Peak Positioning Technologies Inc.

Consolidated Financial Statements
December 31, 2016 and 2015

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Peak Positioning Technologies Inc.

We have audited the accompanying consolidated financial statements of Peak Positioning Technologies Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Peak Positioning Technologies Inc. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montréal, Quebec
April 28, 2017

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[1] CPA auditor, CA public accountancy permit no. A125741

Peak Positioning Technologies Inc.
Consolidated Statements of Comprehensive loss

Years ended December 31, 2016 and 2015

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

	2016	2015
	$	$
Revenues		
Consulting revenues	–	36,400
Sales	58,091,907	–
	58,091,907	36,400
Expenses		
Costs of materials	57,802,238	
Salaries and fringe benefits and subcontracting (a)	418,174	11,524
Board remuneration	63,846	–
Sales taxes and additions	2,668	–
Consulting	516,418	391,629
Management fees to officers and directors	210,793	204,644
Professional fees	190,357	211,913
Public relations	244,819	38,821
Office supplies, stationery and utilities	34,462	–
Rental expenses	197,735	24,000
Telecommunications	7,649	4,078
Insurance	16,348	13,574
Taxes, licences and permits	17,473	–
Finance costs (Note 22.4)	115,648	218,334
Server hosting and network fees	6,550	46,024
Travel and entertainment	116,107	16,658
Stock exchange costs	11,581	34,240
Transfer agent costs	9,233	20,669
Press releases	15,914	5,232
Other	2,978	17,898
Amortization of property and equipment	18,253	28,223
Amortization of intangible assets - technology platform (Note 9)	191,912	142,000
Gain on re-evaluation of contingent compensation payable (Note 19)	–	(230,000)
Impairment of goodwill (Note 7)	–	698,750
Impairment loss of investments (Note 8)	350,000	–
Impairment loss of Intangible assets - Technology platform (Note 9)	–	491,084
Forgiveness of debt (Note 14, 15 and 16)	–	(614,375)
Extinguishment of debt (Note 16a))	196,452	89,574
Loss (gain) on foreign exchange	(16,597)	
	60,741,011	1,864,494
Loss before income taxes	(2,649,104)	(1,828,094)
Income tax recovery (expense) (Note 6)		(305)
Net loss	(2,649,104)	(1,828,399)
Item that will be reclassified subsequently to profit or loss		
Currency translation adjustement	598	–
Total comprehensive loss	(2,649,702)	(1,828,399)
Weighted average number of outstanding shares	319,792,964	144,986,601
Basic and diluted loss per share	(0.01)	(0.01)

(a) Salaries and fringe benefits and subcontracting include $0 ($31,878 in 2015) of investment tax credits.

Peak Positioning Technologies Inc.
Consolidated Statements of Changes in Equity
Years ended December 31, 2016 and 2015
(In Canadian dollars)

	Capital stock						
	Number of common shares	Amount	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Shareholders' equity (deficiency)
		$	$	$		$	$
Balance as of January 1, 2016	192,599,514	7,905,789	2,016,174	155,152	-	(10,824,991)	(747,876)
Issuance of shares (Note 17.2)	199,000,000	2,228,804	1,751,196	–		–	3,980,000
Accounts payable settlement	764,000	38,200					38,200
Exercice of warrants (Note 17.2)	17,685,650	761,867	(139,041)				622,826
Share-based payments (Note 18)	–	–	409,538	–		–	409,538
Conversion of debentures	9,869,400	641,823		(167,477)		–	474,346
Equity component of convertible debentures (Note 16)	–	–	53,257	(53,257)		–	–
Issuance of equity component of convertible debenture							–
(Note 16)	–	–	–	222,692		–	222,692
Transactions with owners	419,918,564	11,576,483	4,091,124	157,110	–	(10,824,991)	4,999,726
Net loss						(2,649,104)	(2,649,104)
Other comprehensive loss					(598)		(598)
Total comprehensive loss for the year					(598)	(2,649,104)	(2,649,702)
Balance as of December 31, 2016	419,918,564	11,576,483	4,091,124	157,110	(598)	(13,474,095)	2,350,024
Balance as of January 1, 2015	132,386,889	6,916,913	1,391,797	66,406		(8,885,932)	(510,816)
Issuance of shares (Note 17.2)	60,212,625	991,276	–	–		–	991,276
Issuance costs (Note 17.2)	–	(2,400)	–	–		–	(2,400)
Issuance of warrants (Notes 17.2 and 17.3)	–	–	357,648	–		–	357,648
Share-based payments (Note 18)	–	–	138,081	–		–	138,081
Equity component of convertible debentures (Note 16)	–	–	17,988	(17,988)		–	–
Issuance of equity component of convertible debenture							
(Note 16)	–	–	–	106,429		–	106,429
Impact of extension of the terms of the warrants (Note 17.2)	–		110,660	–		(110,660)	–
Tax expenses (Note 6)	–	–	–	305		–	305
Transactions with owners	192,599,514	7,905,789	2,016,174	155,152	–	(8,996,592)	1,080,523
Net loss						(1,828,399)	(1,828,399)
Other comprehensive loss					–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(1,828,399)	(1,828,399)
Balance as of December 31, 2015	192,599,514	7,905,789	2,016,174	155,152		(10,824,991)	(747,876)

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

Peak Positioning Technologies Inc.
Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

(In Canadian dollars)

	2016	2015
	$	$
OPERATING ACTIVITIES		
Net loss	(2,649,104)	(1,828,399)
Non-cash items		
Income tax recovery		305
Amortization of property and equipment	18,253	28,223
Amortization of intangible assets - technology platform (Note 9)	191,912	142,000
Gain on re-evaluation of contingent compensation payable	–	(230,000)
Impairment of goodwill (Note 7)	–	698,750
Impairment loss of invesments (Note 8)	350,000	–
Impairment loss of Quickable.com marketplace technology	–	491,084
Share-based payments	409,538	138,081
Accretion of debentures	28,201	65,775
Forgiveness of debt	–	(614,375)
Extinguishment of debt	196,452	89,574
Interest charges	87,392	143,552
Interest paid	(59,704)	(102,257)
Net changes in working capital items		
Debtors	(44,739)	(61,879)
Work in progress	–	17,375
Investment tax credits receivable	–	25,000
Prepaid expenses	(575,026)	(161,931)
Accounts payable and accrued liabilities	1,427,486	322,693
Cash flows from operating activities	(619,339)	(836,429)
INVESTING ACTIVITIES		
Intangible assets - technology platform (Note 9)	(3,838,248)	–
Property and equipment	(407)	–
Cash flows from investing activities	(3,838,655)	–
FINANCING ACTIVITIES		
Advance on investment	–	100,000
Proceeds from other current financial liabilities	–	203,155
Repayment of debentures (Note 16)	(31,188)	–
Issuance of shares (Note 17.2)	4,502,826	677,555
Issuance costs (Note 17.2)	–	(2,400)
Cash flows from financing activities	4,471,638	978,310
IMPACT OF FOREIGN EXCHANGE	(4,188)	–
Net increase in cash	9,456	141,881
Cash, beginning of year	150,006	8,125
Cash, end of year	159,462	150,006

