

Peak Positioning Technologies Inc.
Interim Consolidated Financial Statements
For the three and the nine-month periods
ended September 30, 2016 and 2015

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 - 15

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 and the nine-month periods ended September 30, 2016 and 2015

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

(Unaudited)

	Three-month period ended September 30		Nine-month period ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenues				
Consulting revenues	-	-	-	36 400
Sales	25 887 092	-	25 887 092	-
Cost of sales	25 757 458	-	25 757 458	-
Gross Profit	129 634	-	129 634	36 400
Expenses				
Salaries and fringe benefits	203 191	(30 316)	221 191	(27 465)
Board remuneration	26 780	-	26 780	-
Subcontracting	-	-	-	19 356
Consulting fees	11 699	44 669	112 640	91 846
Management fees	79 843	56 700	198 175	161 400
Professional fees	24 381	26 774	95 899	132 461
Public relations	76 039	5 000	194 213	20 000
Rental expenses	60 592	6 000	92 661	18 000
Telecommunications	736	785	3 877	3 477
Insurance	2 011	3 273	16 348	10 877
Finance costs (Note 16)	8 619	54 644	94 892	169 302
Server hosting and network fees	1 523	13 837	5 050	40 066
Travel and entertainment	45 137	-	64 655	3 121
Transfer agent costs	6 140	6 128	12 242	17 094
Stock exchange costs	1 525	2 444	10 104	14 788
Loss on extinguishment of convertible debentures	-	-	196 452	-
Other	35 032	9 139	42 574	19 484
Amortization of Quickable.com marketplace technology platform	-	35 500	-	106 500
Amortization of property and equipment (Note 5)	6 953	6 954	20 619	21 390
Gain on revaluation of contingent compensation payable	-	(230 000)	-	(230 000)
Impairment of goodwill	-	350 000	-	350 000
	590 201	361 531	1 408 372	941 697
Loss before income tax	(460 567)	(361 531)	(1 278 738)	(905 297)
Income tax (recoverable)	15 765	-	13 129	-
Net loss and total comprehensive loss	(476 332)	(361 531)	(1 291 867)	(905 297)
Weighted average number of outstanding shares	414 302 879	141 027 661	286 944 589	138 030 849
Basic and diluted loss per share	(0,001)	(0,003)	(0,005)	(0,007)

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 nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

	Capital stock		Contributed surplus	Equity component of convertible debentures	Deficit	Shareholders' equity (deficiency)
	Number of common shares	Amount				
		\$	\$	\$	\$	\$
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					(1 291 867)	(1 291 867)
Issuance of shares	222 894 050	3 523 862				3 523 862
Issuance of convertible debentures				215 633		215 633
Conversion of debentures				(44 321)		(44 321)
Extinguishment of convertible debentures			53 257	(53 257)		-
Issuance of warrants			1 425 974			1 425 974
Share-based remuneration (Note 15)			180 301			180 301
Balance as of September 30, 2016	415 493 564	11 429 651	3 675 706	273 207	(12 116 858)	3 261 706
Balance as of January 1, 2015	132 386 889	6 916 913	1 391 797	66 406	(8 885 932)	(510 816)
Net loss and total comprehensive loss					(905 297)	(905 297)
Issuance of shares	9 054 875	164 564				164 564
Issuance costs		(2 400)				(2 400)
Issuance of warrants			21 679			21 679
Share-based remuneration (Note 15)			26 437			26 437
Balance as of September 30, 2015	141 441 764	7 079 077	1 439 913	66 406	(9 791 229)	(1 205 833)

