

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

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 nine-month periods ended September 30, 2017 and 2016

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

(Unaudited)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Revenues</b>				
Sales	-	25,887,092	7,469,822	25,887,092
Service fees	3,968	-	3,968	-
	<u>3,968</u>	<u>25,887,092</u>	<u>7,473,790</u>	<u>25,887,092</u>
<b>Expenses</b>				
Cost of materials	-	25,757,458	7,432,747	25,757,458
Salaries and fringe benefits and subcontracting	203,827	203,191	489,472	221,191
Board remuneration	66,183	26,780	111,966	26,780
Sales taxes and additions	(200)	-	4,578	-
Consulting fees	221,665	11,699	539,578	112,640
Management fees to officers and directors	82,746	79,843	173,541	198,175
Professional fees	32,156	24,381	242,262	95,899
Public relations	50,367	76,039	102,994	194,213
Rental expenses	73,331	60,592	96,035	92,661
Interface Development Costs (Cubeler platform)	54,699	-	54,699	-
Office supplies, stationery and utilities	67,297	-	89,081	-
Telecommunications	599	736	4,478	3,877
Insurance	28,857	2,011	41,342	16,348
Finance costs (Note 10)	1,581	8,619	36,581	94,892
Server hosting and network fees	1,500	1,523	4,500	5,050
Travel and entertainment	30,580	45,137	149,409	64,655
Transfer agent costs	12,542	6,140	18,934	12,242
Stock exchange costs	17,800	1,525	25,694	10,104
Loss on extinguishment of convertible debentures	-	-	-	196,452
Other	178	35,032	382	42,574
Amortization of property and equipment	28	6,953	67	20,619
Amortization of intangible assets - Technology platform (note 4)	191,912	-	575,737	-
Loss (gain) on foreign exchange	-	-	-	-
	<u>1,137,647</u>	<u>26,347,659</u>	<u>10,194,079</u>	<u>27,165,830</u>
Loss before income tax	(1,133,680)	(460,567)	(2,720,289)	(1,278,738)
Income tax (recoverable)	-	15,765	(380)	13,129
Net loss	(1,133,680)	(476,332)	(2,719,909)	(1,291,867)
<b>Item that will be reclassified subsequently to profit or cost</b>				
Currency Translation adjustment	(250,333)	-	(143,076)	-
<b>Net loss and total comprehensive loss</b>	<u>(883,346)</u>	<u>(476,332)</u>	<u>(2,576,833)</u>	<u>(1,291,867)</u>
Weighted average number of outstanding shares	<u>454,669,244</u>	<u>414,302,879</u>	<u>440,432,035</u>	<u>286,944,589</u>
Basic and diluted loss per share	<u>(0.002)</u>	<u>(0.001)</u>	<u>(0.006)</u>	<u>(0.005)</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 nine-month periods ended September 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					143,674	(2,719,909)	(2,576,235)
Issuance of shares	13,666,999	905,164					905,164
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
Debt settlement	1,372,632	90,846					90,846
Issuance costs		(109,320)					(109,320)
Issuance of warrants (Note 8)		(870,107)	870,107				-
Share-based remuneration (Note 9)			497,179				497,179
<b>Balance as of September 30, 2017</b>	<b>463,319,105</b>	<b>12,795,614</b>	<b>5,343,247</b>		<b>143,076</b>	<b>(16,194,004)</b>	<b>2,087,932</b>
Balance as of January 1, 2016	192,599,514	7,905,789	2,016,174	155,152	-	(10,824,991)	(747,876)
Net loss and total comprehensive loss						(1,291,867)	(1,291,867)
Issuance of shares	222,894,050	3,523,862					3,523,862
Issuance of convertible debentures				215,633			215,633
Conversion of debentures				(44,321)			(44,321)
Impact of conversion of debentures			53,257	(53,257)			-
Issuance of warrants			1,425,974				1,425,974
Share-based remuneration (Note 9)			180,301				180,301
<b>Balance as of September 30, 2016</b>	<b>415,493,564</b>	<b>11,429,651</b>	<b>3,675,706</b>	<b>273,207</b>	<b>-</b>	<b>(12,116,858)</b>	<b>3,261,706</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 nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(1,133,680)	(476,332)	(2,719,909)	(1,291,867)
Non-cash items				
Amortization of property and equipment	27	6,953	67	20,619
Amortization of intangible assets -				
Technology platform (note 4)	191,912	–	575,737	–
Accretion of convertible debentures	–	9,740	2,578	52,920
Share-based remuneration	257,652	154,419	497,179	180,301
Interest charges	1,832	16,104	33,767	65,930
Interest paid	(1,832)	(4,706)	(41,767)	(31,738)
Changes in working capital items				
Debtors	102,576	(137,877)	(159,291)	(118,423)
Commodity taxes receivable		4,531		7,649
Subscription		–		20,000
Prepaid expenses	(140,243)	(514,996)	283,636	(450,461)
Accounts payable and accrued liabilities	(189,594)	(57,529)	(12,858)	(79,779)
Other current financial liabilities	(110,478)	–	(151,385)	–
Cash flows from operating activities	(1,021,828)	(999,693)	(1,692,247)	(1,624,849)
<b>INVESTING ACTIVITIES</b>				
Investment		3,484,570		–
Intangible asset		(2,556,991)		(2,556,991)
Property and equipment	–	(23,073)	–	(23,073)
Cash flows from investing activities		904,506		(2,580,064)
<b>FINANCING ACTIVITIES</b>				
Advance on investment	–	–	–	(100,000)
Equity component of convertible debentures	–	–	–	113,178
Debenture repayment	–	–	(73,000)	(289,497)
Conversion of debenture	–	–	(250,069)	–
Issuance of convertible debentures (Note 10)	–	–	–	–
Issuance of shares	765,893	90,024	1,926,285	4,731,475
Issuance costs	(90,816)	–	(109,320)	–
Cash flows from financing activities	675,077	90,024	1,493,896	4,455,156
<b>IMPACT OF FOREIGN EXCHANGE</b>	250,400	–	143,674	–
<b>Increase (Decrease) in cash</b>	(96,351)	(5,163)	(54,677)	250,243
Cash, beginning of period	201,136	405,412	159,462	150,006
Cash, end of period	104,785	400,249	104,785	400,249

