

Peak Positioning Technologies Inc.
Interim Consolidated Financial Statements
For the three and the six-month periods
ended June 30, 2017 and 2016

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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, 2017 and 2016

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

(Unaudited)

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenues				
Sales	144,823	-	7,469,822	-
Expenses				
Cost of materials	144,104		7,432,747	
Salaries and fringe benefits and subcontracting	125,714	18,000	282,482	18,000
Board remuneration	36,513	-	48,947	-
Sales taxes and additions	4,649	-	4,778	-
Consulting fees	203,707	47,255	317,913	100,941
Management fees to officers and directors	77,475	45,391	90,795	118,332
Professional fees	111,082	43,550	210,106	71,517
Public relations	15,081	66,789	52,628	118,173
Rental expenses	8,544	25,367	22,704	32,068
Office supplies, stationery and utilities	10,031	-	21,784	-
Telecommunications	3,037	551	3,879	3,141
Insurance	2,070	1,000	12,485	14,337
Finance costs (Note 15)	6,444	38,260	36,560	86,273
Server hosting and network fees	1,500	1,500	3,000	3,528
Travel and entertainment	95,008	4,211	118,829	19,518
Transfer agent costs	3,046	2,690	6,391	6,103
Stock exchange costs	6,061	5,579	7,894	8,579
Loss on extinguishment of convertible debentures	-	196,452	-	196,452
Other	608	5,600	743	7,542
Amortization of property and equipment	21	6,833	40	13,666
Amortization of intangible assets - Technology platform (note 4)	191,912	-	383,825	-
Loss (gain) on foreign exchange	(460)	-	(1,567)	-
	1,046,147	509,028	9,056,964	818,170
Loss before income tax	(901,324)	(509,028)	(1,587,142)	(818,170)
Income tax (recoverable)	-	(2,636)	(380)	(2,636)
Net loss	(901,324)	(506,392)	(1,586,762)	(815,534)
Item that will be reclassified subsequently to profit or cost				
Currency Translation adjustment	82,946	-	106,659	-
Net loss and total comprehensive loss	<u>(984,270)</u>	<u>(506,392)</u>	<u>(1,693,421)</u>	<u>(815,534)</u>
Weighted average number of outstanding shares	<u>443,116,670</u>	<u>251,725,368</u>	<u>433,122,487</u>	<u>222,565,668</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, 2017 and 2016

(In Canadian dollars)

(Unaudited)

	Capital stock		Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Shareholders' equity (deficiency)
	Number of common shares	Amount					
		\$	\$	\$		\$	\$
Balance as of January 1, 2017	419,918,564	11,576,483	4,091,124	157,110	(598)	(13,474,095)	2,350,024
Net loss and total comprehensive loss					(106,659)	(1,586,762)	(1,693,421)
Issuance of shares (Note 8)	1,533,666	230,050					230,050
Impact of conversion of debentures	5,002,760	407,181		(157,110)			250,071
Exercise of warrants	22,308,150	697,867	(115,163)				582,704
Exercise of options	1,050,000	97,500					97,500
Issuance costs		(18,504)					(18,504)
Issuance of warrants (Note 8)		(615,094)	615,094				-
Share-based remuneration (Note 9)			239,527				239,527
Balance as of June 30, 2017	449,813,140	12,375,483	4,830,582		(107,257)	(15,060,857)	2,037,951
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			1,425,974				1,425,974
Share-based remuneration			25,882				25,882
Balance as of June 30, 2016	411,580,564	11,252,288	3,521,287	268,330	-	(11,640,525)	3,401,380

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, 2017 and 2016

(In Canadian dollars)

(Unaudited)

