Peak Positioning Technologies Inc.

Consolidated Financial Statements
December 31, 2017 and 2016

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, 2017 and 2016 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, 2017 and 2016 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,
April 27, 2018

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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, 2017 and 2016

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

	2017	2016
	$	$
Revenues		
Sales	7,475,402	58,091,907
Expenses		
Costs of materials	7,432,747	57,802,238
Salaries and fringe benefits and subcontracting	839,071	418,174
Board remuneration	182,248	63,846
Sales taxes and additions	4,681	2,668
Consulting	794,945	516,418
Management fees to officers and directors	274,039	210,793
Professional fees	314,308	190,357
Public relations	128,294	244,819
Office supplies, stationery and utilities	18,817	34,462
Rental expenses	105,587	197,735
Telecommunications	4,906	7,649
Insurance	43,122	16,348
Taxes, licences and permits	2,347	17,473
Finance costs (Note 19.4)	88,074	115,648
Server hosting and network fees	5,850	6,550
Travel and entertainment	242,052	116,107
Stock exchange costs	32,144	11,581
Transfer agent costs	21,301	9,233
Press releases	22,476	15,914
Other	8,843	2,978
Depreciation of property and equipment	77	18,253
Amortization of intangible assets - technology platforms	423,425	191,912
Reversal of accounts payable and accrued liabilities	(39,607)	–
Impairment loss of investments		350,000
Extinguishment of debt (Note 10 a))	–	196,452
Gain on foreign exchange	(17,735)	(16,597)
	10,932,012	60,741,011
Loss before income taxes	(3,456,610)	(2,649,104)
Income tax recovery (expense) (Note 14)	380	
Net loss	(3,456,230)	(2,649,104)
Item that will be reclassified subsequently to profit or loss		
Currency translation adjustement	(221,079)	598
Total comprehensive loss	(3,235,151)	(2,649,702)
Weighted average number of outstanding shares	452,630,699	319,792,964
Basic and diluted loss per share	(0.008)	(0.008)

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

Peak Positioning Technologies Inc.
Consolidated Statements of Changes in Equity
Years ended December 31, 2017 and 2016
(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, 2017	419,918,564	11,576,483	4,091,124	157,110	(598)	(13,474,095)	2,350,024
Issuance of shares	41,066,999	1,859,955	319,011				2,178,966
Extension effect of warrants (Note 11.2 n))			116,133			(116,133)	–
Deferred financing cost (Note11.2 i))		(698,102)	993,649				295,547
Equity component (warrants) of debentures issued in December			2,721,260				2,721,260
Exercise of warrants	160,298,100	7,284,161	(1,695,692)	(37,812)			5,550,657
Exercise of options	1,050,000	137,016	(39,516)				97,500
Conversion of convertible debentures	5,002,760	411,017		(119,298)		(15,642)	276,077
Issuance costs	2,322,632	(19,657)					(19,657)
Issuance of options for units debenture (Note 12.1 d))			176,290				176,290
Share-based compensation			795,504				795,504
Transactions with owners	629,659,055	20,550,873	7,477,763		(598)	(13,605,870)	14,422,168
Net loss						(3,456,230)	(3,456,230)
Other comprehensive loss					221,079		221,079
Total comprehensive loss for the year	–	–	–	–	221,079	(3,456,230)	(3,235,151)
Balance as of December 31, 2017	629,659,055	20,550,873	7,477,763		220,481	(17,062,100)	11,187,017
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	199,000,000	2,228,804	1,751,196				3,980,000
Accounts payable settlement	764,000	38,200					38,200
Exercise of warrants	17,685,650	761,867	(139,041)				622,826
Share-based compensation			409,538				409,538
Conversion of debentures	9,869,400	641,823		(167,477)			474,346
Equity component of convertible debentures			53,257	(53,257)			–
Issuance of equity component of convertible debentures				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

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, 2017 and 2016

(In Canadian dollars)