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

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

September 30, 2017 and December 31, 2016

(In Canadian dollars)

(Unaudited)

	<u>2017-09-30</u>	<u>2016-12-31</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	104,785	159,462
Debtors (Note 3)	276,144	116,853
Work in progress		
Investment tax credits receivable		
Prepaid expenses	<u>456,604</u>	<u>740,240</u>
	837,533	1,016,555
Property and equipment	319	386
Intangible assets - Technology platform (Note 4)	<u>3,070,599</u>	<u>3,646,336</u>
	<u><u>3,908,451</u></u>	<u><u>4,663,277</u></u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	1,747,519	1,768,377
Other current financial liabilities (Note 6)	73,000	224,385
Debentures (Note 7)	<u>–</u>	<u>320,491</u>
	1,820,519	2,313,253
<b>SHAREHOLDERS' DEFICIENCY</b>		
Capital stock	12,795,614	11,576,483
Contributed surplus	5,343,247	4,091,124
Equity component of convertible debentures (Note 11)	–	157,110
Accumulated other comprehensive income	143,076	(598)
Deficit	<u>(16,194,004)</u>	<u>(13,474,095)</u>
	<u>2,087,932</u>	<u>2,350,024</u>
	<u><u>3,908,451</u></u>	<u><u>4,663,277</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 nine-month periods ended September 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		Principal activity	Functional Currency
	Registered	right		
Peak Positioning Technologies Inc.	Canada	100%	Holding	Canadian dollar
Peak Positioning Corporation	Canada	100%	Operating expenses	Canadian dollar
Asia Synergy Limited	Hong Kong	100%	Holding	Renminbi
Asia Synergy Holdings	China	100%	Holding	Renminbi
Asia Synergy Technology Inc.	China	100%	Raw material commerce	Renminbi
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 nine months periods ended September 30, 2017 (including comparative figures) were approved by the Board of Directors on November 20, 2017.