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 and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(476 332)	(361 531)	(1 291 867)	(905 297)
Non-cash items				
Amortization of property and equipment	6 953	6 954	20 619	21 390
Amortization of Quickable.com marketplace technology platform	–	35 500	–	106 500
Accretion of convertible debentures	9 740	17 668	52 920	50 230
Gain on revaluation of contingent compensation payable	–	(230 000)	–	(230 000)
Impairment of goodwill	–	350 000	–	350 000
Share-based remuneration	154 419	12 438	180 301	26 437
Interest charges	16 104	36 465	65 930	117 541
Interest paid	(4 706)	(21 195)	(31 738)	(56 519)
Changes in working capital items				
Debtors	(137 877)	–	(118 423)	–
Commodity taxes receivable	4 531	5 381	7 649	(4 141)
Work in progress	–	16 280	–	17 375
Investment tax credits receivable	–	25 000	–	25 000
Subscription	–	–	20 000	–
Prepaid expenses (note 4)	(514 996)	(2 853)	(450 461)	(557)
Accounts payable and accrued liabilities (Note 9)	(57 529)	45 793	(79 779)	137 410
Other current financial liabilities		13 000		203 156
Cash flows from operating activities	(999 693)	(51 100)	(1 624 849)	(141 475)
INVESTING ACTIVITIES				
Investment	3 484 570	–	–	–
Intangible asset	(2 556 991)	–	(2 556 991)	–
Property and equipment	(23 073)	–	(23 073)	–
Cash flows from investing activities	904 506	–	(2 580 064)	–
FINANCING ACTIVITIES				
Equity component of convertible debentures	–	–	113 178	–
Debenture repayment	–	–	(289 497)	–
Advance on investment	–	–	(100 000)	–
Issuance of shares	90 024	35 244	4 731 475	186 244
Issuance costs	–	–	–	(2 400)
Cash flows from financing activities	90 024	35 244	4 455 156	183 844
Increase (Decrease) in cash	(5 163)	(15 856)	250 243	42 369
Cash, beginning of period	405 412	66 350	150 006	8 125
Cash, end of period	400 249	50 494	400 249	50 494

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

Peak Positioning Technologies Inc.

Consolidated Statements of Financial Position

September 30, 2016 and December 31, 2015

(In Canadian dollars)

(Unaudited)

	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	400 549	150 006
Debtors (Note 3)	163 105	72 332
Prepaid expenses (note 4)	615 835	165 374
	<u>1 179 489</u>	<u>387 712</u>
Property and equipment (Note 5)	20 687	18 233
Investment (Note 6)	350 000	350 000
Quickable.com marketplace technology platform (Note 7)	–	–
Intangible asset (Note 8)	3 933 266	–
	<u>5 483 442</u>	<u>755 945</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	1 642 329	315 765
Advance on investment (Note 10)	–	100 000
Finance lease	39 607	39 607
Deferred tax liability	4 423	–
Other current financial liabilities (Note 11)	224 385	224 385
Liability component of convertible debentures (Note 12)	188 518	562 919
Convertible debenture (Note 13)	122 474	261 145
	<u>2 221 736</u>	<u>1 503 821</u>
SHAREHOLDERS' DEFICIENCY		
Capital stock	11 429 651	7 905 789
Contributed surplus	3 675 706	2 016 174
Equity component of convertible debentures (Note 12)	273 207	155 152
Deficit	<u>(12 116 858)</u>	<u>(10 824 991)</u>
	<u>3 261 706</u>	<u>(747 876)</u>
	<u>5 483 442</u>	<u>755 945</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 and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION

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 250-A, 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 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, Peak Positioning Corporation, Asia Synergy Limited, Asia Synergy Holdings and Asia Synergy Technologies

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"). They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

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, 2015. There has not been any significant change in judgments, estimates or assumptions since then, except for the revenue recognition policy. Under that policy, revenue that arise from sale of goods is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed. The Company recognizes revenue when the significant risks and rewards of ownership have been transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

These consolidated interim financial statements should be read in conjunction with the Company's consolidated statements for the year ended December 31, 2015.

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, 2015.

The interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2016 (including comparative figures) were approved by the Board of Directors on November 10, 2016.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

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 Company incurred a net loss of \$1,291,867 for the nine-month period ended September 30, 2016 (\$905,297 for 2015), it has an accumulated deficit of \$12,116,858 as at September 30, 2016 (\$10,824,991 as at December 31, 2015) and it has not yet generated positive cash flows from operations.

However, as of the quarter ended September 30, 2016, the level of revenues being generated by the Company, if they continue, along with an expected increase in profitability, will, in the opinion of management, be sufficient to meet the Company's current obligations and allow it to continue as a going concern for the next 12 months.