	2017	2016
	$	$
OPERATING ACTIVITIES		
Net loss	(3,456,230)	(2,649,104)
Non-cash items		
Depreciation of property and equipment	77	18,253
Amortization of intangible assets - technology platform	423,425	191,912
Impairment loss of invesments	–	350,000
Share-based compensation	795,504	409,538
Accretion of convertible debentures	25,402	28,201
Extinguishment of debt	–	196,452
Reversal of accounts payable and accrued liabilities	(39,607)	–
Interest charges	55,017	87,392
Interest paid	(100,221)	(59,704)
Net changes in working capital items		
Debtors	22,915	(44,739)
Prepaid expenses	428,090	(575,026)
Accounts payable and accrued liabilities	(80,085)	1,427,486
Cash flows from operating activities	(1,925,713)	(619,339)
INVESTING ACTIVITIES		
Term deposit	(1,200,000)	–
Debtors	(395,592)	
Intangible assets - technology platforms (Note 7)	(181,702)	(3,838,248)
Property and equipment	–	(407)
Cash flows from investing activites	(1,777,294)	(3,838,655)
FINANCING ACTIVITIES		
Issuance of debenture	3,000,000	–
Promissory notes repayment	(224,385)	–
Debenture repayment	(40,039)	(31,188)
Exercise of options	97,500	–
Issuance of shares	2,982,564	4,502,826
Cash flows from financing activities	5,815,640	4,471,638
IMPACT OF FOREIGN EXCHANGE	199,588	(4,188)
Net increase in cash	2,312,221	9,456
Cash, beginning of year	159,462	150,006
Cash, end of year	2,471,683	159,462

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

Peak Positioning Technologies Inc.
Consolidated Statements of Financial Position

December 31, 2017 and 2016
(In Canadian dollars)

	2017	2016
	$	$
ASSETS		
Current		
Cash	2,471,683	159,462
Term deposit, 0,90%, maturing December 28, 2018	1,200,000	–
Debtors (Note 6)	9,465,760	116,853
Prepaid expenses	279,370	740,240
Deferred financing cost	295,547	–
	13,712,360	1,016,555
Property and equipment	309	386
Intangible assets - Technology platforms (Note 7)	2,027,713	3,646,336
	15,740,382	4,663,277
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	289,452	1,768,377
Other current financial liabilities (Note 9)	–	224,385
Debentures (Note 10)	–	320,491
	289,452	2,313,253
Debentures (Note 10)	4,263,913	–
	4,553,365	2,313,253
SHAREHOLDERS' DEFICIENCY		
Capital stock	20,550,873	11,576,483
Contributed surplus	7,477,763	4,091,124
Equity component of convertible debentures (Note 11)	–	157,110
Accumulated other comprehensive income	220,481	(598)
Deficit	(17,062,100)	(13,474,095)
	11,187,017	2,350,024
	15,740,382	4,663,277

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

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements

December 31, 2017 and 2016
(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 promissing companies and assets in some of the fastest growing tech sectors in China, including fintech, e-commerce and cloud-computing. Peak provides a bridge for North American Investors who wish to participate in the continued digitization of China's industrial sectors through the latest advancements in technology.

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 and/or generate positive cash-flows from operating activities. Even if the Company has been successful in the past to raise capital, there is no assurance that it will manage to obtain additional financing in the future or generate positive cash-flows from operating activities. Also, the Company incurred a net loss of $3,456,230 for the year ended December 31, 2017 ($2,649,104 for 2016), it has a positive working capital of $13,422,908 as at December 31, 2017 (deficiency of $1,296,698 as at December 31, 2016) an accumulated deficit of $17,062,100 as at December 31, 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 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.

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. 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. 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.

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements

December 31, 2017 and 2016
(In Canadian dollars)

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		Holding and parent company	Canadian dollar
Peak Positioning Corporation (1)	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 or supply chain facilitator commerce	Renminbi
Asia Synergy data Solutions	China	100%	Fintech	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.

