

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

Financial Statements

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

## Peak Positioning Technologies Inc.

### Consolidated Statements of Comprehensive Income

For the three and the six-month periods ended June 30, 2016 and 2015

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

(Unaudited)

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Revenues</b>				
Consulting revenues	-	16,280	-	36,400
<b>Expenses</b>				
Salaries and fringe benefits	18,000	-	18,000	-
Subcontracting	-	8,831	-	19,331
Consulting fees	47,255	47,177	100,941	47,177
Management fees	45,391	58,261	118,332	107,551
Professional fees	43,550	64,506	71,517	105,687
Public relations	66,789	15,000	118,173	15,000
Rental expenses	25,367	6,000	32,068	12,000
Telecommunications	551	829	3,141	2,692
Insurance	1,000	3,478	14,337	7,604
Finance costs (Note 15)	38,260	61,875	86,273	114,658
Server hosting and network fees	1,500	13,268	3,528	26,229
Travel and entertainment	4,211	-	19,518	3,121
Transfer agent costs	2,690	7,446	6,103	10,966
Stock exchange costs	5,579	7,859	8,579	12,344
Loss on extinguishment of convertible debentures	196,452		196,452	
Other	5,600	7,013	7,542	10,370
Amortization of Quickable.com marketplace technology platform	-	35,500	-	71,000
Amortization of property and equipment (Note 4)	6,833	7,218	13,666	14,436
	<u>509,028</u>	<u>344,261</u>	<u>818,170</u>	<u>580,166</u>
Loss before income tax	(509,028)	(327,981)	(818,170)	(543,766)
Income tax (recoverable)	(2,636)		(2,636)	
<b>Net loss and total comprehensive loss</b>	<u>(506,392)</u>	<u>(327,981)</u>	<u>(815,534)</u>	<u>(543,766)</u>
Weighted average number of outstanding shares	<u>251,725,368</u>	<u>134,982,219</u>	<u>222,565,668</u>	<u>136,476,944</u>
Basic and diluted loss per share	<u>(0.002)</u>	<u>(0.002)</u>	<u>(0.004)</u>	<u>(0.004)</u>

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

## Peak Positioning Technologies Inc.

### Consolidated Statements of Changes in Equity

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

	Capital stock				Shareholders' equity (deficiency)	
	Number of common shares	Amount	Contributed surplus	Equity component of convertible debentures		
		\$	\$	\$	\$	
Balance as of January 1, 2016	192,599,514	7,905,789	2,016,174	155,152	(10,824,991)	(747,876)
Net loss and total comprehensive loss					(815,534)	(815,534)
Issuance of shares	218,981,050	3,346,499				3,346,499
Impact of conversion of debentures			53,257	113,178		166,435
Issuance of warrants (Note 13)			1,425,974			1,425,974
Share-based remuneration (Note 14)			25,882			25,882
<b>Balance as of June 30, 2016</b>	<b>411,580,564</b>	<b>11,252,288</b>	<b>3,521,287</b>	<b>268,330</b>	<b>(11,640,525)</b>	<b>3,401,380</b>
Balance as of January 1, 2015	132,386,889	6,916,913	1,391,797	66,406	(8,885,932)	(510,816)
Net loss and total comprehensive loss					(543,766)	(543,766)
Issuance of shares	7,550,000	129,320				129,320
Issuance costs		(2,400)				(2,400)
Issuance of warrants			21,679			21,679
Share-based remuneration			13,999			13,999
<b>Balance as of June 30, 2015</b>	<b>139,936,889</b>	<b>7,043,833</b>	<b>1,427,475</b>	<b>66,406</b>	<b>(32,710,748)</b>	<b>5,910,776</b>