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 and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

3 - DEBTORS	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Commodity taxes receivable	23 143	30 792
Services receivable, Mr. Wang and associates (a)	139 962	–
Accounts receivable	–	21 540
Subscription receivable	–	20 000
	<u>163 105</u>	<u>72 332</u>

(a) The Company incurred certain expenses and foreign currency exchange fees while providing assistance to Mr. Jiang Wang in order to facilitate the strategic investment transaction between Mr. Wang and the Company. Mr. Wang has agreed to reimburse the Company for those expenses in the form of services to be provided by Mr. Wang's company to the Company's Chinese operating subsidiary. The amount shown here represents the value of services remaining to be provided by Mr. Wang's company to the Company's subsidiary to reimburse all of the expenses.

4 - PREPAID EXPENSES	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Car rental expenses ¹	327 971	–
Prepayment of Goods Purchasing ¹	143 519	–
Office lease ¹	46 656	–
Legal fees ¹	13 187	–
Rental expenses	12 421	–
Public relations	37 498	159 996
Other daily expense payment ¹	34 583	5 378
	<u>615 835</u>	<u>165 374</u>

¹ Thoses prepaid expenses were made by the chinese subsidiaries

5 - PROPERTY AND EQUIPMENT	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Carrying amount		
Balance at the beginning of period	18 233	191 996
Additions	23 073	–
Depreciation	20 619	173 763
Balance at the end of period	<u>20 687</u>	<u>18 233</u>

6 - INVESTMENT	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
9,600,000 common shares of LongKey Hong Kong Ltd (a)	<u>350 000</u>	<u>350 000</u>

On September 3, 2014 and on November 28, 2014, the Company acquired a total of 9,600,000 shares in LongKey Hong Kong Ltd. representing 4%, following the issuance, of the total issued and outstanding shares of LongKey. The investment was paid cash.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

7 - QUICKABLE.COM MARKETPLACE TECHNOLOGY PLATFORM	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Carrying amount		
Balance at the beginning of period	–	633 084
Additions	–	–
Depreciation	–	142 000
Impairment loss recognized	–	491 084
Balance at the end of period	<u>–</u>	<u>–</u>
8 - INTANGIBLE ASSET	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Carrying amount		
Balance at the beginning of period	–	698 750
Additions (a)	3 933 266	–
Impairment	–	698 750
Balance at the end of period	<u>3 933 266</u>	<u>–</u>

(a) This amount represents the cost value of the Gold River platform. This platform was developed by an unrelated development company. Certain features of the platform, related to its ability to allow for purchase order financing, were still in the testing phase. As such, no amortization was taken for the quarter ended September 30, 2016.

9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>2016-09-30</u>	<u>2015-12-31</u>
	\$	\$
Accrued salaries	9 990	–
Officer and a director	18 048	36 048
Company held by an officer and a director	60 779	84 779
Trade accounts payable and accruals	139 151	194 938
Trade accounts payable to the Gold River platform developer (a)	1 376 575	–
Tax payable	37 786	–
	<u>1 642 329</u>	<u>315 765</u>

(a) This portion of the total purchase price of the Gold River platform was deferred and will be paid to the developer over a 6-month period. In exchange for the payment deferral, the developer will be given a one-year maintenance contract to maintain and add features to the platform.

10 - ADVANCE ON INVESTMENTS

On December 22, 2015, March 24 and May 31, 2016, the Company received non-interest bearing, unsecured, advances of \$100,000, \$400,000 and \$3,480,000 respectively on the \$3,980,000 investment made by Mr. Jiang Wang and his associates during the second quarter of fiscal 2016.

These advances were converted into a private placement (Note 13) and as a result Mr. Wang became the largest shareholder of the Company.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

The proceeds of the private placement has been and will be used primarily in 2016 to set up subsidiaries in Hong Kong and mainland China, to cover the development costs of the electronic platform, to incur recruitment costs, maintain investor relation activities and for working capital purposes.

11 - OTHER CURRENT FINANCIAL LIABILITIES

	2016-09-30	2015-12-31
	\$	\$
Promissory notes, 10%	196 885	196 885
Promissory notes to shareholders, without interest	27 500	27 500
	<u>224 385</u>	<u>224 385</u>

12 - LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES

Convertible debentures, 10%, convertible into common shares of the Company at \$0.05 per share, maturing in February 2017, secured by the aggregate assets of the Company.

