

Peak Positioning Technologies Inc.
Interim Consolidated Financial Statements
For the three-month periods ended
March 31, 2017 and 2016

Financial Statements

Consolidated Statements of Comprehensive Income	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Consolidated Statements of Financial Position	5
Notes to Interim Consolidated Financial Statements	6 to 12

Note to reader: The Interim Consolidated Financial Statements have not been reviewed by the auditor

Peak Positioning Technologies Inc.

Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2017 and 2016

(In Canadian dollars, except weighted average number of outstanding shares)

(Unaudited)

	<u>2017</u>	<u>2016</u>
	\$	\$
Revenues		
Sales	7 324 999	-
Expenses		
Cost of materials	7 288 643	-
Salaries and fringe benefits and subcontracting	156 768	-
Board remuneration	12 433	-
Sales taxes and additions	129	-
Consulting	114 205	53 686
Management fees to officers and directors	13 320	72 941
Professional fees	99 024	27 968
Public relations	30 404	47 499
Rental expenses	14 160	6 701
Office supplies, stationery and utilities	11 754	
Telecommunications	841	2 590
Insurance	10 415	13 337
Finance costs (Note 11)	30 117	47 014
Server hosting and network fees	1 500	2 028
Travel and entertainment	23 821	15 307
Transfer agent costs	3 346	3 413
Stock exchange costs	1 833	3 000
Press releases	7 143	3 886
Other	134	2 941
Amortization of property and equipment	19	6 833
Amortization of intangible assets - technology platform (Note 4)	191 912	-
Loss (gain) on foreign exchange	(1 106)	-
	<u>8 010 814</u>	<u>309 144</u>
Loss before income tax	(685 815)	(309 144)
Income tax recovery (expense)	380	-
Net loss	(685 435)	(309 144)
Item that will be reclassified subsequently to profit or cost		
Currency Translation adjustment	24 312	
Total comprehensive loss	<u>(661 123)</u>	<u>(309 144)</u>
Weighted average number of outstanding shares	<u>423 163 969</u>	<u>192 559 514</u>
Basic and diluted loss per share	<u>(0,002)</u>	<u>(0,002)</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

Peak Positioning Technologies Inc. Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2017 and 2016

(In Canadian dollars)

(Unaudited)

	Capital stock		Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Shareholders' equity (deficiency)
	Number of common shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance as of January 1, 2017	419 918 564	11 576 483	4 091 124	157 110	(598)	(13 474 095)	2 350 024
Net loss and total comprehensive loss					24 910	(685 435)	(660 525)
Issuance of shares	1 533 666	128 104	101 878				229 982
Exercise of warrants (Note 9.2)	9 953 150	268 829					268 829
Exercise of options	700 000	70 000					70 000
Conversion of debentures (Note 9.2)	2 882 440	144 122					144 122
Share-based payments (Note 10)			68 710				68 710
Balance as of March 31, 2017	434 987 820	12 187 538	4 261 712	157 110	24 312	(14 159 530)	2 471 142
Balance as of January 1, 2016	192 599 514	7 905 789	2 016 174	155 152		(10 824 991)	(747 876)
Net loss and total comprehensive loss						(309 144)	(309 144)
Issuance of shares							-
Accounts payable settlement	764 000	38 200					38 200
Exercise of warrants (Note 9.2)	743 400	18 585					18 585
Share-based remuneration (Note 10)			12 941				12 941
Balance as of March 31, 2016	194 106 914	7 962 574	2 029 115	155 152	-	(11 134 135)	(987 294)

The accompanying notes are an integral part of the interim consolidated financial statements.

Peak Positioning Technologies Inc.

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2017 and 2016

(In Canadian dollars)

(Unaudited)

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Net loss	(685 435)	(309 144)
Non-cash items		
Amortization of property and equipment	19	6 833
Amortization of intangible assets - technology platform	191 912	–
Accretion of convertible debentures	2 578	20 148
Share-based remuneration	68 710	12 941
Interest charges	27 460	26 071
Interest paid	(14 161)	(14 199)
Changes in working capital items		
Debtors	(332 320)	60 732
Other current financial liabilities	(4 931)	–
Prepaid expenses	405 502	30 028
Accounts payable and accrued liabilities	84 941	34 517
Cash flows from operating activities	<u>(255 725)</u>	<u>(132 073)</u>
INVESTING ACTIVITIES		
	–	–
FINANCING ACTIVITIES		
Proceeds from other current financial liabilities		(31 188)
Advance on investment		40 000
Issuance of shares	568 889	18 585
Issuance costs		–
Cash flows from financing activities	<u>568 889</u>	<u>27 397</u>
IMPACT OF FOREIGN EXCHANGE		
	<u>24 908</u>	–
Increase (decrease) in cash	338 072	(104 676)
Cash, beginning of period	<u>159 462</u>	<u>150 006</u>
Cash, end of period	<u><u>497 534</u></u>	<u><u>45 330</u></u>

The accompanying notes are an integral part of the interim consolidated financial statements.