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

Peak Positioning Technologies Inc.
Consolidated Statements of Financial Position

December 31, 2016 and 2015

(In Canadian dollars)

	2016	2015
	$	$
ASSETS		
Current		
Cash	159,462	150,006
Debtors (Note 12)	116,853	72,332
Prepaid expenses	740,240	165,374
	1,016,555	387,712
Property and equipment	386	18,233
Investment (Note 8)	–	350,000
Intangible assets -Technology plaform (Note 9)	3,646,336	
	4,663,277	755,945
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 14)	1,768,377	355,372
Advance on investment (Note 11)	–	100,000
Other current financial liabilities (Note 15)	224,385	224,385
Debentures (Note 16)	320,491	562,919
	2,313,253	1,242,676
Debentures (Note 16)	–	261,145
	2,313,253	1,503,821
SHAREHOLDERS' DEFICIENCY		
Capital stock (Note 17)	11,576,483	7,905,789
Contributed surplus	4,091,124	2,016,174
Equity component of convertible debentures (Note 16)	157,110	155,152
Accumulated other comprehensive income	(598)	
Deficit	(13,474,095)	(10,824,991)
	2,350,024	(747,876)
	4,663,277	755,945

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 28, 2017.

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements
December 31, 2016 and 2015
(In Canadian dollars)

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 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.

2 - GOING CONCERN ASSUMPTION

These 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 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 $2,649,509 for the year ended December 31, 2016 ($1,828,399 for 2015), it has a working capital deficiency of $1,296,698 as at December 31, 2016 ($854,964 as at December 31, 2016) an accumulated deficit of $13,474,500 as at December 31, 2016 ($10,824,991 as at December 31, 2015) 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 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.

3 - CHANGES IN ACCOUNTING POLICIES

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Company.

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements
December 31, 2016 and 2015
(In Canadian dollars)

3 - CHANGES IN ACCOUNTING POLICIES (Continued)

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

3.1.1 Financial Instruments (IFRS 9)

In July 2014, the IASB published IFRS 9 which replaces IAS 39 *Financial Instruments : Recognition and Measurement (IAS 39).* IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and substantially – reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

3.1.2 Revenues from Contracts with Customers (IFRS 15)

In May 2014, the IASB published IFRS 15 which replaces IAS 18 *Revenue, IAS 11 Construction Contracts* and some revenue-related interpretations. IFRS 15 establishes a new-control based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently asessing the impact of this new standard on its consolidated financial statements.

3.1.3 Leases (IFRS 16)

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low-value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company is currently asessing the impact of this new standard on its consolidated financial statements.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance with IFRS

The consolidated financial statements of the Company have been prepared using accounting policies that are in accordance with International Financial Reporting Standards (IFRS).

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

4.2 Basis of measurement

These consolidated financial statements are prepared using the historical cost method.

4.3 Basis of consolidation

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	Registered	% of ownership and voting right	Principal activity	Functional Currency
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 subsidiaries have an annual reporting date of December 31 and are incorporated in Canada, Hong Kong and China. All intercompany transactions and accounts were eliminated upon consolidation, including unrealized gains or losses on intercompany transactions. Where unrealized losses on intercompany asset sales are reversed upon consolidation, the underlying asset is also tested for impairment from the Company's perspective. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

Profit or loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Parent Company.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Foreign currency translation (Continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the date of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in a foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when fair value was determined.

4.5 Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of the entities with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation. The functional currency of the entities has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

4.6 Segment reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of directors. The Company has determined that there was one operating segment, being the sector of buying and selling raw material products. More specifically, through its Chinese operating subsidiary, the Company acts as a product distributor for certain metals and raw materials that go into the manufacturing of plastics. Through its technology platform, the Company sources the ordered materials from its suppliers and resells them to its clients at a markup price.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Revenue recognition

Sales revenues

Revenue from the sale of goods and the rendering of services is measured at the fair value of the consideration received or receivable, excluding sales taxes and reduced by any rebates and trade discounts allowed.

A sale of goods is recognized when title to the products has passed, there has been a transfer of the significant risks and rewards of ownership, the price is fixed or determinable and collection is reasonably assured.

Consulting revenues

A consulting revenue is recognized when the commercial obligationshave been fulfilled and the services were accepted by the customer and the collection is reasonably assured.

4.8 Current and deferred income taxes

Tax expense recognized in profit or loss when applicable comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Current and deferred income taxes (Continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized directly in the equity, in which case the related deferred tax is also recognized in equity.

4.9 Basic and diluted loss per share

Basic loss per share is calculated using the net loss and the weighted average number of outstanding shares during the year. Diluted loss per share is calculated by adjusting the weighted average number of outstanding shares, for the effects of all dilutive potential ordinary shares which include convertible debentures, options and warrants. Since the Company has incurred losses, the diluted loss per share is equal to the basic loss per share due to the antidilutive effect of convertible debentures, options and warrants described in Notes 18 and 19.

4.10 Financial instruments

When the Company becomes a party to the contractual provisions of the financial instruments, these are initially measured at fair value adjusted for transaction costs. After initial recognition, the financial instruments are measured according to their classification or designation as described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

The Company has made the following classifications and designations.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial instruments (Continued)

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, accounts receivable and subscription receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables are presented in profit or loss within other expenses, if applicable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include the equity investment in Long Key Hong Kong Ltd. (Note 10) The equity investment in LongKey Hong Kong Ltd. is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognized in profit and loss.

Financial liabilities

Financial liabilities include accounts payable and accrued liabilities, the advance on investment, the other current financial liabilities and the debentures. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

4.11 Convertible debentures

The liability and equity components of convertible debentures are presented separately on the consolidated statements of financial position starting from initial recognition.