(1) Effective January 1, 2018, Peak Positioning Corporation was amalgamated with Peak Positioning Technologies Inc.

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(In Canadian dollars)

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars.

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. Revenue 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.

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.

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.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Current and deferred income taxes *(Continued)*

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.

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.

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, term deposits, 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.

Financial liabilities

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

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Intangible assets - technology platforms

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.

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

4.13 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.

4.14 Impairment of long-lived assets

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.

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(In Canadian dollars)

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Impairment of long-lived assets *(Continued)*

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).

4.15 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.

4.16 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.

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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 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 brokers, agents and finders) 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.

(In Canadian dollars)

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 Note 12.

5.1.2 Impairment of long-lived assets

Determining if there are any facts and circumstances as indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates ans assumptions in many cases.

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.

6 - DEBTORS

	2017	2016
	$	$
Sales tax receivable	93,938	116,853
Advances to a company, 1.5% to 1.65%	371,822	
Subscription receivable (Note 20)	9,000,000	
	9,465,760	116,853

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7 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORMS

	Gold River	Cubeler Interface	Total
	$	$	$
Gross carrying amount			
Balance as at January 1, 2017	3,838,248	–	3,838,248
Acquisition	–	181,702	181,702
Reversal of trade payable (a)	(1,376,900)	–	(1,376,900)
Balance as at December 31, 2017	2,461,348	181,702	2,643,050
Accumulated amortization			
Balance as at January 1, 2017	191,912	–	191,912
Amortization	423,425	–	423,425
Balance as at December 31, 2017	615,337	–	615,337
Net carrying amount as at December 31, 2017	1,846,011	181,702	2,027,713
Gross carrying amount			
Balance as at January 1, 2016	–	–	–
Acquisition	3,838,248	–	3,838,248
Balance as at December 31, 2016	3,838,248	–	3,838,248
Accumulated amortization			
Balance as at January 1, 2016			
Amortization	191,912	–	191,912
Balance as at December 31, 2016	191,912	–	191,912
Net carrying amount as at December 31, 2016	3,646,336	–	3,646,336

a) As the result of the revision of the estimate of work performed, the service provider has reduced the cost of the performed work. Consequently, the cost of the asset has been reduced by the the equivalent amount of the balance payable as at December 31, 2016.

8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	$	$
Officer and a director	–	11,635
Company held by an officer and a director	32,827	51,904
Trade accounts payable and accruals (Note 7 a))	256,625	1,704,838
	289,452	1,768,377

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8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Continued)

a) 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 at fair market value. The settlement took effect at the issuance of shares on January 8, 2016.

9 - OTHER CURRENT FINANCIAL LIABILITIES

	2017	2016
	$	$
Promissory notes, 10%, paid	–	196,885
Promissory notes to shareholders, without interest, paid	–	27,500
	–	224,385

10 - DEBENTURES

a) Convertible debenture issuance of February 28, 2014

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.

	2017	2016
	$	$
Balance at the beginning	192,492	562,919
Repayment	(40,039)	(31,188)
Conversion of debentures in shares	(155,031)	(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	–	192,492

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10 - DEBENTURES (Continued)

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

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.

On February 2017, the Company reached an agreement to extend the term of $179,024 worth of convertible debentures on September 30, 2017 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, 2017 (the "Agreement").

At the maturity date, $73,000 was converted in a note payable which $40,039 was paid in cash and on November 9, 2017, the Company reached an agreement with a Board member to settle $32,961 worth of the note payable. Under the terms of the debt settlement agreement, the Company issued 1,318,450 shares of the Company at $0.025 per share. The settlement took effect at the issuance of shares on November 9, 2017.

In 2017, $122,070 ($343,470 in 2016) worth of debentures were converted into the Company's common shares at the price of $0.05 per share.

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

b) 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.

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.

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10 - DEBENTURES (Continued)

b) Debenture issuance of August 29, 2014 *(Continued)*

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.