	Three-month period ended		Six-month period ended	
	2017	June 30, 2016	2017	June 30, 2016
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(901,324)	(506,392)	(1,586,762)	(815,534)
Non-cash items				
Amortization of property and equipment	21	6,833	40	13,666
Amortization of intangible assets -				
Technology platform (note 4)	191,912	–	383,825	–
Accretion of convertible debentures	0	23,032	2,578	43,180
Share-based remuneration	170,817	12,941	239,527	25,882
Interest charges	4,475	23,755	31,935	49,826
Interest paid	(25,774)	(12,832)	(39,935)	(27,033)
Changes in working capital items				
Debtors	70,453	(18,160)	(261,867)	42,572
Prepaid expenses	18,377	34,507	423,879	64,535
Accounts payable and accrued liabilities	92,327	(56,767)	177,268	(22,250)
Other current financial liabilities	(35,979)	–	(40,907)	–
Cash flows from operating activities	<u>(414,694)</u>	<u>(493,083)</u>	<u>(670,419)</u>	<u>(625,156)</u>
INVESTING ACTIVITIES				
Advance to the wholly subsidiary and cash flow from investing activities	–	(3,484,570)	–	(3,484,570)
FINANCING ACTIVITIES				
Advance on investment	–	(140,000)	–	(100,000)
Equity component of convertible debentures	–	113,178	–	113,178
Debenture payment	(73,000)	(258,309)	(73,000)	(289,497)
Conversion of debenture	(250,069)	–	(250,069)	–
Issuance of shares	591,503	4,622,865	1,160,392	4,641,450
Issuance costs	(18,504)	–	(18,504)	–
Cash flows from financing activities	<u>249,930</u>	<u>4,337,734</u>	<u>818,819</u>	<u>4,365,131</u>
IMPACT OF FOREIGN EXCHANGE	<u>(131,634)</u>	<u>–</u>	<u>(106,726)</u>	<u>–</u>
Increase (Decrease) in cash	<u>(296,398)</u>	<u>360,081</u>	<u>41,674</u>	<u>255,405</u>
Cash, beginning of period	497,534	45,330	159,462	150,006
Cash, end of period	<u>201,136</u>	<u>405,411</u>	<u>201,136</u>	<u>405,411</u>

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

Peak Positioning Technologies Inc.

Consolidated Statements of Financial Position

June 30, 2017 and December 31, 2016

(In Canadian dollars)

(Unaudited)

	<u>2017-06-30</u>	<u>2016-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	201,136	159,462
Debtors (Note 3)	378,720	116,853
Prepaid expenses	<u>316,361</u>	<u>740,240</u>
	896,217	1,016,555
Property and equipment	346	386
Intangible assets - Technology platform (Note 4)	3,262,511	3,646,336
	<u>4,159,074</u>	<u>4,663,277</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	1,937,646	1,768,377
Other current financial liabilities (Note 6)	183,477	224,385
Debentures (Note 7)	<u>–</u>	<u>320,491</u>
	2,121,123	2,313,253
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	12,375,483	11,576,483
Contributed surplus	4,830,582	4,091,124
Equity component of convertible debentures (Note 11)	–	157,110
Accumulated other comprehensive income	(107,257)	(598)
Deficit	<u>(15,060,857)</u>	<u>(13,474,095)</u>
	2,037,951	2,350,024
	<u>4,159,074</u>	<u>4,663,277</u>

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

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

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

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

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

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

Entities	% of ownership and voting right		Principal activity	Functional Currency
	Registered			
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
Asia Synergy Data Solutions	China	100%	Fintech	Renminbi

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

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

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

The interim consolidated financial statements for the three and six months periods ended June 30, 2017 (including comparative figures) were approved by the Board of Directors on August 28th, 2017.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

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

DECLARATION OF CONFORMITY (Continued)

1.1 - New IFRS and IFRIC interpretations not yet adopted

At the date of authorization of these interim consolidated financial statements, certain new accounting standards and interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") have been published but are not yet effective for the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided in Note 3.1 of the Company's audited consolidated financial statements for the year ended December 31, 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 \$1,693,421 for the six-month period ended June 30, 2017 (\$815,534 for 2016), it has an accumulated deficit of \$15,060,857 as at June 30, 2017 (\$13,474,095 as at December 31, 2016) and it has not yet generated positive cash flows from operations. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

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

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

3 - DEBTORS

	<u>2017-06-30</u>	<u>2016-12-31</u>
	\$	\$
Commodity taxes receivable	93,701	116,853
Accounts receivable	285,019	-
Subscription receivable	-	-
	<u>378,720</u>	<u>116,853</u>