The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Convertible debentures (Continued)

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debentures. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the consolidated statements of comprehensive loss.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.13 Business combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the fair values, at the acquisition date, of the assets transferred, liabilities incurred and equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expenses as incurred.

4.14 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.17 for a description of impairment testing procedures.

4.15 Intangible assets - technology platform

Intangible assets acquired separately are initially recognized at acquisition cost and are subsequently measured at cost less accumulated depreciation and impairment losses. Intangible assets acquired through business combination are measured at their fair value as at the date of acquisition.

Depreciation is recognized on a straight-line basis over their estimated useful lives of 5 years.

4.16 Operating leases

All leases where the lessor retained significant portion of the risks and rewards of ownership are treated as operating leases. Payments under operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Impairment of long-lived assets and goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows called cash-generating units (CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

CGUs to which goodwill has been allocated are tested for impairment at least annually.

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant assets of the CGU).

4.18 Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

4.19 Equity

Capital stock represents the amount received on the issue of shares less incremental costs, net of tax, directly attributable to the issue of the shares. If shares are issued after share options or warrants are exercised, it also includes compensation costs previously recognized in contributed surplus.

Unit Placements ("Units")

The Company allocates the equity financing proceeds between common shares and warrants according to the relative fair value of each instrument. The fair value of the common shares is determined according to the market price of the shares on the Canadian Securities Exchange on the issuance date, and the fair value of the warrants is determined using the Black & Scholes pricing model.

Contributed surplus within equity includes amounts in connection with share options and warrants issued. When share options and warrants are exercised, the related compensation cost is transferred in capital stock.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.19 Equity (Continued)

When conversion of debentures occurs, the related cost is transferred from equity component of convertible debentures to capital stock.

Deficit includes all current and prior period losses and the value of the extended warrants.

4.20 Share-based payments

The Company operates equity-settled share-based payment plans for its eligible directors, officers, employees and others providing similar services. None of the Company's plans features any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except warrants to broker, agent and finder) are ultimately recognized as an expense in the profit or loss with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs and are presented as a reduction to the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is an indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

5 - CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors that it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the significant critical accounting estimates, judgments and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities and expenses is provided below.

5 - CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (Continued)

5.1 Estimates

5.1.1 Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. Details of the assumptions used by the Company are given in Notes 18.

5.1.2 Impairment of long-lived assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or CGUs based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2015, the Company recognized an impairment loss on goodwill (see Note 7). The Company also recognized an impairment loss on long-lived assets in 2015 (see Note 9).

5.2 Judgments

5.2.1 Deferred tax assets

The Company must use certain assumptions and important accounting judgments to determine if deferred taxes can be recognized. Management has to evaluate whether it is more likely than not that they will be realized, taking into consideration all probable elements at their disposal to determine if all or part of deferred taxes will be recognized. To determine this probability, certain factors have to be taken into account, notably the Company's projection of future taxable income and determine in which fiscal period these profits should materialize.

5.2.2 Going concern

The assessment of the Company's ability to continue as a going concern and to have sufficient funds to pay its ongoing operating expenditures, meet its liabilities the ongoing year, involve significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. More information about the going concern is disclosed in Note 2.

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6 - INCOME TAXES

Significant tax expense (income) components

The significant tax expense (income) components are detailed as follows:

	2016	2015
	$	$
Current tax expense (income)		
Origination and reversal of temporary differences	–	–
Change in tax rates	–	–
Change in unrecognized temporary differences	–	–
Prior period adjustments	–	–
Total current tax expense (income)	–	–
Deferred tax expense (income)		
Origination and reversal of temporary differences	(440,074)	(415,065)
Change in tax rate	(38,377)	–
Change in unrecognized temporary differences	486,237	414,776
Prior period adjustments	(7,786)	594
Total deferred tax expense (income)	–	305

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6 - INCOME TAXES (Continued)

Movement of deferred income tax

						2016
	Balance as at December 31, 2015	Profit and loss	Contributed surplus	Equity component on debentures	Business combination	Balance as at December 31, 2016
		$	$	$	$	$
Liability component of convertible debentures	(15,258)	14,535	–	–	–	(723)
Non-capital losses	15,258	(14,535)	–	–	–	723
	–	–	–	–	–	–

						2015
	Balance as at December 31, 2014	Profit and loss	Contributed surplus	Equity component on debentures	Business combination	Balance as at December 31, 2015
		$	$	$	$	$
Quickable.com market place technology platform	(27,057)	27,057	–	–	–	–
Liability component of convertible debentures	(16,791)	1,228	–	305	–	(15,258)
Non-capital losses	43,848	(28,590)	–	–	–	15,258
	–	(305)	–	305	–	–

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6 - INCOME TAXES (Continued)

Relationship between expected tax expense and tax expense in income

The relationship between the expected tax expense calculated on the basis of the combined federal and provincial tax rate in Canada and the tax expense presented on the consolidated statements of comprehensive income is as follows:

	2016	2015
	$	$
Loss before income taxes	(2,649,104)	(1,828,399)
Expected tax expense (income) calculated on the basis of the combined federal and provincial tax rate in Canada of 26.9% (26.9% in 2015)	(712,609)	(491,757)
Adjustments for the following		
Share-based payments	110,165	37,142
Variance between statutory and deferred tax rates	(45,330)	–
Other non-deductible expenses	158,048	39,488
Change in unrecognized temporary differences	486,237	414,776
True up	(7,786)	
Other	11,275	656
Tax expense (income)	–	305

Unrecognized temporary differences

The Company has the following temporary differences and tax losses for which no deferred tax was recognized:

	2016	
	Federal	Provincial
	$	$
Unrecognized deductible temporary differences		
Property and equipment	126,022	126,022
Other assets	1,233,063	1,233,063
Financing and share issue costs	26,215	26,215
Scientific research and experimental development expenses	1,792,998	46,147
Non-capital losses	7,961,342	9,900,584
Donations	399	399
	11,140,039	11,332,430

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6 - INCOME TAXES (Continued)

Unrecognized temporary differences (Continued)

	2015	
	Federal	Provincial
	$	$
Unrecognized deductible temporary differences		
Property and equipment	107,789	107,789
Other assets	1,233,063	1,233,063
Financing and share issue costs	81,158	81,158
Scientific research and experimental development expenses	1,761,120	2,015,517
Non-capital losses	6,211,582	6,156,233
Donations	399	399
	9,395,111	9,594,159