Peak Positioning Technologies Inc.

Consolidated Statements of Financial Position

March 31, 2017 and December 31, 2016

(In Canadian dollars)

(Unaudited)

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	497 534	159 462
Debtors (Note 3)	449 173	116 853
Prepaid expenses	334 739	740 240
	<u>1 281 446</u>	<u>1 016 555</u>
Property and equipment	367	386
Intangible assets -Technology plaform (Note 4)	3 454 424	3 646 336
	<u>4 736 237</u>	<u>4 663 277</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	1 866 617	1 768 377
Other current financial liabilities (Note 6)	219 454	224 385
Convertible debenture (Note 7)	179 024	192 492
Debenture (Note 8)	-	127 999
	<u>2 265 095</u>	<u>2 313 253</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock	12 187 538	11 576 483
Contributed surplus	4 261 712	4 091 124
Equity component of convertible debentures (Note 7)	157 110	157 110
Accumulated other comprehensive income	24 312	(598)
Deficit	<u>(14 159 530)</u>	<u>(13 474 095)</u>
	<u>2 471 142</u>	<u>2 350 024</u>
	<u>4 736 237</u>	<u>4 663 277</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2017 and 2016

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS, GENERAL INFORMATION AND DECLARATION OF CONFORMITY

Peak Positioning Technologies Inc. (hereinafter the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on May 13, 2008, and continued under the Canada Business Corporations Act on April 4, 2011. Peak Positioning Technologies Inc.'s executive offices are located at 550 Sherbrooke Street West, Suite 265, Montréal, Quebec, Canada. Its shares are traded on the Canadian Stock Exchange (CSE) under the symbol "PKK". Its shares are quoted in the U.S. on the OTC Market's Groups "Pink Sheet": PKKFF.

Peak is an IT portfolio management company whose mission is to assemble, finance and manage a portfolio of high-growth potential companies and assets in some of the fastest growing tech sectors in China, including buying/selling raw material products, fintech, e-commerce and cloud computing. The Company provides its shareholders with the opportunity to participate in the fastest growing economic sectors of the world's fastest growing economy, in partnership with some of the most reputable and high-profile institutions in those sectors.

The consolidated financial statements include the accounts of Peak Positioning Technologies Inc. and its wholly-owned subsidiaries. The following entities have been consolidated within these consolidated financial statements:

Entities	% of ownership and voting		Principal activity	Functional Currency
	Registered	right		
Peak Positioning Technologies Inc.	Canada	100%	Holding	Canadian dollar
Peak Positioning Corporation	Canada	100%	Operating expenses	Canadian dollar
Asia Synergy Limited	Hong Kong	100%	Holding	Renminbi
Asia Synergy Holdings	China	100%	Holding	Renminbi
Asia Synergy Technology Inc.	China	100%	Raw material commerce	Renminbi

The unaudited interim condensed consolidated financial statements (the "consolidated interim financial statements") are in compliance with the International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Since they are condensed financial statements, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been voluntarily omitted or summarized.

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 5 of the Company's consolidated financial statements for the year ended December 31, 2016. There has not been any significant change in judgments, estimates or assumptions since then. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016.

The consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2016.

The interim consolidated financial statements for the three-month period ended March 31, 2017 (including comparative figures) were approved by the Board of Directors on May 29, 2017.

1 - GOVERNING STATUTES, NATURE OF OPERATIONS, GENERAL INFORMATION AND DECLARATION OF CONFORMITY (Continued)

1.1 - New IFRS and IFRIC interpretations not yet adopted

At the date of authorization of these interim consolidated financial statements, certain new accounting standards and interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") have been published but are not yet effective for the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided in Note 3.1 of the Company's audited consolidated financial statements for the year ended December 31, 2015.

2 - GOING CONCERN ASSESSMENT

These interim consolidated financial statements have been prepared on the basis of the going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The level of revenues currently being generated is not presently sufficient to meet the working capital requirements. The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Also, the Company incurred a net loss of \$661,123 for the three-month period ended March 31, 2017 (\$309,144 for 2016), it has an accumulated deficit of \$14,159,530 as at March 31, 2017 (\$13,474,095 as at December 31, 2016) and it has not yet generated positive cash flows from operations. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The interim consolidated financial statements do not include any adjustments or disclosures that may be necessary should the Company not be able to continue as a going concern. If this were the case, these adjustments could be material.