On March 31, 2017, $128,000 worth of debentures were converted into the Company's common shares at the price of $0.05 per share.

	2017-12-31	2016-12-31
	$	$
Balance, beginning of period	127,999	261,145
Accretion of discount on debentures		4,191
Conversion of debentures in shares	(127,999)	(137,337)
Balance at the end	–	127,999

c) Debenture issuance of December 15, 2017

On December 15, 2017, the Company has placed a total of 1,200 units of debenture at $10,000 par unit for a gross proceeds of $12,000,000. Each unit sold is comprised of $10,000 face value debenture plus 200,000 common share purchase warrants.

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10 - DEBENTURES (Continued)

c) Debenture issuance of December 15, 2017 *(Continued)*

Debentures are secured by a pledge on the aggregate assets of the Company, maturing on December 15, 2019, bearing interest at a nominal rate of 8% payable monthly. The Company used the residual value method to allocate the principal amount of the debenture between the liability and the contributed surplus. Under this method, an amount of $2,721,260 (net of transaction costs) related to the warrants issued was applied to the contributed surplus. The fair value of the liability component was $9,005,148 computed as the present value of future principal and interest payments discounted at a rate of 25%. The debentures allow their subscribers to surrender part or all of the amount invested in the debentures to exercise their warrants and purchase common shares of the Company any time prior to maturity, subject to certain terms and conditions, at a price of $0.05 per common share. The units contain a 'forced warrant conversion'' feature under which 50% of the face value of the debenture will automatically be surrendered to exercise 50% of the warrants if the Company common shares trade at $0.15 or more for 3 consecutive trading days, and 100% if the Company's common shares trade at $0.20 or more for 3 consecutive days.

	2017	2016
	$	$
Balance, beginning of year		
Addition	12,000,000	–
Accretion of debentures	22,833	–
Equity component of debentures	(2,721,260)	–
Surrendering of debentures for exercise of warrants (a)	(4,764,068)	–
Issuance cost (b)	(273,592)	–
Balance, end of year	4,263,913	–

a) A total of 240,000,000 warrants were included as part of the units debenture. 191,000,000 warrants were transferred from existing warrant holders to the debentures' subscribers in exchange for 2,500,000 stock options and 49,000,000 warrants were newly issued (see Note 11.2 (m)). On the same date, some debentures subscribers surrendered their debentures for a total face value of $6,350,000 to exercise 127,000,000 warrants at a price of $0.05.

b) Issuance cost are related to legal expenses, broker commissions and stock option value to directors and officers (see Note 12.1 d))

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11 - SHAREHOLDERS' EQUITY

11.1 Authorized share capital

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

11.2 Descriptions of the shareholders equity operations

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

b) Also 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.

c) 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.

d) 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

e) During 2017, the Company issued 30,979,650 and 1,000,000 common shares as a result of the exercise of warrants at a price of $0.025 and $0.05 for a gross proceed of $824,401. Part of this issuance, an amount of $255,692 was transferred from contributed surplus to capital stock. 1,318,450 common shares were issued throught the exercise of warrants which resulted in note payable surrendered. An amount of $37,812 was transferred from the contributed surplus.

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11 - SHAREHOLDERS' EQUITY (Continued)

11.2 Descriptions of the shareholders equity operations *(Continued)*

f) Also in 2017, the Company issued a total of 5,002,760 common shares as a result of several conversions of debenture at prices of $0.025, $0.05, $0,057 and $0.061 for a total worth of $369,367 of debentures. Part of this issuance, an amount of $119,298 was transferred from equity component of convertible to capital stock

g) During 2017, the Company issued 150,000 and 900,000 common shares as a result of exercise of stock options at a price of $0.05 and $0.10 for a gross proceeds of $97,500. Part of this issuance, an amount of $39,516 was transferred from contributed surplus to capital stock.

h) 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. The fair value of the warrants was $195,844.