As at December 31, 2016, the Company has non-capital losses that are available to reduce income taxes in future years and for which no deferred tax asset has been recognized in the consolidated statements of financial position. These losses expire in the following years:

	Federal	Provincial
	$	$
2025	43,635	43,635
2026	141,229	141,229
2027	322,989	322,989
2028	–	–
2029	253,979	253,979
2030	–	–
2031	1,081,723	1,051,288
2032	1,730,827	1,715,690
2033	506,261	495,001
2034	961,557	963,040
2035	1,226,102	3,220,692
2036	1,693,040	1,693,041
	7,961,342	9,900,584

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7 - GOODWILL

The movement in the net carrying amount of goodwill is as follows:

	2016	2015
	$	$
Gross carrying amount		
Balance as at January 1	–	1,098,750
Acquired through a business combination	–	–
Balance as at December 31	–	1,098,750
Accumulated impairment		
Balance as at January 1	–	400,000
Impairment loss recognized	–	698,750
Balance as at December 31	–	1,098,750
Goodwill carrying amount as at December 31	–	–

Impairment testing

General

For the purpose of annual impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises.

The recoverable amount of the Quickable CGU, which is in its development stage, was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using the growth rates determined by management. More specifically, the growing profit margins are based on expected increasing user base in the North American market as well as penetrating the Chinese market. Geographic markets, specifically the United States, Canada and China, were individually analyzed to determine the respective revenues per user. The Company’s management believes that this is the best available input for forecasting this growing market. Prices and wages reflect publicly available forecasts of inflation for the industry. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

The key assumptions used for value-in-use calculations are as follows:

	2015	
	Growth rate	Discount rate
	4%	25%

In 2015, due to a lack of funding the Company did not have the financial resources to invest in the technology and monetize the platform. Consequently the Company decided to completely impaired the assets related to Quickable, meaning the goodwill and the technology platform.

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8 - INVESTMENT

	2016	2015
	$	$
9,600,000 common shares of LongKey Hong Kong Ltd.	–	350,000

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% of the total issued and outstanding shares of LongKey. The investment was paid cash.

In 2015, Longkey focused on leveraging its OA software and community services for municipal governments representing a growing niche in its industry.

In 2016, due to lack of funding for its research and development activities and due to the uncertainty surrounding the growing financial projections based on the lack of financial results from the date of acquisition until the end of fiscal year, the Company decided to completely impaired its investment.

9 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORM

	Gold River	Quickable.com Marketplace
	$	$
Gross carrying amount		
Balance as at January 1, 2016	–	–
Acquisition	3,838,248	–
Balance as at December 31, 2016	3,838,248	–
Accumulated amortization		
Balance as at January 1, 2016	–	–
Amortization	191,912	–
Balance as at December 31, 2016	191,912	–
Net carrying amount as at December 31, 2016	3,646,336	–
Gross carrying amount		
Balance as at January 1, 2015	–	710,000
Balance as at December 31, 2015	–	710,000
Accumulated amortization		
Balance as at January 1, 2015	–	76,916
Amortization	–	142,000
Impairment loss recognized	–	491,084
Balance as at December 31, 2015	–	710,000
Net carrying amount as at December 31, 2015	–	–

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10 - LEASES

The Company's future minimum operating lease payments are as follows:

	Due within 1 year	Due within 1 to 5 years	Total
	$	$	$
December 31, 2016	103,018	–	103,018
December 31, 2015	6,000	–	6,000

Lease payments recognized as an expense during the periods amount to $101,840 ($24,000 in 2015). This amount consists of minimum lease payments of $58,340 and $43,500 of current year lease adjustments on the operating lease of the Company. The rental contract has a non-cancellable term of one year.

11 - ADVANCE ON INVESTMENT

On December 22, 2015, the Company received a non-interest bearing, unsecured, advance of $100,000 on the $3,980,000 investment to be made by Mr. Jian Wang, Chairman of the Zhonghai Wanyue Group during the first quarter of fiscal 2016. As a result Mr. Wang became the largest shareholder of the Company's issued and outstanding common shares. The advance was used primarily in 2016 to set up subsidiaries in Hong Kong and mainland China, to incur recruitment costs and maintain investor relation activities. The advance was converted into a private placement.

12 - DEBTORS

	2016	2015
	$	$
Sales tax receivable	116,853	30,792
Accounts receivable	–	21,540
Subscription receivable	–	20,000
	116,853	72,332

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13 - SEGMENT REPORTING

Management currently identifies one service line as its operatIng segment (Note 4.).

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2016		2015	
	$	$	$	$
	Revenue	Non-current Assets	Revenue	Non-current Assets
China	58,091,907	386	–	–
Canada	–	3,646,336	36,400	18,233
Total	58,091,907	3,646,722	36,400	18,233

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

14 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
	$	$
Officer and a director	11,635	36,048
Company held by an officer and a director	51,904	84,779
Trade accounts payable and accruals	1,704,838	234,545
	1,768,377	355,372

All the amounts are currently payable and the carrying values are considered to be a reasonable approximation of fair value.

a) In 2015, the Company reached an agreement with three consultants to settle $265,194 worth of accounts payable. Under the terms of the debt settlement agreement, the Company issued 5,303,875 shares of the Company to the consultants.

	$
The settlement reconciles as follows:	
Elimination of accounts payable	265,194
Counterpart	
Issuance of shares at fair market value	106,078
Forgiveness of debt	159,116
	265,194

The settlements took effect at the date of the issuance of shares.

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14 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Continued)

b) On November 5, 2015, the Company reached an agreement with a consultant to settle $60,000 worth of accounts payable. Under the terms of the debt settlement agreement, the Company issued 3,000,000 units of private placement of the Company to the consultant. Each Unit sold as part of the private placement consists in one common share and one warrant. Each warrant entitles its holder to purchase one common share of the Company at the price of $0.025, for a twenty-four month period following the closing date. The warrants were valued at $23,700 using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	$0.02
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.025

	$
The settlement reconciles as follows:	
Elimination of accounts payable	60,000
Counterpart	
Issuance of shares at fair market value	60,000
Issuance of warrants at fair market value	23,700
Forgiveness of debt	(23,700)
	60,000

c) On January 8, 2016 the Company reached an agreement with two consultants to settle $38,200 worth of accounts payable. Under the terms of the debt settlement agreement, the Company issued 764,000 shares of the Company to the consultants.

	$
The settlement reconciles as follows:	
Elimination of accounts payable	38,200
Counterpart	
Issuance of shares at fair market value	38,200
	38,200

The settlement took effect at the issuance of shares on January 8, 2016.