	2016-09-30	2015-12-31
	\$	\$
Balance at the beginning	562 919	524 415
Debenture payment	(31 188)	-
Accretion of convertible debentures	6 869	-
Extinguishment of debt	(538 600)	-
Subtotal	<u>-</u>	<u>524 415</u>
Addition (net of equity component)	512 317	-
Extinguishment of debt by conversion into equity	(343 470)	-
Accretion of convertible debentures	19 671	38 504
Balance at the end	<u>188 518</u>	<u>562 919</u>

On February 24, 2016, the Company reached an agreement to extend the term of \$538,600 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 set to mature on February 28, 2016 (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. This change have been recorded as an extinguishment and a new debenture.

On May 3rd, 2016, \$10,312 worth of debentures were converted into the Company's common shares at the price of \$0,05 per share.

Also, on June 15th, 2016, \$75,838 worth of debentures were converted into the Company's common shares at the price of \$0,05 per share.

Finally, on June 23rd, 2016, \$257,320 worth of the debentures were converted into the Company's common shares at the price of \$0,05 per share.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

13 - DEBENTURE

Debentures originally issued as 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 were 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.

Also, on June 7th, 2016 and July 15th, 2016, respectively \$50,000 and \$100,000 worth of debentures were converted into the Company's common shares at the price of \$0,05 per share.

The effective rate of the debenture is 19.13%.

	2016-09-30	2015-12-31
	\$	\$
Balance, beginning of period	261 145	258 674
Accretion of discount on debenture	26 466	19 326
Equity component of convertible debentures	–	(106 429)
Extinguishment of debt by conversion into equity	(137 337)	–
Advance payment of interest ¹	(27 800)	–
Extinguishment of debt	–	89 574
Balance at the end	<u>122 474</u>	<u>261 145</u>

¹ This amount relates to the above-mentioned conversions of \$50,000 and \$100,000 (nominal value) worth of debenture at the price of \$0.05 per share.

14 - SHAREHOLDERS' EQUITY

14.1 - Authorized share capital

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

14.2 - Descriptions of the shareholders equity operations

On January 8, 2016, the Company issued 764,000 common shares as a compensation for a debt settlement amounting to \$38,200 related to consulting services rendered.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

In March 2016, the Company issued 423,400 and 320,000 common shares respectively as a result of the exercise of 743,400 warrants at \$0.025 per share for gross proceeds of \$18,585.

In May 2016, the Company also issued 206,240 and 1,200,000 common shares respectively as a result of the conversion of debenture in the amount of \$10,312 and the exercise of warrants. Both issuances were made at a price of \$0,05 for a gross proceed of \$70,312.

Also in May 2016, the Company issued 1,292,250 common shares as the exercise of warrants at a price of \$0,025 for a gross proceed of \$32,306.

Moreover, on June 6, 2016, the Company closed a private placement consisting in the sale of 199 million common shares at a price of \$0,02 for a total consideration of \$3,980,000.

Each Unit sold as part of the private placement consists of one common share and warrant. Each warrant entitles its holder to purchase one common share of the Company at the price of \$0.05, for a twenty-four month period following the closing date. The value attributed to the warrants is \$1,425,974. 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	\$0.07
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	\$0.05

Later in June 2016, the Company issued 8 million common shares as an exercise of warrants at a price of \$0,025 for a gross proceed of \$200,000. Also in June 2016, 7,663,160 and 112,000 common shares respectively were issued as a result of the conversion of debenture in the amount of \$383,158 and the exercise of warrants. Both issuances were made at a price of \$0,05 for a gross proceed of \$388,758.

Also in July 2016, the Company issued 225,000 common shares as an exercise of warrants at a price of \$0,025 for a gross proceed of \$5,625. Also in July 2016, 2,000,000 and 188,400 common shares respectively were issued as a result of the conversion of debenture in the amount of \$100,000 and the exercise of warrants. Both issuances were made at a price of \$0,05 for a gross proceed of \$109,400.