The value attributed to the warrants is $95,035. 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	$0.195
Expected life	2 years
Risk-free interest rate	0.0075
Expected volatility	134%
Dividend	0%
Exercise price at the date of grant	$0.20

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 fair value of these 106,693 finders warrants was $13,624 using the weighted average assumptions as above.

(In Canadian dollars)

11 - SHAREHOLDERS' EQUITY (Continued)

11.2 Descriptions of the shareholders equity operations *(Continued)*

i) 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 Company shall pay a fee equal to 2% of the aggregate purchase price, being $100,000 payable irrespective or whether any drawdown notices have been delivered. Fees may be paid in cash or common shares. In the case of such fees being paid in common shares based on a price per share equal to the market price for the issuance date. As at December 31, 2017, 1,372,632 common shares were issued for a total value of $80,342.

The value attributed to the 14,000,000 warrants at signing of the agreement was $993,649 and was presented as a deferred financing cost in the contributed surplus and will be amortized based on the number of issued shares. 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	2.5 years
Risk-free interest rate	0.91%
Expected volatility	140%
Dividend	0%
Exercise price at the date of grant	$0.12

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11 - SHAREHOLDERS' EQUITY (Continued)

11.2 Descriptions of the shareholders equity operations *(Continued)*

j) 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.

The fair value of the 3,333,333 warrants was $149,753. The value attributed to these warrants was $83,527. The fair value was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	$0.065
Expected life	2 years
Risk-free interest rate	1.27%
Expected volatility	140%
Dividend	0%
Exercise price at the date of grant	$0.061

The fair value of the 5,800,000 warrants was $264,758. The value attributed to these warrants is $136,653. The fair value was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of grant	$0.065
Expected life	2 years
Risk-free interest rate	1.27%
Expected volatility	140%
Dividend	0%
Exercise price at the date of grant	$0.057

k) From September to December 2017, the Company issued 30,000,000 common shares at a price of $0.05 per share, as part of a private placement, for a total consideration of $1,500,000. In connection with the private placement, the Company paid a cash 7.8% finder's fees on the value of the private placement for a total of $117,500 and issued 950,000 common shares as finder's fees.The tresorery order for 20,000,000 common shares was sent to the registrary as at January 5, 2018.

l) In 2017, the Company issued 400,000 common shares for a cash consideration of $10,000.

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11 - SHAREHOLDERS' EQUITY (Continued)

11.2 Descriptions of the shareholders equity operations *(Continued)*

m) In December 2017, the Company issued a total of 127,000,000 common shares throught the exercise of warrants, which resulted in debentures surrendered, at price of $0.05. per share. Nominal amount correponding of the debenture is $6,350,000. A corresponding residual value of $1,440,000 attributed to warrants was transferred to capital stock.

n) On December 15, 2017, the maturity date of 199,000,000 warrants issued in June 2016 was modified from June 1, 2018 to December 15, 2019. Of the total amount, 191,000,000 were exchanged for 2,500,000 stock options. Given that the fair value of the 191,000,000 warrants is greater than the fair value of the stock options, no adjustment has been made to contributed surplus. 1,000,000 warrants were exercised. For the balance of 7,000,000 warrants, the modification of the maturity date have an impact of $116,133 on contributed surplus and deficit.

The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options for each evaluation of fair value using the Black & Scholes option pricing model.

11.3 Warrants

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

	2017		2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	231,298,100	0.047	67,558,750	0.034
Granted	73,773,692	0.068	199,000,000	0.050
Expired	–	–	(17,575,000)	0.050
Exercised	(160,298,100)	0.045	(17,685,650)	0.035
Outstanding and exercisable, end of year	144,773,692	0.059	231,298,100	0.047

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11 - SHAREHOLDERS' EQUITY (Continued)

11.3 Warrants *(Continued)*

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

	2017		2016	
	Number	Exercise price	Number	Exercise price
		$		$
Expiration date				
November 2017	–		15,688,100	0.025
December 2017	–		16,610,000	0.025
June 2018	–		199,000,000	0.050
March 2019	1,640,359	0.200	–	
December 2019	120,000,000	0.050	–	
June 2022	14,000,000	0.120	–	
June 2022	3,333,333	0.061	–	
June 2022	5,800,000	0.057	–	
	144,773,692		231,298,100	

12 - 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.