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

## Peak Positioning Technologies Inc.

### Consolidated Statements of Cash Flows

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

	Three-month period ended		Six-month period ended	
	2016	June 30, 2015	2016	June 30, 2015
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(506,392)	(327,981)	(815,534)	(543,766)
Non-cash items				
Amortization of property and equipment	6,833	7,218	13,666	14,436
Amortization of Quickable.com marketplace technology platform	–	35,500	–	71,000
Accretion of convertible debentures	23,032	16,725	43,180	32,562
Share-based remuneration	12,941	12,438	25,882	13,999
Interest charges	23,755	44,697	49,826	81,076
Interest paid	(12,832)	(21,195)	(27,033)	(35,324)
Changes in working capital items				
Accounts receivable	(2,086)	–	39,454	–
Commodity taxes receivable	(16,074)	(11,673)	3,118	(9,522)
Work in progress	–	3,840	–	1,095
Prepaid expenses	34,507	16,148	64,535	2,296
Accounts payable and accrued liabilities	(56,767)	92,613	(22,250)	91,617
Other current financial liabilities	–	153,000	–	190,156
Cash flows from operating activities	(493,083)	21,330	(625,156)	(90,375)
<b>INVESTING ACTIVITIES</b>				
Advance to the wholly subsidiary and cash flow from investing activities	(3,484,570)	–	(3,484,570)	–
<b>FINANCING ACTIVITIES</b>				
Advance on investment	(140,000)	–	(100,000)	–
Equity component of convertible debentures	113,178	–	113,178	–
Debenture payment	(258,309)	–	(289,497)	–
Issuance of shares	4,622,865	40,000	4,641,450	151,000
Cash flows from financing activities	4,337,734	40,000	4,365,131	148,600
<b>Increase (Decrease) in cash</b>	<b>360,081</b>	<b>61,330</b>	<b>255,405</b>	<b>58,225</b>
Cash, beginning of period	45,330	5,020	150,006	8,125
Cash, end of period	405,411	66,350	405,411	66,350

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

**Peak Positioning Technologies Inc.**  
**Consolidated Statements of Financial Position**

June 30, 2016 and December 31, 2015

(In Canadian dollars)

(Unaudited)

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	405,411	150,006
Debtors (Note 3)	29,760	72,332
Prepaid expenses	<u>100,839</u>	<u>165,374</u>
	536,010	387,712
Property and equipment (Note 4)	4,567	18,233
Investment (Note 5)	3,834,570	350,000
Quickable.com marketplace technology platform (Note 6)	–	–
Goodwill (Note 7)	–	–
	<u><u>4,375,147</u></u>	<u><u>755,945</u></u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 8)	311,885	315,765
Advance on investment (Note 9)	–	100,000
Finance lease	39,607	39,607
Deferred tax liability	4,423	–
Other current financial liabilities (Note 10)	224,385	224,385
Liability component of convertible debentures (Note 11)	184,726	562,919
Debenture (Note 12)	<u>208,741</u>	<u>261,145</u>
	973,767	1,503,821
<b>SHAREHOLDERS' DEFICIENCY</b>		
Capital stock	11,252,288	7,905,789
Contributed surplus	3,521,287	2,016,174
Equity component of convertible debentures (Note 11)	268,330	155,152
Deficit	<u>(11,640,525)</u>	<u>(10,824,991)</u>
	<u>3,401,380</u>	<u>(747,876)</u>
	<u><u>4,375,147</u></u>	<u><u>755,945</u></u>

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

On behalf of the Board,

/S/ Johnson Joseph  
 Director

/S/ Laval Bolduc  
 Director

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

#### **1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION**

Peak Positioning Technologies Inc. (hereinafter the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on May 13, 2008, and continued under the Canada Business Corporations Act on April 4, 2011. Peak Positioning Technologies Inc.'s executive offices are located at 550 Sherbrooke Street West, Suite 250-A, Montréal, Quebec, Canada. Its shares are traded on the Canadian Stock Exchange (CSE) under the symbol "PKK". Its shares are quoted in the U.S. on the OTC Market's Groups "Pink Sheet": PKKFF.

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

The consolidated financial statements include the accounts of Peak Positioning Technologies Inc. and its wholly owned subsidiary, Peak Positioning Corporation.

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

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 5 of the Company's consolidated financial statements for the year ended December 31, 2015. There has not been any significant change in judgments, estimates or assumptions since then. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015.

The consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2015.

The interim consolidated financial statements for the three-month and six-month periods ended June 30, 2016 (including comparative figures) were approved by the Board of Directors on August 25, 2016.

#### **2 - GOING CONCERN ASSESSMENT**

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

The level of revenues currently being generated is not presently sufficient to meet the working capital requirements. The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

Also, the Company incurred a net loss of \$815,334 for the six-month period ended June 30, 2016 (\$543,766 for 2015), it has an accumulated deficit of \$11,640,525 as at June 30, 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.

**Peak Positioning Technologies Inc.****Notes to Interim Consolidated Financial Statements**

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

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During the last quarter, the Company has completed a private placement investment whereby an additional investment of \$3,4M was injected to complete the transaction with Mr. Wang and associates. In the opinion of management, this additional investment will be sufficient to meet the Company's current obligations and allow to continue as a going concern for the next 12 months.

