678
Rental income	9,037	11,567
Total loss	(2,489,506)	(3,000,636)
Expenses		
Consulting fees	37,400	24,007
Depreciation	5,526	5,526
Office and miscellaneous	38,238	19,753
Professional fees	32,112	27,000
Rent	18,000	18,000
Transfer agent and regulatory fees	17,451	37,779
Wages and benefits	30,703	29,798
Total operating expenses	179,429	161,863
Other items		
Interest and accretion expense	(14,619)	(269,320)
Foreign exchange gain (loss)	881	(8,142)
Gain on settlement of loan receivable (i)	-	8,042,149
Others	6,537	-
Recovery of receivable	-	3,053
Recovery of loan receivables (i)	-	2,481,518
Total gain (loss)	(7,201)	10,249,258
Net income (loss) and comprehensive income (loss)	(2,676,136)	7,086,759

Significant factors that contributed to the increase of net loss of \$9.8 million during the six months ended March 31, 2022 are as follows:

(i) 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. As a result, the Company recorded a gain from loan recovery of \$2.5 million during the six months ended March 31, 2021. The Company also received common shares and share purchase warrants of the

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borrower to settle the above loan receivable. The borrower's common shares had a sharp price increase with they were delivered to the Company. As a result, the Company recorded \$8 million gain from settlement.

These gains were incidental and non-recurring in nature. There was no similar transaction during the six months ended March 31, 2022. This fluctuation accounted for an increase of loss of \$ 10.5 million.

(ii) Net investment income is comprised of realized and unrealized gain (loss) arising from the Company's investment which fluctuates from time to time depends on the performance of the capital market and the investments held by the Company. The Company incurred net investment loss of \$2.6 million compared to an investment loss of \$3.2 million incurred in the comparable period in 2021. This fluctuation accounted for a decrease of loss of \$0.5 million that partially offset the increase of loss arising from loan settlement and loan recovery.

Three months ended March 31, 2022 compared to the same period of 2021

Three months ended March 31,	2022	2021
Revenue		
Management fee income	65,650	74,864
Net investment loss	(552,164)	(4,618,297)
Interest income	2,960	546
Rental income	4,903	9,895
Total loss	(478,651)	(4,532,992)
Expenses		
Consulting fees	6,400	19,200
Depreciation	2,763	2,763
Office and miscellaneous	1,971	14,387
Professional fees	13,467	3,250
Rent	9,000	9,000
Transfer agent and regulatory fees	11,755	33,724
Wages and benefits	14,789	13,696
Total operating expenses	60,144	96,020
Other items		
Interest and accretion expense	(5,419)	(182,713)
Foreign exchange gain (loss)	(3,839)	1,366
Gain on settlement of loan receivable	-	6,078,667
Others	-	-
Recovery of receivable	-	19,455
Recovery of loan receivables	-	-
Total gain (loss)	(9,258)	5,916,775
Net income (loss) and comprehensive income (loss)	(548,053)	1,287,763

The quarter to quarter movements are similar to those for the comparison between the six months period of 2022 and 2021 which have been discussed as above.

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LIQUIDITY AND CAPITAL RESOURCES

The Company's principal assets consist of cash, marketable securities, investments in warrants, and loans receivable. As at March 31, 2022, the Company has working capital of \$5.2 million that is adequate to finance the Company's operations for the next 12 months.

During the six-month period ended March 31, 2022, the Company received \$1 million from its investing activities (mainly from the receipt of loan receivable of \$1 million), used cash of \$0.96 million on its financing activities (mainly to repay a loan payable of the similar amount).

The Company does not have external restrictions on its capital resources.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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

	Fair value	Classification	March 31,	September 30,
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	11,719	10,898
Loan receivables		Amortized cost	37,973	1,053,628
Cash		Amortized cost	494,800	397,229
Investment in warrants and options	Level 2	FVTPL	1,073,236	2,020,530
Marketable securities	Level 1 and 2	FVTPL	3,741,649	5,451,659
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	153,483	110,032
Loans and interest payable		Amortized cost	-	947,408

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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 are follows:

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 marketplaces. 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 Properties

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

Price Risk

The Company is exposed to price risk in relation to listed marketable securities and warrants held as FVTPL investment. For the period ended March 31, 2022, a 10% change in the closing price of its marketable securities would result in a change in earnings of \$545,000.

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, marketable securities and loans receivables denominated in United States dollars. On March 31, 2022, a hypothetical change of 10% in foreign exchange rates would have an effect of \$72,000 on net loss and comprehensive loss.

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. The Company mitigates its credit risk by only providing loans to counterparties whereby the Company has detailed knowledge about their business operations and strategy. Cash is

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deposited in bank accounts held with a major bank in Canada. A significant amount 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.

Concentration risk

Concentration risk is the risk that any investment or group of investments will have the potential to materially affect the operating results of the Company. As at March 31, 2022, the Company's top five equity investments, all in the mining and technology sector, had a fair value of \$3,097,000. This represents 30.17 % of the Company's total assets.

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.

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. Details are as follows:

Six months ended March 31,		2021	2020
Two companies related to a director	Rental income	\$ 73,136	\$ 64,222
CFO	Consulting fees expense	12,600	-
A company related to a director	Office rent expense	\$ 18,000	\$18,000

As at March 31, 2022, the Company has an amount of \$16,226 owing to related parties (2021/9/30 - \$49,582) that was included in the Company's accounts payable and accrued liabilities.

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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.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2021.