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15 - OTHER CURRENT FINANCIAL LIABILITIES

	2016	2015
	$	$
Promissory notes, 10%	196,885	196,885
Promissory notes to shareholders, without interest	27,500	27,500
	224,385	224,385

a) On April 27, 2015, the Company signed an amendment agreement with Quick Technologies LLC, with respect to the promissory notes and the promissory notes settlement through the issuance of shares as per the following:

– The $200,000 promissory note, 10% which matured on February 28, 2015 was extented to mature and become due and payable on July 31, 2015;

– The $308,000 promissory note will be settled through the issuance of shares no later than August 31, 2015. If the shares are not issued by that date, then the settlement shares obligation will revert back to a promissory note immediately due and payable.

b) On September 3, 2015 the Company reached an agreement with Quick Technologies LLC to settle $925,937 worth of obligation pertaining to the promissory notes.

The debt settlement reached between the parties removes all past, present and future liabilities related to the Quickable.com assets from the Company's books, and means that the Company will no longer be required to share future revenues generated by the assets with Quick Technologies LLC.

Under the terms of the debt settlement agreement, the Company issued 4,000,000 common shares of the Company to Quick Technologies LLC.

	$
The settlements reconciles as follows:	
Elimination of promissory notes	200,000
Elimination of promissory notes	308,000
Elimination of convertible debenture	161,516
Elimination of accrued interests	26,421
Elimination of contingent compensation	230,000
	925,937
Counterpart	
Issuance of shares at fair market value	80,000
Gain on revaluation of contingent compensation	230,000
Forgiveness of debt	615,937
	925,937

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15 - OTHER CURRENT FINANCIAL LIABILITIES (Continued)

The settlement took effect once the shares were issued. The shares were issued on October 6, 2015.

Moreover, the Company entered into a consulting agreement whereby Quick Technologies LLC will provide commercialization support in exchange for 1,500,000 stock options to purchase the Company's common shares at a price of $0.05 per share. Of which, 500,000 stock options will be granted and will vest 30 days following the signature of the consulting agreement, while the remaining 1,000,000 options will be granted following the completion of the acquisition of LongKey Hong Kong Limited. The stock options will be exercisable over a five-year period from the granting date.

c) On July 30, 2015, the Company issued for $203,155 promissory notes, 10% which will become due and payable on July 30, 2016. Part of this issuance, As part $25,155 worth of promissory notes were issued to directors. These promissory notes were settled on November 5, 2015.

d) On November 5, 2015, the Company reached an agreement with promissory notes holders to settle $222,837 worth of promissory notes. Under the terms of the debt settlement agreement, the Company issued 11,751,000 units from a private placement of the Company to the holder. Each Unit sold as part of the private placement consists in one common share and one warrant. Each warrant entitles its holder to purchase one common share of the Company at the price of $0.025, for a twenty-four month period following the closing date. The warrants were valued at $93,052 using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	$0.02
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.025

	$
The settlement reconciles as follows:	
Elimination of promissory notes	178,000
Elimination of promissory notes to shareholders, officers and directors, 10%	44,837
Elimination of accrued interest	12,183
	235,020
Counterpart	
Issuance of shares at fair market value	235,575
Issuance of warrants at fair market value	93,052
Forgiveness of debt	(93,607)
	235,020

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15 - OTHER CURRENT FINANCIAL LIABILITIES (Continued)

e) On December 15, 2015, the Company reached an agreement with promissory notes holders to settle $26,903 worth of promissory notes. Under the terms of the debt settlement agreement, the Company issued 1,480,000 units of the private placement of the Company to the consultant. Each Unit sold as part of the private placement consists of one common share and one warrant. Each common share purchase warrant entitles its holder to purchase one common share of Peak at the price of $0.025, for a twenty-four month period following the closing date. The warrants were valued at $28,564 using the Black & Scholes option pricing model. 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	$0.03
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.025

	$
The settlement reconciles as follows:	
Elimination of promissory notes to shareholders, officers and directors, 10%	26,903
Elimination of accrued interest	2,690
	29,593
Counterpart	
Issuance of shares at fair market value	44,400
Issuance of warrants at fair market value	28,564
Forgiveness of debt	(43,371)
	29,593

16 - DEBENTURES

a) Convertible debenture issuance of February 28, 2014

Debentures secured by a pledge on the aggregate assets of the Company, maturing in February 2016, 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.

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16 - DEBENTURES (Continued)

a) Convertible debenture issuance of February 28, 2014 (Continued)

	2016	2015
	$	$
Balance, beginning of year	562,919	524,415
Debenture payment	(31,188)	–
Accretion of convertible debentures	24,010	38,504
Conversion of debentures	(337,009)	–
Extinguishment of debt	196,452	–
Equity component of convertible debentures	(222,692)	–
Sub total	192,492	562,919

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 previoulsy 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. Under this Agreement, $308,100 and $230,500 worth of convertible debentures are now respectively set to mature on February 28, 2017 and March 31, 2016.

In 2016, $343,470 worth of debentures were converted into the Company's common shares at the price of $0,05 per share.

As at December 31, 2016 and 2015, convertible debentures representing a total nominal value of $179,016 were held by officers and directors.

(In Canadian dollars)

16 - DEBENTURES (Continued)

b) Convertible debenture issuance of November 26, 2014

Unsecured debenture, maturing on June 30, 2016, 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.

	2016	2015
	$	$
Balance, beginning of year	–	153,571
Addition	–	–
Equity component of convertible debentures(1)	–	–
Accretion of convertible debentures	–	7,945
Forgiveness of debt	–	(161,516)
Balance, end of year	–	–

c) Debenture issuance of August 29, 2014

On August 29, 2014, the Company issued a non-convertible debenture, secured by the aggregate assets of the Company, maturing in January 2016, bearing interest at a nominal rate of 10% payable monthly. The debenture was discounted by $25,160 for net proceeds of $252,840. The debenture included the issue of a total of 1,000,800 bonus shares.

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16 - DEBENTURES (Continued)

c) Debenture issuance of August 29, 2014 (Continued)

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 represented 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 was then 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.

The effective rate of the debenture is 19.13%.

Also, in 2016, $150,000 worth of debentures were converted into the Company's common shares 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.