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

**Peak Positioning Technologies Inc.**  
**Notes to Interim Consolidated Financial Statements**

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

**3 - DEBTORS**

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
Commodity taxes receivable	27,674	30,792
Accounts receivable	2,086	21,540
Subscription receivable	—	20,000
	<u>29,760</u>	<u>72,332</u>

**4 - PROPERTY AND EQUIPMENT**

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
<b>Carrying amount</b>		
Balance at the beginning of period	18,233	191,996
Additions	—	—
Depreciation	<u>13,666</u>	<u>173,763</u>
Balance at the end of period	<u>4,567</u>	<u>18,233</u>

**5 - INVESTMENT**

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
9,600,000 common shares of LongKey Hong Kong Ltd (a)	350,000	350,000
Advance to the wholly owned subsidiary (b)	<u>3,484,570</u>	<u>—</u>
	<u>3,834,570</u>	<u>350,000</u>

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

(b) During the month of June 2016, the Company made an interest-free advance to its wholly-owned subsidiary in order to meet certain conditions related to the set up of its operations in China. The advance was reimbursed to the Company on July 28, 2016.

**6 - QUICKABLE.COM MARKETPLACE TECHNOLOGY PLATFORM**

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
<b>Carrying amount</b>		
Balance at the beginning of period	—	633,084
Additions	—	—
Depreciation	—	142,000
Impairment loss recognized	<u>—</u>	<u>491,084</u>
Balance at the end of period	<u>—</u>	<u>—</u>

**7 - GOODWILL**

	<u>2016-06-30</u>	<u>2015-12-31</u>
	\$	\$
<b>Carrying amount</b>		
Balance at the beginning of period	—	698,750
Additions	—	—
Impairment	<u>—</u>	<u>698,750</u>
Balance at the end of period	<u>—</u>	<u>—</u>



## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

#### 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016-06-30	2015-12-31
	\$	\$
Officer and a director	18,048	36,048
Company held by an officer and a director	71,879	84,779
Trade accounts payable and accruals	221,958	194,938
	<u>311,885</u>	<u>315,765</u>

#### 9 - ADVANCE ON INVESTMENTS

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

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

The proceeds of the private placement have been and will be used primarily in 2016 to set up and maintain the Company's subsidiaries in Hong Kong and China, to cover the development costs of the Company's fintech platform, and for general working capital purposes.

#### 10 - OTHER CURRENT FINANCIAL LIABILITIES

	2016-06-30	2015-12-31
	\$	\$
Promissory notes, 10%	196,885	196,885
Promissory notes to shareholders, without interest	27,500	27,500
	<u>224,385</u>	<u>224,385</u>

#### 11 - LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES

Debentures, 10%, maturing in February 2017, secured by the aggregate assets of the Company

	2016-06-30	2015-12-31
	\$	\$
Balance at the beginning	562,919	524,415
Debenture payment	(31,188)	-
Accretion of convertible debentures	6,869	-
Extinguishment of debt	(538,600)	-
Subtotal	<u>-</u>	<u>524,415</u>
Addition (net of equity component)	512,317	-
Extinguishment of debt by conversion into equity	(343,469)	-
Accretion of convertible debentures	15,878	38,504
Balance at the end	<u>184,726</u>	<u>562,919</u>

On February 24, 2016, the Company reached an agreement to extend the term of \$538,600 worth of convertible debentures with a 10% annual interest rate, convertible into the Company's common shares at any time prior to maturity at a price of \$0.10 per share, that were set to mature on February 28, 2016 (the

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.

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

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

Also, On May 15<sup>th</sup>, 2016, \$75,838 worth of debentures were converted into the Company's common shares at the price of \$0,05 per share.

Finally, on June 23<sup>rd</sup>, 2016, \$257,319 worth of the debentures were converted into the Company's common shares at the price of \$0,05 per share.

#### 12 - DEBENTURE

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

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

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

Also, on June 7<sup>th</sup>, 2016, \$50,000 worth of debentures were converted into the Company's common shares at the price of \$0,05 per share.

The effective rate of the debenture is 19.13%.

	2016-06-30	2015-12-31
	\$	\$
Balance, beginning of period	261,145	258,674
Accretion of discount on debenture	20,519	19,326
Equity component of convertible debentures	4,877	(106,429)
Extinguishment of debt by conversion into equity <sup>1</sup>	(77,800)	-
Extinguishment of debt	-	89,574
Balance at the end	<u>208,741</u>	<u>261,145</u>

<sup>1</sup> This amount relates to the above-mentioned conversion of \$50,000 worth of debenture at the price of \$0.05 per share plus the advanced payment of \$27,800 in interests made on January 28, 2016.