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12 - SHARE-BASED PAYMENTS (Continued)

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

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding as of January 1	24,045,000	0.070	15,395,000	0.070
Granted	13,675,000	0.090	10,650,000	0.085
Expired	(975,000)	0.100	(2,000,000)	0.140
Exercised	(1,050,000)	0.100	–	–
Outstanding as of December 31	35,695,000	0.070	24,045,000	0.070
Exercisable as of December 31	17,760,000	0.063	12,295,000	0.059

The table below summarizes the information related to outstanding share options as at December 31, 2017:

Range of exercise price	Number of options	Weighted average remaining contractual life (years)
$		
0.10	250,000	5 months
0.05	1,220,000	8 months
0.05	6,900,000	2 years and 5 months
0.05	500,000	2 years and 8 months
0.05	2,500,000	3 years
0.05	150,000	3 years and 5 months
0.09	10,500,000	3 years and 6 months
0.11	8,300,000	4 years and 5 months
0.08	5,000,000	5 years
0.06	375,000	4 years and 11 months
	35,695,000	

(In Canadian dollars)

12 - SHARE-BASED PAYMENTS (Continued)

12.1 Share-based payments granted to directors and employees

The weighted average fair value of options awarded during the period is $0.09 ($0.08 in 2016). The Company has recorded an expense of $795,504 ($409,538 in 2016) as stock-based compensation. The offset was credited to contributed surplus.

a) 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 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

b) On June 1, 2017, the Company granted options to acquire 7,950,000 common shares at a price of $0.105 to certain employees and directors. 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:

The shares are vesting over a two-year period and are exercisable over a period of five years expiring in June 2022.

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

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12 - SHARE-BASED PAYMENTS (Continued)

12.1 Share-based payments granted to directors and employees

c) On November 27, 2017, the Company granted options to acquire 375,000 common shares at a price of $0.055 to certain employees and directors. The fair value of the options granted to certain directors and employees amounted to $16,956 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 November 2022.

Share price at the date of grant	$0.05
Expected life	5 years
Risk-free interest rate	1%
Volatility	150%
Dividend	0%
Exercise price at the date of grant	$0.055

d) On December 15, 2017, the Company granted options to acquire 5,000,000 common shares at a price of $0.08 to certain employees and directors to recognize their debenture financing contribution and forgiveness of an advantage related to 191,000,000 warrants previously issued and transfered to new debenture subscribers (Note 11.2 (m)). Consequently, a value of $176,290 representing 2,500,000 options related to the debenture financing contribution was considered as debenture issuing cost. Value of the option was calculated as per below:

The shares are vesting over a two-year period and are exercisable over a period of five years expiring in December 2022.

Share price at the date of grant	$0.07
Expected life	5 years
Risk-free interest rate	1,66%
Volatility	168%
Dividend	0%
Exercise price at the date of grant	$0.08

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

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12 - SHARE-BASED PAYMENTS (Continued)

12.2 Options granted to consultants

a) 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.

b) On June 1, 2017, the Company granted 350,000 options to a consultant at an exercise price of $0.055 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.

13 - 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, 2017	–	–	–
December 31, 2016	103,018	–	103,018

Lease payments recognized as an expense during the periods amount to $105,587 ($101,840 in 2016). In 2016, this amount consisted of minimum lease payments of $58,340 and $43,500 of lease adjustments on the operating lease of the Company. There is no lease contract other than a month- to-month renewable lease (for 2016, the rental contract was a non-cancellable term of one year).

