

GRAND PEAK CAPITAL CORP.

Management Discussion and Analysis

Six months ended March 31, 2023

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Six months ended March 31, 2023

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, 2023, and the audited financial statements for the recent year ended September 30, 2022. 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, 2023.

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 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. ("GPK USA"), based on each shareholder's ownership of the Company on a pro-rata basis. The Company intends to list the common shares of GPK USA. on the OTCQB in the USA.

In accordance with IFRIC17 – Distribution of Non-cash Assets to Owners, the fair value of the dividend payable, which is the net asset value of GPK USA, on September 30, 2022 and March 31, 2023, was \$1,557,245 and \$1,563,624 respectively. Details are as follow:

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	March 31, 2023	September 30, 2022
	\$	\$
Cash	7,065	16,234
Accounts payable	8,949	9,064
Investment properties (i)	2,820,359	2,820,359
less:		
Accounts payable and accrued liabilities	(13,334)	(12,802)
Amount owing to Grand Peak Capital Corp.	(1,259,418)	(1,275,610)
Net asset to be distributed	1,563,621	1,557,245

(i) The Company has adopted the direct comparison approach to estimate the fair values of the investment properties based on what other purchasers and sellers in the market have agreed for comparable properties on respective dates.

The distribution of these dividend in kind (common shares of GPK USA) pending the successful listing of common shares of Grand Peak USA on the OTCQB.

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.

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	\$	\$	\$	\$
Operating Income (Loss)	494,029	(927,927)	(438,660)	(1,566,634)
Net Income (loss)	492,616	(929,639)	(856,231)	(1,625,669)
Basic and diluted loss per share	0.00	(0.01)	(0.01)	(0.01)
Weighted average number of shares (basis and diluted)	108,557,940	108,557,940	108,557,940	108,557,940

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	\$	\$	\$	\$
Operating Loss	(478,651)	(2,010,855)	(5,791,301)	(127,126)
Net income (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

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.

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OVERALL PERFORMANCE

	Three Months ended March 31,		Six Months ended March 31,	
	2023	2022	2023	2022
Revenue	\$	\$	\$	\$
Management fee income (Note 10, 12)	92,679	65,650	191,379	135,217
Net investment gain (loss) (Note 4)	487,982	(552,164)	(480,715)	(2,649,461)
Interest income	-	2,960	-	15,701
Rental income, net of cost (Note 6)	10,434	4,903	15,640	9,037
Total revenue (loss)	591,095	(478,651)	(273,696)	(2,489,506)
Expenses				
Consulting fees (Note 10)	8,688	6,400	18,288	37,400
Depreciation (Note 6)	-	2,763	-	5,526
Office and miscellaneous	10,804	1,971	25,657	38,238
Professional fees (Note 10)	51,422	13,467	54,822	32,112
Rent (Note 10)	9,099	9,000	18,198	18,000
Transfer agent and regulatory fees	4,456	11,755	8,757	17,451
Wages and benefits	12,597	14,789	34,678	30,703
Total operating expenses	97,066	60,144	160,400	179,429
Other items				
Interest and accretion expense (Note 5)	-	(5,419)	-	(14,619)
Foreign exchange gain (loss)	(1,413)	(3,839)	(3,125)	881
Other	-	-	-	6,537
Total other items	(1,413)	(9,258)	(3,125)	(7,201)
Net income (loss) and comprehensive income (loss)	\$492,616	\$(548,053)	\$(437,221)	\$(2,676,136)

The Company had a loss of \$437,221 for six months ended March 31, 2023 which is a decrease of loss of \$2,238,915 compared to the same period in fiscal 2022. Significant factors that contributed to the decrease is as follows:

(i) 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. During the six months ended March 31, 2023, the Company incurred net investment loss of \$480,715 compared to an investment loss of \$2,649,461 incurred in the comparable period in fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal assets consist of cash, marketable securities, investments in warrants, and loans receivable.

As at March 31, 2023, the Company has working capital of \$999,427. Management believes this is adequate to finance the Company's operations for the next 12 months.

During the six-month period ended March 31, 2023, the Company spent \$295,841 on investing activities (mainly from the purchase of investments).

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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.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2022.

FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

Financial instruments

Fair value

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quote prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;
and
- Level 3 - Inputs that are not based on observable market data.

Investments in common shares of public companies are measured using level 1 fair value measurements.

Investments in options and warrants are measured using level 2 fair value measurements as the fair value estimate incorporates the use of option pricing models.

Investments in private companies are measured using level 3 fair value measurements as the fair value estimate incorporates non-observable market inputs.

Dividends payable are measured using level 3 fair value measurements as the fair value estimate incorporates non-observable market inputs.

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Classification

	Fair value measureme	Classification	March 31, 2023	September 30, 2022
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	18,655	80,177
Cash		Amortized cost	91,436	270,737
Investment in options and warrants	Level 2	FVTPL	396,533	381,239
Investment in common shares of public companies	Level 1 and	FVTPL	2,168,021	2,368,189
Investments in common shares of private companies	Level 3	FVTPL	40,000	40,000
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	151,597	140,073
Loans and interest payable		Amortized cost	-	-
Dividends payable	Level 3	FVTPL	1,563,621	1,557,245

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, 2023, a 10% change in the closing price of its marketable securities would result in a change in earnings of \$220,000.

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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. At March 31, 2023, a hypothetical change of 10% in foreign exchange rates would have an effect of \$1,600 (September 30, 2022-\$9,800) 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 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, 2023, the Company's top five equity investments, all in the mining sector, had a fair value of \$1,812,508. This represents 82% of the fair value 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.

As at March 31, 2023	Less than 1 Year	1-5 years	More than 5 years
	\$	\$	\$
Trade payable and accrued liabilities	151,597	Nil	Nil
Dividends payable	Nil	1,563,621	Nil

SHARES DATA

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

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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 six months ended March 31, 2023 the Company:

- Incurred \$7,100 (2022 - \$12,600) in consulting fees paid to the former CFO of the Company
- Incurred \$3,500 (2022 - \$Nil) in consulting fees paid to the CFO of the Company
- Incurred \$18,000 (2022 - \$18,000) in rent expense by a landlord for a month-to-month rental arrangement. One director of the Company is also a significant shareholder of this landlord.
- Earned \$133,141 (2022 - \$73,136) in management fee income from two companies of which one director of the Company is also a director and/or officers of these two companies.

As at March 31, 2023 there was \$48,992 (September 30, 2022 - \$30,885) due to related parties recorded in accounts payable and accrued liabilities.

As at March 31, 2023 there was \$Nil (September 30, 2022 - \$26,744) due from related parties recorded in accounts receivable.

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.