4 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORM

	<u>2017-06-31</u>	<u>2016-12-31</u>
	\$	\$
Gross carrying amount		
Balance as at January 1st	3,838,248	-
Acquisition	-	3,838,248
Balance as at March 31, 2017	<u>3,838,248</u>	<u>3,838,248</u>
Accumulated amortization		
Balance as at January 1st	191,912	-
Amortization	383,825	191,912
Balance as at June 30, 2017	<u>575,737</u>	<u>191,912</u>
Net carrying amount as at June 30, 2017	<u>3,262,511</u>	<u>3,646,336</u>

5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017-06-30</u>	<u>2016-12-31</u>
	\$	\$
Officer and a director	11,635	11,635
Company held by an officer and a director	44,667	51,904
Trade accounts payable and accruals	1,881,344	1,704,838
	<u>1,937,646</u>	<u>1,768,377</u>

6 - OTHER CURRENT FINANCIAL LIABILITIES

	<u>2017-06-30</u>	<u>2016-12-31</u>
	\$	\$
Promissory notes, 10%	107,977	196,885
Promissory notes to directors and shareholders, 10%	73,000	-
Promissory notes to shareholders, without interest	2,500	27,500
	<u>183,477</u>	<u>224,385</u>

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

7 - DEBENTURES

a) Convertible debentures

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

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

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

	2017-06-30	2016-12-31
	\$	\$
Balance at the beginning	192,492	562,919
Debenture payment	(73,000)	(31,188)
Conversion of debentures	(122,070)	(337,009)
Extinguishment of debt	-	196,452
Equity component of convertible debentures	-	(222,692)
Accretion of convertible debentures	2,578	24,010
Balance at the end	<u>-</u>	<u>192,492</u>

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

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

b) Non convertible debenture

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

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

On December 31, 2015 the Company reached an agreement with the debenture holder whereby the maturity date which was set to mature on January 1, 2016 is now extended to January 1, 2017. The debenture kept the same interest rate of 10% and now includes a conversion feature that allows for the principal amount to be converted into the Company's common shares at any time prior to maturity at the price of \$0.05 per share.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

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(Unaudited)

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

The effective rate of the debenture is 19.13%.

	2017-06-30	2016-12-31
	\$	\$
Balance, beginning of period	127,999	261,145
Accretion of discount on debenture		4,191
Conversion of debentures	(127,999)	(137,337)
Balance at the end	<u>–</u>	<u>127,999</u>

8 - SHAREHOLDERS' EQUITY

8.1 - Authorized share capital

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

8.2 - Descriptions of the shareholders equity operations

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

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

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

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

Peak also granted finder's compensation options to the same eligible persons who helped place the Units entitling them to purchase a number of Peak common shares equal to 8% of the total number of Units they helped place, at the price of \$0.20 per common share for a twenty-four (24) month period following the closing date.

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Notes to Interim Consolidated Financial Statements

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

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

During the second quarter, the Company issued 12,155,000 and 200,000 common shares as a result of the exercise of warrants at a price of \$0.025 and \$0.05 for a gross proceed of \$313,875.

During the second quarter, the Company issued 2,120,320 common shares as a result of a debenture conversion at a price \$0.05 for a total worth of debt of \$106,016.

During the second quarter, the Company issued 200,000 and 150,000 common shares as a result of exercise of options at a price \$0.10 and \$0.05 for a gross proceed of \$27,500.

On June 14, 2017, the Company signed a \$ 5,000,000 share subscription facility agreement. Under the terms of the three year agreement, the Company may send draw down notices specifying the number of common shares for which the other party would have an obligation to subscribe. The subscription price would be the equivalent of 90% of the average trading price for fifteen (15) days following the draw down notice. At the signing of the agreement, the Company issued 14,000,000 share purchase warrants and could issue up to an additional 13,000,000 warrants along with the first 13,000,000 shares subscribed for a total of 27,000,000 warrants over the course of the agreement. Each warrant allows the purchase of one common share for a period of five (5) years from the date of issuance of the warrant. The warrants issued at the signing of the agreement have an exercise price of \$0.12, while the warrants to be issued along with the share subscription will vary in proportion to the closing price prior to the day on which the warrants are being issued.