	2016	2015
	$	$
Balance, beginning of year	261,145	258,674
Accretion of discount on debenture	–	19,326
Accretion of debentures	4,191	
Equity component of convertible debentures	–	(106,429)
Conversion of debentures	(137,337)	
Extinguishment of debt	–	89,574
Balance, end of year	127,999	261,145

(In Canadian dollars)

17 - SHAREHOLDERS' EQUITY

17.1 Authorized share capital

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

On October 23, 2015 the Company's common shares have started trading on the Canadian Securities Exchange ("CSE") under the same "PKK" ticker symbol. They were de-listed from the TSX Venture Exchange at market close the day before.

17.2 Descriptions of the shareholders equity operations

a) In March and April 2015, the Company officially completed the private placement, previously announced on December 5, 2014, by collecting an amount of $151,000 representing 7,550,000 units at a price of $0.02. Each unit is comprised of one common share of the Company and one full warrant, each full warrant entitling the holder to subscribe for one Company share at a price of $0.05 during the eight months following its issuance. The warrants were valued at $9,984 using the Black & Scholes option pricing model. The value attributed to the warrants is $12,233. 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	$0.015
Expected life	8 months
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

In connection with the private placement, the Company has paid cash finder's fees to eligible finders equal to 8% of the proceeds of the transaction that these finders helped raise for a total of $2,400 and issued 80,000 finder's warrants equal to 8% of the number of units that these finders helped raise. Each finder's warrant entitles the holder to subscribe for one Company share at a price of $0.05 during the 8 months following its issuance. The warrants was valued at $394 using the Black & Scholes option pricing model. and the following weighted average assumptions:

Share price at the date of grant	$0.015
Expected life	8 months
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

The underlying expected volatility was determined by reference to historical data of comparable companies of the same industry and is estimated over the expected term of the warrants granted.

(In Canadian dollars)

17 - SHAREHOLDERS' EQUITY (Continued)

17.2 Descriptions of the shareholders equity operations (Continued)

b) On July 20, 2015, the Company has issued 704,875 common shares as a compensation for an account payable settlement related to consulting services rendered (Note 14).

c) On July 29, 2015, 800,000 shares were issued as bonus shares to some promissory notes holders. The value attributed to the bonus shares was nil.

d) In October 2015, the Company issued 4,000,000 shares as part of the debt settlement with Quick Technologies LLC (Note 15). Also in October, the Company has issued 4,599,000 shares as a compensation for an account payable settlement related to consulting services rendered (Note 14).

On November 5, 2015, the Company closed a first tranche of a private placement of $500,000. The private placement consisted in the sale of 10,252,750 units at a price of $0.02 per unit for gross proceeds of $205,055. The Company also issued 11 751 000 units to settle promissory notes (Note 15) and 3 000 000 unit to settle an account payable (Note 14). 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 Peak at the price of $0.025, for a twenty-four month period following the closing date. The warrants were valued at $115,131 using the Black & Scholes option pricing model. The value attributed to the warrants is $73,861. 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	$0.02
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.025

e) On December 15, 2015, the Company closed the second tranche of the private placement. The private placement consisted in the sale of 16,075,000 units at a price of $0.02 per unit for gross proceeds of $321,500. The Company also issued 1 480 000 units to settle promissory notes (Note 15). 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 $0.025, for a twenty-four month period following the closing date. The warrants were valued at $310,168 using the Black & Scholes option pricing model. The value attributed to the warrants is $125,844. 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	$0.03
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.025

(In Canadian dollars)

17 - SHAREHOLDERS' EQUITY (Continued)

17.2 Descriptions of the shareholders equity operations (Continued)

f) On November 17, 2015, the Company filed the required form to extend the term of 25,000,000 warrants, each with an exercise price of $0.05 per warrant. The foregoing warrants were set to expire in November 2015 and the form submitted extended the expiry date until November 2016.

The extension of the term was valued at $110,660 using the Black & Scholes option pricing method. It was accounted as for an increase in contributed surplus and as an increase of the deficit as of November 17, 2015. 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	$0.02
Expected life	1 year
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

g) 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.

h) In 2016, the Company issued 10,260,650 and 7,425,000 common shares as the exercise of warrants at a price of $0.025 and $0.05 respectively for a gross proceed of $622,866. Part of this issuance, an amount of $139,041 was transferred from contributed surplus to capital stock.

i) In 2016, the Company issued 9,869,400 common shares as a result of the conversion of $493,470 worth of debentures. The conversion was made at a price of $0.05. Part of this issuance, an amount of $167,477 was transferred from equity component of convertible debentures to capital stock.

j) 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 $1,751,198. 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	160%
Dividend	0%
Exercise price at the date of grant	$0.05

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17 - SHAREHOLDERS' EQUITY (Continued)

17.2 Descriptions of the shareholders equity operations (Continued)

The expected volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the warrants.

17.3 Warrants

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

	2016		2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	67,558,750	0.034	22,610,320	0.060
Granted	199,000,000	0.050	50,188,750	0.029
Expired	(17,575,000)	0.050	(5,240,320)	0.096
Exercised	(17,685,650)	0.035	–	-
Outstanding and exercisable, end of year	231,298,100	0.047	67,558,750	0.034

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

	2016		2015	
	Number	Exercise price	Number	Exercise price
		$		$
Expiration date				
November 2016	–	0.000	25,000,000	0.050
November 2017	15,688,100	0.025	25,003,750	0.025
December 2017	16,610,000	0.025	17,555,000	0.025
June 2018	199,000,000	0.050	–	0.000
	231,298,100		67,558,750	

17.4 Deferred tax asset

As at December 31, 2016, the Company has no deferred tax asset ($646 as at December 31, 2015) in issuance costs that was not recorded.