## **Peak Positioning Technologies Inc.**

### **Notes to Interim Consolidated Financial Statements**

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

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#### **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 \$2,576,833 for the nine-month period ended September 30, 2017 (\$1,291,867 for 2016), it has an accumulated deficit of \$16,194,004 as at September 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 nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

**3 - DEBTORS**

	<u>2017-09-30</u>	<u>2016-12-31</u>
	\$	\$
Commodity taxes receivable	79,232	116,853
Accounts receivable	<u>196,912</u>	<u>–</u>
	<u>276,144</u>	<u>116,853</u>

**4 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORM**

	<u>2017-09-30</u>	<u>2016-12-31</u>
	\$	\$
<b>Gross carrying amount</b>		
Balance as at January 1st	3,838,248	–
Acquisition	<u>–</u>	<u>3,838,248</u>
Balance as at September 30, 2017	<u>3,838,248</u>	<u>3,838,248</u>
<b>Accumulated amortization</b>		
Balance as at January 1st	191,912	–
Amortization	<u>575,737</u>	<u>191,912</u>
Balance as at September 30, 2017	<u>767,649</u>	<u>191,912</u>
Net carrying amount as at September 30, 2017	<u>3,070,599</u>	<u>3,646,336</u>

**5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2017-09-30</u>	<u>2016-12-31</u>
	\$	\$
Officer and a director	16,635	11,635
Company held by an officer and a director	54,667	51,904
Trade accounts payable and accruals	<u>1,676,216</u>	<u>1,704,838</u>
	<u>1,747,519</u>	<u>1,768,377</u>

**6 - OTHER CURRENT FINANCIAL LIABILITIES**

	<u>2017-09-30</u>	<u>2016-12-31</u>
	\$	\$
Promissory notes, 10%	–	196,885
Promissory notes to directors and shareholders, 10%	73,000	–
Promissory notes to shareholders, without interest	<u>–</u>	<u>27,500</u>
	<u>73,000</u>	<u>224,385</u>



## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

#### 7 - DEBENTURES

##### a) Convertible debentures

Debentures are secured by a pledge on the aggregate assets of the Company, maturing on September 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

	2017-09-30	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

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(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%.

	2017-09-30	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.

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

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 will send a draw down notice specifying the number of common shares for which the other party will have an obligation to subscribe. The subscription price will be at the equivalent of 90% of the average trading price for fifteen (15) following the draw down notice. At the signing of the agreement, the Company issued 14,000,000 share purchase warrants and will issue another 13,000,000 warrants along with each of the first 13,000,000 shares subscribed for a total of 27,000,000 warrants over the course of the agreement. Each warrant will allow to purchase 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 of 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

As part of the agreement described above, the Company issued at the end of August 3,333,333 and 5,800,000 shares at at price of \$0.061 and \$0.057 respectively for a total consideration of \$535,614. Along with the issuance of shares, the Company issued 3,333,333 and 5,800,000 warrants with an exercise price of \$0.061 and \$0.057 respectively. Each warrant will allow to purchase one common for a period of 5 years from the date of the signing of the agreement.

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

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

The value attributed to the 3,333,333 warrants is \$97,190. 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	4,75
Risk-free interest rate	1%
Expected volatility	150%
Dividend	0%
Exercise price at the date of grant	\$0.061

The value attributed to the 5,800,000 warrants is \$157,823. 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	4,75
Risk-free interest rate	1%
Expected volatility	150%
Dividend	0%
Exercise price at the date of grant	\$0.057

In September 2017, the Company issued 3,000,000 common shares at a price of \$0.05 per share, as part of a private placement, for a total consideration of \$150,000.