The value attributed to the warrants is \$513,216. 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	\$0.10
Expected life	2 years
Risk-free interest rate	1%
Expected volatility	150%
Dividend	0%
Exercise price at the date of grant	\$0.12

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

8.3 - Warrants

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

	2017-06-30		2016-12-31	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	231,298,100	0.047	67,558,750	0.034
Granted	15,640,359	0.20	199,000,000	0.050
Exercised	(21,833,150)	0.027	(17,685,650)	0.035
Expired	—	—	(17,575,000)	0.050
Outstanding and warrants exercisable,				
Outstanding, end of period	<u>225,105,309</u>	0.054	<u>231,298,100</u>	0.047

As of June 30, 2017 and December 31, 2016, the number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

	2017-06-30		2016-12-31	
	Number	Exercise price	Number	Exercise price
		\$		\$
Expiration date				
November 2017	5,489,950	0.025	15,688,100	0.025
December 2017	5,975,000	0.025	16,610,000	0.025
June 2018	198,000,000	0.050	199,000,000	0.050
March 2019	1,640,359	0.200	—	
June 2022	14,000,000	0.120	—	
	<u>225,105,309</u>		<u>231,298,100</u>	

9 - SHARE-BASED REMUNERATION

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

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

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

Peak Positioning Technologies Inc.

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

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

	2017-06-30		2016-12-31	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	24,045,000	0.07	15,395,000	0.07
Granted	8,300,000	0.11	10,650,000	0.08
Exercised	(1,050,000)	0.10		
Expired	(775,000)	0.10	(2,000,000)	0.14
Outstanding, end of period	<u>30,520,000</u>	0.08	<u>24,045,000</u>	0.07
Exercisable, end of period	<u>14,920,000</u>	0.06	<u>12,295,000</u>	0.06

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

Range of exercise price \$	Number of options	Weighted average remaining contractual life (years)
0.150	200,000	2 months
0.100	250,000	10 months
0.050	1,220,000	1 year and 1 month
0.050	6,900,000	2 years and 10 months
0.050	500,000	3 years and 2 months
0.050	2,500,000	3 years and 6 months
0.050	150,000	3 years and 10 months
0.085	10,500,000	4 years
0.105	8,300,000	4 years and 11 months
	<u>30,520,000</u>	

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

9.1 Share-based payments granted to directors and employees

On June 1st, 2017 the Company granted options to acquire 7,950,000 common shares at a price of \$0.105 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 July

The fair value of the options granted to certain directors and employees amounted to \$720,687 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	\$0.10
Expected life	5 years
Risk-free interest rate	1%
Volatility	150%
Dividend	0%
Exercise price at the date of grant	\$0.105

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

On June 1st, 2017, the Company granted 350,000 options to a consultant at an exercise price of \$0.105 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 \$36,120 and was determined by management by comparing with similar services on the market.

10 - FINANCE COSTS	2017-06-30 <u>(3 months)</u>	2016-06-30 <u>(3 months)</u>	2017-06-30 <u>(6 months)</u>	2016-06-30 <u>(6 months)</u>
Interests on convertible debentures and the debenture	4,475	5,883	10,152	28,769
Interest on promissory notes	-	4,922	21,783	9,844
Accretion on convertible debentures and the debenture	-	23,067	2,578	43,180
Miscellaneous	4,475	33,872	34,513	81,793
Total interest expense	<u>1,969</u>	<u>4,388</u>	<u>2,047</u>	<u>4,480</u>
	<u>6,444</u>	<u>38,260</u>	<u>36,560</u>	<u>86,273</u>

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

For the three and the six-month periods ended June 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

11 - 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.

	2017-06-30 (3 months)	2016-06-30 (3 months)	2017-06-30 (6 months)	2016-06-30 (6 months)
	\$	\$	\$	\$
Management fees to officers and directors	77,475	45,391	90,795	118,332
Officers and directors				
Interests on promissory notes and convertible debentures	4,475	4,475	9,085	8,951

12 - SUBSEQUENT EVENTS

As per the recently signed agreement between Peak and Global Emerging Markets ("GEM") (see Note 8.2), Peak sent draw down notices to GEM in June and in July 2017. The June draw down notice resulted in net proceeds of \$204,375 in July for which Peak issued 3,333,333 common shares. The July draw down notice had yet to be settled as of the date of these financial statements.

The proceeds of the private placements from the draw downs are intended to be used primarily for business development purposes of the Company's Chinese operations and for working capital purposes.

Peak also paid a fee of \$30,656 related to the June draw down notice, for which the Company issued 502,557 shares in July 2017.