Finally in August 2016, the Company issued 1,500,000 common shares as an exercise of warrants at a price of \$0,05 for a gross proceed of \$75,000.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

14.3 - Warrants

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

	2016-09-30		2015-12-31	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	67 558 750	0.03	22 610 320	0.06
Granted	199 000 000	0.05	50 188 750	0.03
Expired	—		(5 240 320)	0.10
Exercised	(13 260 650)	0.03	—	—
Outstanding and warrants exercisable at the end of period	<u>253 298 100</u>	<u>0.05</u>	<u>67 558 750</u>	<u>0.03</u>

As of September 30, 2016 and December 31, 2015, the number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Expiration date	2016-09-30		2015-12-31	
	Number	Exercise price \$	Number	Exercise price \$
November 2016	20 500 000	0,050	25 000 000	0,050
November 2017	13 988 800	0,025	23 929 450	0,025
November 2017	1 074 300	0,050	1 074 300	0,050
December 2017	15 130 000	0,025	16 075 000	0,025
December 2017	1 480 000	0,050	1 480 000	0,050
June 2018	199 625 000	0,050	—	-
November 2018	1 500 000	0,050	—	-
	<u>253 298 100</u>		<u>67 558 750</u>	

15 - 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.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

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.

	2016-09-30		2015-12-31	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding as January 1st	15 395 000	0,10	5 365 000	0,10
Granted	10 650 000	0,08	12 650 000	0,05
Forfeited	(2 000 000)	0,14	(2 620 000)	0,05
Outstanding, end of period	<u>24 045 000</u>	0,059	<u>15 395 000</u>	0,07
Exercisable	<u>12 695 000</u>	0,06	<u>9 195 000</u>	0,08

The table below summarizes the information related to outstanding share options as at September 30, 2016:

Range of exercise price	Number of options	Weighted average remaining contractual life (Months)
\$		
0,10	1 675 000	6 months
0,15	200 000	11 months
0,10	250 000	20 months
0,05	1 220 000	23 months
0,05	7 050 000	44 months
0,05	500 000	47 months
0,05	2 500 000	51 months
0,05	150 000	56 months
0,09	10 500 000	57 months
	<u>24 045 000</u>	

On May 25, 2016, the Company granted 150,000 options to a consultant at an exercise price of \$0.05 per share as part of its consulting agreement. The options are vesting over a two-year period and are exercisable over a period of five years following the date of granting.

The fair value of the options granted to consultant amounted to \$27,000 and was determined by management by comparing with similar services on the market.

On July 8, 2016, the Company granted options to acquire 10,500,000 common shares at a price of \$0.085 to certain employees and directors.

The fair value of the options granted to certain directors and employees amounted to \$634,256 in 2016 and was calculated using the Black & Scholes option pricing model and the following assumptions on a weighted average basis:

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

The shares are vesting over a two-year period and are exercisable over a period of five years expiring in July 2021.

Share price at the date of grant	\$0.09
Expected life	2.5 years
Risk-free interest rate	1%
Volatility	120%
Dividend	0%
Exercise price at the date of grant	\$0.085

16 - FINANCE COSTS

	2016-09-30	2015-09-30
	\$	\$
Interests on convertible debentures and the debenture	13 470	74 944
Interest on promissory notes	36 169	36 169
Interest on trade accounts payable	-	6 500
Accretion on convertible debentures and the debenture	52 920	50 230
Total interest expense	102 559	167 843
Loss (gain) on exchange rate	(8 753)	1 459
	<u>93 806</u>	<u>169 302</u>

17 - 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.

	2016-09-30	2015-09-30	2016-09-30	2015-09-30
	(3 months)	(3 months)	(9 months)	(9 months)
	\$	\$	\$	\$
Management fees to officers and directors	45 787	56 700	164 119	161 400
Officers and directors				
Interests on promissory notes and convertible debentures	4 475	5 640	13 426	16 920

18 - SUBSEQUENT EVENTS

On November 2, 2016, the Company issued 300,000 common shares at a price of \$0.05 per share as a result of the exercise of common share purchase warrants for a total of \$15,000

On November 4, 2016, the Company issued 1,000,000 common shares at a price of \$0.05 per share as a result of the exercise of common share purchase warrants for a total of \$50,000.