

ALPHA PEAK CAPITAL INC.

Management's Discussion and Analysis

Period ended September 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations (the "MD&A") of Alpha Peak Capital Inc. (the "Company") is prepared for the three and nine months ended September 30, 2022, and 2021. The MD&A should be read in conjunction with the audited financial statements and related notes thereto for the years ended December 31, 2021, and 2020. These financial statements were prepared in accordance with International Financial Reporting Standards. The results of operations, business prospects and financial condition of the Company will be affected by certain risk factors described elsewhere in this document.

All dollar figures stated in this MD&A are expressed in Canadian dollars, unless otherwise specified. Information contained herein includes any significant developments to October 21, 2022.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks that could cause the actual results to differ materially from those in forward looking statements. These factors include market prices, continued availability of capital and financing and general economic or business conditions.

OVERVIEW

The Company was incorporated on June 24, 2011, under the British Columbia Business Corporation Act and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV"). On June 23, 2015, the Company completed the qualifying transaction pursuant to the policies of the TSXV through a private placement financing and an amalgamation with 1016772 B.C. Ltd, a private limited company incorporated under the British Columbia Business Corporation Act.

During the year ended December 31, 2019, the Company sold all of the shares of its wholly owned subsidiary Total Wonder Enterprises Limited ("TWEL") to certain shareholders of the Company (the "TWEL Sale") and completed a distribution of \$0.075 per common share (the "Distribution") by way of return of capital. After the completion of the TWEL Sale and the Distribution, the Company became a shell company with no active business and was transferred to the NEX board of the TSXV. On April 19, 2021, the Company's common shares were voluntarily delisted from trading on the TSXV and remains a reporting issuer in good standing in the Provinces of British Columbia and Alberta.

The financial statements are presented in Canadian Dollar ("CAD" or "\$"), which is the Company's functional currency and presentation currency.

During the year, there was the continued closures and restrictions from the global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market.

The Company has incurred losses since inception and has a deficit of \$64,674,599 at September 30, 2022. The continuing operations of the Company are dependent upon obtaining necessary financing. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. These factors, among others, could have a significant impact on

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the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

On May 3, 2021, the Company completed a share consolidation on the basis of 10 old shares for 1 new share (the "Consolidation"). The Consolidation has been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the post-consolidated numbers.

RESULTS OF OPERATIONS**Three and nine months ended September 30, 2022**

During the three and nine months ended September 30, 2022, the Company had a net loss of \$922 and \$10,183 as compared to net loss from continuing operations of \$4,873 and \$101,232 for the corresponding three and nine months ended September 30, 2021. The decrease in net loss from continuing operations is driven by decreased professional and administrative fees during the third quarter of 2022.

Selected Annual Information

	2021	2020	2019
	\$	\$	\$
Total Revenue (discontinued operations)	-	-	215,047
Net income (loss) from continuing operations	(118,396)	(54,631)	(272,002)
Net income (loss) from discontinued operations	-	-	9,835,622
Net income (loss) for the year	(118,396)	(54,631)	9,563,620
Basic and diluted earnings/loss per share			
Continuing operations	(0.01)	(0.01)	(0.04)
Discontinued operations	-	-	1.36
All operations	(0.01)	(0.01)	1.33
Total assets	63,969	83,897	115,522
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

Summary of Quarterly Results

	FOR THE THREE MONTHS ENDED			
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21
	\$	\$	\$	\$
Net income (loss) from all operations	(922)	(5,450)	(3,811)	(17,164)
Basic and diluted earnings/loss per share				
All operations	(0.00)	(0.00)	(0.00)	(0.01)

	FOR THE THREE MONTHS ENDED			
	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20
	\$	\$	\$	\$
Net income (loss) from all operations	(4,873)	(55,149)	(41,210)	(23,194)
Basic and diluted earnings/loss per share				
All operations	(0.00)	(0.01)	(0.01)	(0.00)

LIQUIDITY

The Company's working capital from continuing operations as at September 30, 2022 was \$39,003 as compared to a working capital of \$49,186 as at December 31, 2021, an decrease of \$10,183. The decrease in working

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capital was due to a decrease in cash and decreased accounts payable and accrued liabilities. After the completion of TWEL Sale in 2019, the Company became a "shell" company and was not expected to maintain a high working capital.

CAPITAL RESOURCES

After the completion of TWEL Sale, the company has become a shell company with no material assets other than cash or liabilities. The company stops any investment in capital expenditure.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period there were no off – balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company's key management includes directors (executive and non-executive), the Chairman, the Chief Executive Officer and the Chief Financial Officer. The remuneration of the key management of the Company during the three and nine-month period ended September 30, 2022, and 2021 was as follows:

	For the nine-months ended September 30,	
	2022	2021
	\$	\$
Directors' fees included in professional fees	-	22,600
Share based payments	-	29,029

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates and judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include but are not limited to the going concern assumption (Note 1 to the financial statements).

Cash and cash equivalents

Cash includes amounts held in banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Foreign currencies

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognized in the statement of profit or loss in the period in which they arise.

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Share-based payment arrangements

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and

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- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets and financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest method. Financial assets classified at FVTOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

The Company classifies its financial instruments as follows: cash, receivables and accounts payable and accrued liabilities and promissory notes payable as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of September 30, 2022, equal \$5,426 (December 31, 2021 - \$14,783). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of September 30, 2022.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

- i) Currency risk – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not hold substantial funds in a foreign currency and is not subject to significant currency risk.

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- ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.
- iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

OUTSTANDING SHARE DATA

On May 3, 2021, the Company completed the Consolidation resulting in the Company reducing its issued and outstanding common shares to 7,207,709.

During the six-month period ended June 30, 2021, as part of certain debt settlements as disclosed in Note 5, the Company issued an aggregate of 1,285,713 of common shares at a price of \$0.07.

On September 23, 2021, the Company issued 500,000 common shares at a price of \$0.10 per common for funds of \$50,000.

As at September 30, 2022, 760,000 share options of the Company were issued and outstanding at an average exercise price of \$0.07 per underlying common share (December 31, 2021 – 760,000 at an average exercise price of \$1.00 per underlying common share).

As at September 30, 2022, 8,993,422 common shares of the Company were issued and outstanding (December 31, 2020 – 8,993,422).

	Number of options	Weighted average exercise price
		\$
Balance December 31, 2021	760,000	0.07
Granted	-	-
Balance September 30, 2022	760,000	0.07

SUBSEQUENT EVENTS

On January 10, 2022, the Company entered into a letter of intent with UniCrypt Group AG ("UniCrypt"), pursuant to which, the Company will acquire all of the issued and outstanding shares of UniCrypt by way of three-corner amalgamation or such other similarly structured transaction resulting in the reverse take-over of the Company by UniCrypt.

OTHER

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.