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18 - SHARE-BASED PAYMENTS

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 optionee'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 :

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding as of January 1	15,395,000	0.07	5,365,000	0.10
Granted	10,650,000	0.08	12,650,000	0.05
Expired	(2,000,000)	0.14		
Forfeited			(2,620,000)	0.05
Outstanding as of December 31	24,045,000	0.07	15,395,000	0.07
Exercisable as of December 31	12,295,000	0.06	9,195,000	0.08

The table below summarizes the information related to outstanding share options as at December 31, 2016:

Range of exercise price	Number of options	Weighted average remaining contractual life (years)
$		
0.05	1,675,000	3 months
0.15	200,000	8 months
0.10	250,000	1 year and 5 months
0.05	1,220,000	1 year and 8 months
0.05	7,050,000	3 years and 5 months
0.05	500,000	3 years and 8 months
0.05	2,500,000	4 years
0.05	150,000	4 years and 5 months
0.09	10,500,000	4 years and 6 months
	24,045,000	

(In Canadian dollars)

18 - SHARE-BASED PAYMENTS (Continued)

18.1 Share-based payments granted to directors and employees (Continued)

The weighted average fair value of options awarded during the period is $0,08 ($0,05 in 2015). The Company has recorded an expense of $409,537 ($138,081 in 2015) as stock-based compensation. The offset was credited to contributed surplus.

a) On May 19, 2015, the Company granted options to acquire 2,750,000 common shares at a price of $0.05 to certain employees and directors. The shares are vesting over a two-year period and are exercisable over a period of five years expiring in May 2020. The fair value of the options granted to certain directors and employees amounted to $18,112 in 2015 and was calculated using the Black & Scholes option pricing model and the following assumptions on a weighted average basis:

Share price at the date of grant	$0.015
Expected life	2.5 years
Risk-free interest rate	1%
Volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

b) In addition, the Company granted options to acquire 2,600,000 common shares at a price of $0.05 to certain employees and directors. The shares will only vest upon the successful completion of the Company's acquisition of LongKey. Those stock options will be forfeited if the closing of the acquisition fails to occur before December 31, 2015 as established by the Company. They are exercisable over a five-year period expiring in May 2020.

The fair value of the options granted to certain directors and employees amounted to $17,124 in 2015 and was calculated using the Black & Scholes option pricing model and the following assumptions on a weighted average basis:

Share price at the date of grant	$0.015
Expected life	2.5 years
Risk-free interest rate	1%
Volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

Since the acquisition did not happen during the prescribed timeline the options then forfeited by the end of December 2015.

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18 - SHARE-BASED PAYMENTS (Continued)

18.1 Share-based payments granted to directors and employees (Continued)

c) On November 30, 2015, the Company granted options to acquire 2,600,000 common shares at a price of $0.05 to certain employees and directors. The shares will vest upon the successful completion of the investment by the Banlan shareholders into the Company. The options will be forfeited if the closing of the investment does not happen. They are exercisable over a period of five years expiring in November 2020. The fair value of the options granted to certain directors and employees amounted to $25,675 in 2015 and was calculated using the Black & Scholes option pricing model and the following assumptions on a weighted average basis:

Share price at the date of grant	$0.02
Expected life	2.5 years
Risk-free interest rate	1%
Volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

d) 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:

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	$0.085
Expected life	5 years
Risk-free interest rate	1%
Volatility	170%
Dividend	0%
Exercise price at the date of grant	$0.085

The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

18.2 Options granted to consultants

a) In 2015, the Company granted 1,000,000 options to consultants of which 500,000 options to CHF Investor Relations and 500,000 options to Paradox Public Relations as part of their investors relations agreement at an exercise price of $0.05 per share. The Company also granted 700,000 options to eligible consultants at an exercise price of $0.05. The options are vesting over twelve months following the date of granting and will be exercisable over a period of five years expiring in may 2020. The fair value of the options granted to certain consultants amounted to $26,400 and $33,850 respectively and was determined by management by comparing with similar services on the market.

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18 - SHARE-BASED PAYMENTS (Continued)

18.2 Options granted to consultants (Continued)

b) On September 3, 2015, the Company entered into a consulting agreement whereby Quick Technologies LLC will provide commercialization support in exchange for 1,500,000 stock options to purchase the Company common shares at a price of $0.05 per share. Of which, 500,000 stock options were granted and vested 30 days following the signature of the consulting agreement, while the remaining 1,000,000 will be granted following the acquisition of LongKey HongKong Limited. The stock options will be exercisable over a five year period from the granting date and will expire in September 2020. The fair value of the options granted to certain consultants amounted to $4,937 in 2015 and was calculated using the Black & Scholes option pricing model and the following assumptions on a weighted average basis:

Share price at the date of grant	$0.02
Expected life	2.5 years
Risk-free interest rate	1%
Volatility	120%
Dividend	0%
Exercise price at the date of grant	$0.05

c) On December 23, 2015, the Company granted 2,500,000 options to a consultant as part of its consulting agreement at an exercise price of $0.05 per share. The options vested on December 31, 2015 and will be exercisable over a period of five years expiring in December 2020. The fair value of the options granted to certain consultants amounted to $54,000 and was determined by management by comparing with similar services on the market.

d) 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.

19 - CONTINGENT COMPENSATION PAYABLE

On June 13, 2014, the Company acquired certain assets from Quick Technologies LLC (Note 8). Part of the consideration issued by the Company included a contingent compensation payable which was recorded on the date of acquisition at its estimated fair value of $360,000.

As per the agreement with Quick Technologies LLC, the contingent compensation was determined based on a 5% royalty on revenues which were to be generated by the Quickable.com marketplace technology platform through the end of fiscal 2017.

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19 - CONTINGENT COMPENSATION PAYABLE (Continued)

The contingent compensation payable is a derivative financial instrument and is recorded at fair value at each reporting date. As a Level 3 type of financial instrument, as described under note 23.5, its fair value is estimated using a present value technique. The fair value is dependent on the outcome of many variables including the estimate of the potential revenue that will be generated by the acquired business. As at December 31, 2014, the revenue projections were discounted at 20% to establish the fair value.

Given the agreement reached on September 3, 2015 whereby it removed all past, present and future liabilities related to Quick Technologies LLC , the contingent compensation was revaluated at Nil as at December 31, 2016 (Nil as at October 6, 2015). The adjustment was recorded to the consolidated statements of comprehensive income as a gain on revaluation of contingent compensation payable.

	2016	2015
	$	$
Balance as at the beginning of the year	–	230,000
Assumed through a business combination	–	–
Gain on revaluation	–	(230,000)
Balance as at the end of the year	–	–

20 - 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.

Transactions with key management personnel, officers and directors

The Company's key management personnel, the Chief Executive Officer, the Chief Financial Officer and the Chief Executive Officer of the Chinese subsidiaries as well as the controlling shareholder are members of the Board, and their remuneration includes the following expenses:

	2016	2015
	$	$
Salaries and fringe benefits a)	141,116	–
Share-based payments	382,537	10,761
Management fees to officers and directors	127,325	192,000
Consulting	236,359	
Interests on debentures	17,901	22,007
Total remuneration	905,238	224,768

a) Includes salaries of the three key management personnel since May 2016.
One of them was remunerated in management fees from January to April 2016.

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21 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are as follows:

– To ensure the Company's ability to continue its development;
– To provide an adequate return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity which represents $2,342,965 (negative $747,876 as at December 31, 2015).