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2017 and 2016

(In Canadian dollars)

(Unaudited)

3 - DEBTORS

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Sales tax receivable	87 963	116 853
Accounts receivable	<u>361 210</u>	<u>–</u>
	<u>449 173</u>	<u>116 853</u>

4 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORM

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Gross carrying amount		
Balance as at January 1st	3 838 248	–
Acquisition	<u>–</u>	<u>3 838 248</u>
Balance as at March 31, 2017	<u>3 838 248</u>	<u>3 838 248</u>
Accumulated amortization		
Balance as at January 1st	191 912	–
Amortization	<u>191 912</u>	<u>191 912</u>
Balance as at March 31, 2017	<u>383 824</u>	<u>191 912</u>
Net carrying amount as at March 31, 2017	<u>3 454 424</u>	<u>3 646 336</u> ok

5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Officer and a director	11 635	11 635
Company held by an officer and a director	44 667	51 904
Trade accounts payable and accruals	<u>1 810 314</u>	<u>1 704 838</u>
	<u>1 866 617</u>	<u>1 768 377</u>

6 - OTHER CURRENT FINANCIAL LIABILITIES

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Promissory notes, 10%	216 954	196 885
Promissory notes to shareholder, without interest	<u>2 500</u>	<u>27 500</u>
	<u>219 454</u>	<u>224 385</u>

7 - LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES

Debentures are secured by a pledge on the aggregate assets of the Company, maturing on June 30, 2017, bearing interest at a nominal rate of 10% payable monthly. The effective rate of the debentures is 19.13%.

The debentures allow their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at a price of \$0.05 per common share during the 12-month period following their issuance and \$0.10 per common share thereafter until their maturity date.

Debentures, 10%, maturing on June 30, 2017, secured by the aggregate assets of the Company

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Balance at the beginning	192 492	562 919
Debenture payment	–	(31 188)
Conversion of debentures	(16 046)	(337 009)
Extinguishment of debt	–	196 452
Equity component of convertible debentures	–	(222 692)
Accretion of convertible debentures	<u>2 578</u>	<u>24 010</u>
Balance at the end	<u>179 024</u>	<u>192 492</u>

In February 2017, the Company reached an agreement to extend the term of \$179,024 worth of convertible debentures with a 10% annual interest rate, convertible into the Company's common shares at any time prior to maturity at a price of \$0.10 per share, that were previously set to mature on February 28, 2017 (the "Agreement").

Under the terms of the Agreement, the debentures kept the same annual interest rate of 10% and now carry a conversion price that allows for the principal amount to be converted into the Company's common shares at any time prior to maturity at the price of \$0.05 per share.

As at March 31, 2017 and December 31, 2016, convertible debentures representing a total nominal value of \$179,024 were held by officers and directors.

8 - DEBENTURE

Non-convertible debenture, secured by the aggregate assets of the Company, maturing on January 2016, bearing interest at a nominal rate of 10% payable monthly. The debenture was originally discounted by \$25,160 for net proceeds of \$252,840. The debenture included a total of 1,000,800 bonus shares.

The debenture and the bonus shares are accounted for separately as debt and equity. The value of the debenture was determined, at the time of issuance, by discounting the future interest obligations and the principal payment due at maturity, using a discount rate of 19.13%, which represents the estimated borrowing rate available to the Company for similar debentures having no bonus shares. The result of the calculation indicated that the amount attributed to the bonus shares was nil.

On December 31, 2015 the Company reached an agreement with the debenture holder whereby the maturity date which was set to mature on January 1, 2016 is now extended to January 1, 2017. The debenture kept the same interest rate of 10% and now includes a conversion feature that allows for the principal amount to be converted into the Company's common shares at any time prior to maturity at the price of \$0,05 per share.

On December 31, 2016 the Company reached an agreement with the debenture holder whereby the maturity date which was set to mature on January 1, 2017 is now extended to April 3, 2017. The debenture kept the same interest rate of 10% and now includes a conversion feature that allows for the principal amount to be converted into the Company's common shares at any time prior to maturity at the price of \$0,05 per share.

The effective rate of the debenture is 19.13%.

	<u>2017-03-31</u>	<u>2016-12-31</u>
	\$	\$
Balance, beginning of period	127 999	261 145
Accretion of discount on debenture		4 191
Conversion of debentures	<u>(127 999)</u>	<u>(137 337)</u>
Balance at the end	<u><u>-</u></u>	<u><u>127 999</u></u>

9 - SHAREHOLDERS' EQUITY

9.1 - Authorized share capital

The share capital of the Company consists of an unlimited number of common shares without par value.

9.2 - Descriptions of the shareholders equity operations

During the first quarter, the Company issued 9,153,150 and 800,000 common shares as a result of the exercise of warrants at a price of \$0.025 and \$0.05 for a gross proceed of \$268,829.

During the first quarter, the Company issued 2,882,440 common shares as a result of a debenture conversion at a price \$0.05 for a total worth of debt of \$144,122.