In connection with the private placement, the Company paid cash a 7% finder's fee on the proceed of the private placement for a total of \$10,500 and will issue 300,000 finders' warrants. Each warrant will allow the holder to subscribe for one Company share at a price of \$0.10 during the 24 months following the issuance.

During the third quarter, the Company issued 502,557 and 870,075 common shares at a price of \$0.61 and \$0.057 respectively as a compensation for debt settlement amounting to \$80,346 related to a service fee

## Peak Positioning Technologies Inc.

### Notes to Interim Consolidated Financial Statements

For the three and the nine-month periods ended September 30, 2017 and 2016

(In Canadian dollars)

(Unaudited)

#### 8.3 - Warrants

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

	2017-09-30		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	24,773,692	0.102	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>234,238,642</u>	0.055	<u>231,298,100</u>	0.047

As of September 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:

	2017-09-30		2016-12-31	
	Number	Exercise price	Number	Exercise price
		\$		\$
Expiration date				
November 2017	6,139,950	0.025	15,688,100	0.025
December 2017	5,325,000	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	—	
June 20122	3,333,333	0.061	—	
June 2022	5,800,000	0.057	—	
	<u>234,238,642</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.

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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 :

	2017-09-30		2016-12-31	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	24,045,000	0.070	15,395,000	0.07
Granted	8,300,000	0.110	10,650,000	0.08
Exercised	(1,050,000)	0.093	-	-
Expired	(975,000)	0.110	(2,000,000)	0.14
Outstanding, end of period	<u>30,320,000</u>	0.080	<u>24,045,000</u>	0.07
Exercisable, end of period	<u>14,085,000</u>	0.057	<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)
0.100	250,000	7 months
0.050	1,220,000	10 months
0.050	6,900,000	2 years and 7 months
0.050	500,000	2 years and 11 months
0.050	2,500,000	3 years and 3 months
0.050	150,000	3 years and 7 months
0.085	10,500,000	3 years and 9 months
0.105	8,300,000	4 years and 8 months
	<u>30,320,000</u>	

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#### 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.

<b>10 - FINANCE COSTS</b>	2017-09-30 <u>(3 months)</u>	2016-09-30 <u>(3 months)</u>	2017-09-30 <u>(9 months)</u>	2016-09-30 <u>(9 months)</u>
Interests on convertible debentures	-	(15,299)	9,085	13,470
Interest on promissory notes	1,825	26,325	24,675	36,169
Accretion on convertible debentures and the debenture	-	9,740	2,578	52,920
Total interest expense	<u>1,825</u>	<u>20,766</u>	<u>36,338</u>	<u>102,559</u>
Miscellaneous	(244)	(12,147)	244	(7,667)
	<u><u>1,581</u></u>	<u><u>8,619</u></u>	<u><u>36,581</u></u>	<u><u>94,892</u></u>

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**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.

	2017-09-30 (3 months)	2016-09-30 (3 months)	2017-09-30 (9 months)	2016-09-30 (9 months)
	\$	\$	\$	\$
Management fees to officers and directors	76,861	45,787	121,149	164,119
Officers and directors				
Interests on promissory notes and convertible debentures	1,825	4,475	10,910	13,426

**12 - SUBSEQUENT EVENTS**

On October 30, 2017, the Company issued 2,088,400 common shares as a result of the exercise of warrants at a price of \$0.025 for a gross proceed of \$52,210.

On November 9, 2017, the Company issued 4,051,550 common shares as a result of the exercise of warrants at a price of \$0.025 for a gross proceed of \$101,289.

In October 2017, the Company issued 2,000,000 common shares at a price of \$0.05 per share, as part of a private placement, for a total consideration of \$100,000.

In connection with the private placement, the Company paid cash a 7% finder's fee on the proceed of the private placement for a total of \$7,000 and will issue 200,000 finders' warrants. Each warrant will allow the holder to subscribe for one Comapany share at a price of \$0.10 during the 24 months following the issuance.

On November 14, 17 the Company issued 1,000,000 common shares as a result of the exercise of warrants at a price of \$0.025 for a gross proceed of \$25,000