The Company manages the capital structure and makes adjustments to it to ensure it has sufficient liquidities and raises capital through stock markets to continue its development.

The Company is not subject to any externally imposed capital requirements.

22 - FINANCIAL INSTRUMENTS

22.1 Fair value measurement and classification of financial instruments

Note 4.10 provides a description of financial assets and financial liabilities and the related accounting policies. The carrying amount of financial assets and financial liabilities are as follows:

			2016
	Assets and liabilities carried at amortized cost	Assets and liabilities carried at fair value	Total carrying value
	$	$	$
Financial assets			
Loans and receivable			
Cash	159,462	–	159,462
	159,462	–	159,462
Financial liabilities			
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities (Note 14)	1,759,137	–	1,759,137
Other current financial liabilities (Note 15)	224,385	–	224,385
Debentures (Note 16)	320,491	–	320,491
Financial liabilities measured at fair value	2,304,013	–	2,304,013

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22 - FINANCIAL INSTRUMENTS (Continued)

22.1 Fair value measurement and classification of financial instruments (Continued)

	2015		
	Assets and liabilities carried at amortized cost	Assets and liabilities carried at fair value	Total carrying value
	$	$	$
Financial assets (a)			
Loans and receivable			
Cash	150,006	–	150,006
Accounts receivable (Note 13)	21,540	–	21,540
Subscription receivable (Note 13)	20,000	–	20,000
	191,546	–	191,546
Financial liabilities (a)			
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities (Note 14)	355,372	–	355,372
Advance on investment (Note 11)	100,000	–	100,000
Other current financial liabilities (Note 15)	224,385	–	224,385
Debentures (Note 16)	824,064	–	824,064
	1,503,821	–	1,503,821

22.2 Financial risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main risks the Company is exposed to are market risk and liquidity risk.

The Company does not actively engage in the trading of financial instruments for speculative purposes.

No changes were made in the objectives, policies and processes related to financial instrument risk management during the reporting periods.

The most significant financial risks to which the Company is exposed are described below.

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22 - FINANCIAL INSTRUMENTS (Continued)

22.3 Financial risks

22.3.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources for a sufficient amount. The Company's objective is to maintain a cash position sufficient to cover the next twelve-month obligations (Notes 2 and 21).

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

			2016
	Current		Long-term
	Within 6 months	6 to12 months	More than 12 months
	$	$	
Accounts payable and accrued liabilities (Note 14)	1,759,137	–	–
Other current financial liabilities (Note 15)	244,074	–	–
Debentures (Note 16)	326,284	–	–
	2,329,495	–	–

			2015
	Current		Long-term
	Within 6 months	6 to12 months	More than 12 months
	$	$	
Accounts payable and accrued liabilities (Note 14)	355,372	–	–
Other current financial liabilities (Note 15)	224,385	–	–
Debentures (Note 16)	579,007	–	305,800
	1,158,764	–	305,800

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22 - FINANCIAL INSTRUMENTS (Continued)

22.4 Finance costs

	2016	2015
Finance costs related to liabilities which are not recognized at fair value through profit or loss:	$	$
Interests on debentures	59,480	96,139
Interest on promissory notes	27,688	47,413
Accretion on debentures	28,201	65,775
Total interest expense	115,369	209,327
Miscellaneous	279	9,007
	115,648	218,334

22.5 Fair value

The following methods and assumptions were used to determine the estimated fair value for each class of financial instruments:

– The fair value of cash, accounts receivable, subscription receivable, accounts payable and accrued liabilities, advance on investment and other current financial liabilities approximates their carrying amount, given the short-term maturity;

– The fair value of the debentures is estimated using a discounted cash flow approach.

The Company categorized its financial instruments based on the following three levels of inputs used for fair value measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy, carrying amounts and fair values of financial instruments measured at amortized cost for which the fair value is disclosed and financial instruments at fair value are as follows:

		2016		2015	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
Other financial liabilities measured at amortized cost					
Debentures	2	320,491	320,491	824,064	824,064

23 - SUBSEQUENT EVENTS

Between January 1st 2017 and the date of the financial statements, the Company issued 13,108,150 and 1,000,000 common shares as a result of the exercise of warrants at a price $0.025 and $0.05 respectively for a gross proceed of $377,704.

Between January 1st 2017 and the date of the financial statements, the Company issued 900,000 common shares as a result of the exercise of options at a price $0.10 for a gross proceed of $ 90,000.

Between January 1st 2017 and the date of the financial statements 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

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 securities issued pursuant to the Financing are subject to a hold period expiring four (4) months and one day from the date of closing.

The Company expects to use part of the proceeds of the Financing to acquire the rights to a fintech commercial lending platform, to help market the platform in China and for working capital purposes.

On March 30, 2017, the Company signed an agreement with Cubeler Inc. by which, the rights granted to Peak under the terms of the 10-year agreement will allow Peak to use, modify, sublicense, and market the Cubeler platform, as well as to develop and distribute new product and services derived from the Cubeler platform. According to the terms of the agreement, Cubeler will provide Peak with technical, sales and marketing support over a 10-month period, for which Peak will pay Cubeler a total of $250,000. As compensation for the exclusive license granted to Peak by Cubeler, Peak will pay Cubeler a royalty fee representing between 10% and 5%, on a declining scale, of the gross revenues generated by the Cubeler platform in China, where gross revenues are defined as the gross amount recognized as income on Peak's books in connection with the sale of products, services and fees charged through the Cubeler platform, less deductions for value added or any similar taxes with respect to such products, services and fees.

23 - SUBSEQUENT EVENTS (continued)

Pursuant to Policy 7 of the Canadian Securities Exchange and Multilateral Instrument 61-101 respecting protection of minority security holders in special transactions (“MI 61-101”), the transaction between Peak and Cubeler constitutes a “related party transaction” as certain directors of Peak (the “Related Parties”) are shareholders of Cubeler. In reviewing the requirements for a formal valuation of the transaction under MI 61-101, Peak has determined that the exemption set out in subsection 5.5 (a) of MI 61-101 is applicable since the fair market value of the aggregate consideration for the transaction, insofar as it involves the Related Parties, does not exceed 25% of the market capitalization of Peak at the date hereof. In addition, subsection 5.7(a) provides that a transaction meeting such criteria is also exempt from the minority shareholder approval requirement. Peak did not file a material change report 21 days prior to the closing of the transaction since no assurances could be given at that time that the transaction would close.