During the first quarter, the Company issued 700,000 common shares as a result of exercise of options at a price \$0.10 for a gross proceed of \$70,000.

On March 29, 2017, the Company closed a private placement consisting in the sale of 1,533,666 units (a "Unit") at a price of \$0.15 per Unit for gross proceeds of \$230,050. Each Unit is comprised of one (1) common share and one (1) common share purchase warrant entitling the warrant holder to purchase one (1) common share at a price of \$0.20 for a twenty-four (24) month period. Peak paid a cash commission finder's fee, to eligible persons who helped place the Units, equal to 8% of the gross proceeds of the Units they helped place. Peak also granted finder's compensation options to the same eligible persons who helped place the Units entitling them to purchase a number of Peak common shares equal to 8% of the total number of Units they helped place, at the price of \$0.20 per common share for a twenty-four (24) month period following the closing date.

The value attributed to the warrants is \$101,878. The fair value of the warrants was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	\$0.19
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	150%
Dividend	0%
Exercise price at the date of grant	\$0.20

9.3 - Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares as follows

	2017-03-31		2016-12-31	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	231 298 100	0.047	67 558 750	0.034
Granted	1 640 359	0.20	199 000 000	0.050
Exercised	(9 953 150)	0.027	(17 685 650)	0.035
Expired	—	—	(17 575 000)	0.050
Outstanding and warrants exercisable, end of period	<u>222 985 309</u>	0.049	<u>231 298 100</u>	0.047

As of March 31, 2017 and December 31, 2016, the number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

	2017-03-31		2016-12-31	
	Number	Exercise price	Number	Exercise price
		\$		\$
Expiration date				
November 2017	8 489 950	0,025	15 688 100	0,025
December 2017	14 655 000	0,025	16 610 000	0,025
June 2018	198 200 000	0,050	199 000 000	0,050
March 2019	1 640 359	0,200	—	—
	<u>222 985 309</u>		<u>231 298 100</u>	

10 - SHARE-BASED REMUNERATION

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may, from time to time, at its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and others providing similar services to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years from the date of grant. The options reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares and the number of Common Shares reserved for issuance to others providing services will not exceed 2% of the issued and outstanding common shares. Options may be exercised as of the grant date for a period determined by the Board, but shall not be greater than 5 years from the date of the grant and 90 days following cessation of the option's position with the Company. Provided that the cessation of office, directorship or employment or other similar service arrangement was by reason of death (in the case of an individual), the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Share options and weighted average exercise prices are as follows for the reporting periods presented :

	2017-03-31		2016-12-31	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	24 045 000	0,07	15 395 000	0,07
Granted	–		10 650 000	0,08
Expired	–		(2 000 000)	0,14
Outstanding, end of period	<u>24 045 000</u>	0,07	<u>24 045 000</u>	0,07
Exercisable, end of period	<u>14 920 000</u>	0,064	<u>12 295 000</u>	0,06

The table below summarizes the information related to outstanding share options at end of period

Range of exercise price	Number of options	Weighted average remaining contractual life (years)
\$		
0,050	1 675 000	0 month
0,150	200 000	5 months
0,100	250 000	1 year and 2 months
0,050	1 220 000	1 year and 5 months
0,050	7 050 000	3 years and 2 months
0,050	500 000	3 years and 5 months
0,050	2 500 000	3 years and 9 months
0,050	150 000	4 years and 2 months
0,085	<u>10 500 000</u>	4 years and 3 months
	<u>24 045 000</u>	

11 - FINANCE COSTS

	<u>2017-03-31</u>	<u>2016-03-31</u>
	\$	\$
Interests on convertible debentures and the debenture	5 676	21 149
Interest on promissory notes	21 783	4 922
Accretion on convertible debentures and the debenture	<u>2 578</u>	<u>20 148</u>
Total interest expense	30 038	46 219
Miscellaneous	79	795
	<u>30 117</u>	<u>47 014</u>

12 - RELATED PARTY TRANSACTIONS

The Company's related party transactions do not include, unless otherwise stated, special terms and conditions. No guarantees were given or received. Outstanding balances are usually settled in cash.

	<u>2017-03-31</u>	<u>2016-03-31</u>
	<u>(3 months)</u>	<u>(3 months)</u>
	\$	\$
Management fees to officers and directors	2 850	72 941
Officers and directors		
Interests on promissory notes and convertible debentures	4 475	4 475

13 - SUBSEQUENT EVENTS

Between April 1st 2017 and the date of the financial statements, the Company issued 10,255,000 and 200,000 common shares as a result of the exercise of warrants at a price \$0.025 and \$0.05 respectively for a gross proceed of \$266,375.

Between April 1st 2017 and the date of the financial statements, the Company issued 200,000 common shares as a result of the exercise of options at a price \$0.10 for a gross proceed of \$ 20,000.