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14 - INCOME TAXES

Significant tax expense (income) components

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

	2017	2016
	$	$
Current tax expense (income)		
Origination and reversal of temporary differences	–	–
Change in tax rates	–	–
Change in unrecognized temporary differences	–	–
Prior period adjustments	380	–
Total current tax expense (income)	380	–
Deferred tax expense (income)		
Origination and reversal of temporary differences	(656,556)	(448,969)
Change in tax rate	3,869	(48,326)
Change in unrecognized temporary differences	652,687	505,081
Prior period adjustments	–	(7,786)
Total deferred tax expense (income)	–	–

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14 - INCOME TAXES (Continued)

Movement of deferred income tax

					2017
	Balance as at December 31, 2016	Profit and loss	Contributed surplus	Equity component on debentures	Balance as at December 31, 2017
		$	$	$	$
Liability component of convertible debentures	(723)	–	–	723	–
Non-capital losses	723	–	–	(723)	–
	–	–	–	–	–

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

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14 - 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:

	2017	2016
	$	$
Loss before income taxes	(3,456,230)	(2,649,104)
Expected tax expense (income) calculated on the basis of the combined federal and provincial tax rate in Canada of 26.8% (26.9% in 2016)	(926,270)	(712,609)
Adjustments for the following		
Share-based payments	213,195	110,165
Variance between statutory and deferred tax rates	3,869	(48,326)
Difference in foreign tax rate	24,661	
Other non-deductible expenses	6,963	158,048
Change in unrecognized temporary differences	652,687	505,081
True up	26,153	(7,786)
Other	(878)	(4,573)
Tax expense (income)	380	–

Unrecognized temporary differences

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

			2017
	Federal	Provincial	Foreign
	$	$	$
Unrecognized deductible temporary differences			
Property and equipment	741,359	741,359	
Other assets	1,233,063	1,233,063	
Financing and share issue costs	82,437	82,437	
Scientific research and experimental development expenses	1,792,998	46,147	
Non-capital losses	8,124,356	10,051,422	1,730,847
Other	399	399	
	11,974,612	12,154,827	1,730,847

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14 - INCOME TAXES (Continued)

Unrecognized temporary differences (Continued)

			2016
	Federal	Provincial	Foreign
	$	$	$
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	360,802
Other	399	399	
	11,140,039	11,332,430	360,802

As at December 31, 2017, 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
2029	253,979	253,979
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	1,241,368	1,229,192
2037	614,687	614,687
	8,124,357	10,051,422

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15 - 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:

	2017	2016
	$	$
Salaries and fringe benefits a)	237,442	141,116
Share-based payments	759,385	382,537
Technical and marketing to an affiliated company	250,000	–
Management fees to officers and directors	121,275	127,325
Consulting		236,359
Interests on debentures	12,283	17,901
Total remuneration	1,380,385	905,238

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.

16 - ENGAGEMENT

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 (Note 20).

Cubeler Inc. is a privatly held company which shareholders are also shareholders of the Company.

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17 - 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:

	2017		2016	
	Revenue	Non-current Assets	Revenue	Non-current Assets
	$	$	$	$
China	7,475,002	182,011	58,091,907	386
Canada	–	1,846,011	–	3,646,336
Total	7,475,002	2,028,022	58,091,907	3,646,722

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.

18 - 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 $11,187,017 ($2,350,024 as at December 31, 2016).

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.

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19 - FINANCIAL INSTRUMENTS

19.1 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:

			2017
	Assets and liabilities carried at amortized cost	Assets and liabilities carried at fair value	Total carrying value
	$	$	$
Financial assets			
Loans and receivable			
Cash	2,471,683	–	2,471,683
Term deposit	1,200,000		1,200,000
Debtors	9,371,822	–	9,371,822
	13,043,505	–	13,043,505
Financial liabilities			
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	259,571		259,571
Other current financial liabilities	–	–	–
Debentures	4,263,913	–	4,263,913
	4,523,484	–	4,523,484

			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	1,759,137		1,759,137
Other current financial liabilities	224,385	–	224,385
Debentures	320,491	–	320,491
	2,304,013	–	2,304,013

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19 - FINANCIAL INSTRUMENTS (Continued)

19.2 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.

