

GRAND PEAK CAPITAL CORP.

Management Discussion and Analysis

Three months ended December 31, 2023

GRAND PEAK CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Three months ended December 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 three months ended December 31, 2023 and the audited annual financial statements for the year ended September 30, 2023. 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 February 29, 2024.

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 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.

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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.

	December 31, 2023 \$	September 30, 2023 \$	June 30, 2023 \$	March 31, 2023 \$
Operating Income (Loss)	(13,276)	(1,159,231)	121,584	494,029
Net Income (loss)	(25,389)	(1,176,394)	105,591	492,616
Basic and diluted loss per share	(0.00)	(0.02)	0.00	0.00
Weighted average number of shares (basis and diluted)	108,557,940	108,557,940	108,557,940	108,557,940

	December 31, 2022 \$	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$
Operating Loss	(927,927)	(438,660)	(1,566,634)	(478,651)
Net income (loss)	(929,639)	(856,231)	(1,625,669)	(541,517)
Basic and diluted earnings (loss) per share	(0.01)	(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

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 December 31,	
	2023	2022
Revenue	\$	\$
Management fee income	98,190	98,700
Net investment loss	(71,263)	(968,697)
Rental income, net of cost	11,005	5,206
Total revenue (loss)	37,932	(864,791)
Expenses		
Consulting fees	6,722	9,600
Office and miscellaneous	4,782	14,853
Professional fees	12,600	3,400
Rent	9,099	9,099
Transfer agent and regulatory fees	3,552	4,301
Wages and benefits	14,454	22,081
Total operating expenses	51,208	63,334
Other items		
Foreign exchange gain (loss)	(12,113)	(1,712)
Net income (loss) and comprehensive income (loss)	(25,389)	(929,639)

The Company had a loss of \$25,389 for the three months ended December 31, 2023 which is a decrease of loss of \$904,250 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 three months ended December 31, 2023, the Company incurred net investment loss of \$71,263 compared to an investment loss of \$968,697 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 December 31, 2023, the Company has working capital of \$1,467,054. Management believes this is adequate to finance the Company's operations for the next 12 months.

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During the three months ended December 31, 2023, the Company spent \$Nil (2022 - \$89,012) on investing activities (mainly from the purchase of investments).

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 most recent year ended September 30, 2023.

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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<u>Classification</u>	<u>Fair value measurement</u>	<u>Classification</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
			\$	\$
Financial assets:				
Accounts receivable		Amortized cost	50,625	40,739
Cash		Amortized cost	79,514	80,866
Investment in options and warrants	Level 3	FVTPL	240,166	347,319
Investment in common shares of public companies	Level 1	FVTPL	1,299,552	1,034,262
Investment in common shares of public companies (No active market available)	Level 2	FVTPL	13,600	243,000
Investments in common shares of private companies	Level 3	FVTPL	-	-
Loan and interest receivable		Amortized cost	-	-
Financial liabilities:				
Accounts payable and accrued liabilities		Amortized cost	216,404	250,575
Loans and interest payable		Amortized cost	-	-
Dividends payable	Level 3	FVTPL	-	-

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 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 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 December 31, 2023, a 10% change in the closing price of its marketable securities would result in a change in earnings of \$131,000.

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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 December 31, 2023, a hypothetical change of 10% in foreign exchange rates would have an effect of \$1,000 (September 30, 2023-\$9,300) 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 December 31, 2023, the Company's top five equity investments, all in the mining sector, had a fair value of \$1,215,314. This represents 93% 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 September 30, 2023	Less than 1 Year	1-5 years	More than 5 years
	\$	\$	\$
Trade payable and accrued liabilities	216,404	Nil	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.

The Company had the following transaction with related parties during the three months ended December 31, 2023:

- Incurred \$5,250 (2022 - \$4,900) in professional fees paid to a company owned by the CFO of the Company.
- Incurred \$9,554 (2022 - \$9,099) 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 \$76,155 (2022 - \$38,237) 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 December 31, 2023, the balance due to related parties included in trade payables and accrued liabilities is \$83,022 (September 30, 2023 - \$86,398). The balance is due on demand and non-interest bearing.

As at December 31, 2023, the balance due from related parties included in accounts receivable is \$6,211 (September 30, 2023 - \$6,211).

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.