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

#### 13 - SHAREHOLDERS' EQUITY

##### 13.1 - Authorized share capital

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

##### 13.2 - Descriptions of the shareholders equity operations

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

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

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

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

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

Each Unit sold as part of the private placement consists of one common share and warrant. Each warrant entitles its holder to purchase one common share of the Company at the price of \$0.05, for a twenty-four month period following the closing date. The value attributed to the warrants is \$1,425,974. The fair value of the warrants was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	\$0.07
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	120%
Dividend	0%
Exercise price at the date of grant	\$0.05

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

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

#### 13.3 - Warrants

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

	30/06/2016		31/12/2015	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	67,558,750	0.03	22,610,320	0.06
Granted	199,000,000	0.05	50,188,750	0.03
Expired	—		(5,240,320)	0.10
Exercised	(11,347,650)	0.03	—	—
Outstanding and warrants exercisable at the end of period	<u>255,211,100</u>	<u>0.05</u>	<u>67,558,750</u>	<u>0.03</u>

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

	30/06/2016		31/12/2015	
	Number	Exercise price \$	Number	Exercise price \$
Expiration date				
November 2016	23,688,000	0.05	25,000,000	0.050
November 2017	15,788,100	0.05	25,003,750	0.025
December 2017	16,735,000	0.05	17,555,000	0.025
June 2018	199,000,000	0.05	—	—
	<u>255,211,100</u>		<u>67,558,750</u>	

#### 14 - SHARE-BASED REMUNERATION

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may, from time to time, at its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and others providing similar services to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years from the date of grant.

The options reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares and the number of Common Shares reserved for issuance to others providing services will not exceed 2% of the issued and outstanding common shares.

Options may be exercised as of the grant date for a period determined by the Board, but shall not be greater than 5 years from the date of the grant and 90 days following cessation of the option's position with the Company.

Provided that the cessation of office, directorship or employment or other similar service arrangement was by reason of death (in the case of an individual), the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

	2016/06/30		2015/12/31	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding as January 1st	15,395,000	0.10	5,365,000	0.10
Granted	150,000	0.05	12,650,000	0.05
Forfeited	(2,000,000)	0.14	(2,620,000)	0.05
Outstanding, end of period	<u>13,545,000</u>	0.059	<u>15,395,000</u>	0.07
Exercisable	<u>11,332,500</u>	0.06	<u>9,195,000</u>	0.08

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

Range of exercise price \$	Number of options	Weighted average remaining contractual life (Months)
0.10	1,675,000	9 months
0.15	200,000	14 months
0.10	250,000	23 months
0.05	1,220,000	26 months
0.05	7,050,000	47 months
0.05	500,000	50 months
0.05	2,500,000	54 months
0.05	150,000	59 months
	<u>13,545,000</u>	

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

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

#### 15 - FINANCE COSTS

	2016-06-30 (6 months)	2015-06-30 (6 months)
Interests on convertible debentures and the debenture	28,769	50,850
Interest on promissory notes	9,844	23,768
Interest on trade accounts payable	-	6,500
Accretion on convertible debentures and the debenture	43,180	32,562
	<u>81,793</u>	<u>113,680</u>
Miscellaneous	4,480	978
Total interest expense	<u>86,273</u>	<u>114,658</u>

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2016 and 2015

(In Canadian dollars)

(Unaudited)

#### 16 - RELATED PARTY TRANSACTIONS

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

	2016-06-30 <u>(3 months)</u> \$	2015-06-30 <u>(3 months)</u> \$	2016-06-30 <u>(6 months)</u> \$	2015-06-30 <u>(6 months)</u> \$
Management fees to officers and directors	45,391	58,261	118,332	107,551
Officers and directors Interests on promissory notes and convertible debentures	4,475	5,640	8,951	11,280

#### 17 - SUBSEQUENT EVENTS

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 options will vest over a two-year period and are exercisable over a period of five years expiring in July 2021.

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:

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

On July 12, 2016, the Company issued 188,000 common shares at a price of \$0.05 per share and 225,000 common shares at a price of \$0.025 as a result of the exercise of common share purchase warrants

On July 15, 2016, the Company issued 2,000,000 common shares at a price of \$0.05 per share as a result of the exercise of the conversion feature of secured convertible debentures, removing \$100,000 worth of short term debt from the Company's books.

On August 9, 2016, the Company issued 500,000 common shares at a price of \$0.05 per share and as a result of the exercise of common share purchase warrants.