19.3 Financial risks

19.3.1 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 and18.

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

			2017
		Current	Long-term
	Within 6 months	6 to12 months	More than 12 months
	$	$	
Accounts payable and accrued liabilities	259,571	–	–
Other current financial liabilities	–	–	–
Debentures	224,142	227,858	6,082,186
	483,713	227,858	6,082,186

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

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19 - FINANCIAL INSTRUMENTS (Continued)

19.4 Finance costs

	2017	2016
Interests on debentures	28,899	59,480
Interest on promissory notes	26,116	27,688
Accretion on debentures	25,402	28,201
Total interest expense	80,417	115,369
Miscellaneous	7,657	278
	88,074	115,647

19.5 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, term deposit, accounts receivable, subscription receivable, accounts payable and accrued liabilities 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:

		2017		2016	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
Other financial liabilities measured at amortized cost					
Debentures	2	4,263,913	4,263,913	320,491	320,491

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20 - SUBSEQUENT EVENTS

In January 2018, the Company received $3,000,000 as payment for a subscription receivable related to the private placement financing of units of secured debenture and warrants closed in December 2017. The payment was outstanding due to the improper registration of the securities, which prevented the Company from collecting the payment originally scheduled as a delivery against payment (DAP) transaction.

Also in January 2018, the Company closed a private placement financing consisting in the sale of 5,000,000 common shares at a price of $0.05 per share for gross proceeds of $250,000, and issued 1,500,000 common shares as finder's fee to eligible persons related to a series of private placements conducted in October and December 2017.

In February 2018, $1,000,000 of secured debentures was surrendered to exercise share purchase warrants at a price of $0.05 per share pursuant to the private placement closed in December 2017. The Company therefore issued 20,000,000 common shares at a price of $0.05 per share to the debenture holder. The total debenture amount outstanding was reduced by that same amount as a result of the transaction.

In March 2018, the Company issued 600,000 common shares to settle $30,000 of debt related to consulting services received by the Company.

In March 2018, the agreement with Cubeler Inc. was amended to adjust the royalty fee payable by Peak to Cubeler Inc. The compensation for the exclusive licence will be between 5% and 3% on a declining scale (between 10% and 5% before the amendment) of gross revenues generated by Cubeler platform.

In April 2018, the Company received, through its wholly-owned China-based subsidiary Wuxi AoRong Limited ("AoRong"), the equivalent of $6,000,000 as payment for a subscription receivable related to the private placement financing of units of secured debenture and warrants closed in December 2017. The subscribers were only able to transfer the funds being held on behalf of the Company to AoRong in April 2018 when AoRong's bank account was finally opened and they received instructions from the Company to proceed with the transfer of funds.

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20 - SUBSEQUENT EVENTS (Continued)

In April 2018, the Company and its Chinese partners were notified by the the Wuxi Municipal Financial Affairs Office (“WMFAO”) that they had met all of the requirements set out by the WMFAO for the establishment of the Company's financial services subsidiary, Asia Synergy Financial Capital (“ASFC”), as a company fully licensed to provide financial services to businesses in China. The Company and its partners were told by the WMFAO that they would receive an official certificate stating that fact, that they would need to submit, along with required registration documents, to the State Administration for Industry and Commerce ("SAIC") for the creation of ASFC. The Company was still waiting to receive the WMFAO certificate and therefore had not yet submitted the registration documents, which indirectly identified the Company as a 51% majority shareholder of ASFC, to the SAIC for processing as of the date of filing of the Company's year-end 2017 financial statements.

Also in April 2018, $50,000 of secured debentures was surrendered to exercise share purchase warrants at a price of $0.05 per share pursuant to the private placement closed in December 2017. The Company therefore issued 1,000,000 common shares at a price of $0.05 per share to the debenture holder. The total debenture amount outstanding was reduced by that same amount as a result of the transaction.