

# PEAK POSITIONING TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, (MD&A) provides Management's point of view on the financial position and results of operations of Peak Positioning Technologies Inc., on a consolidated basis, for the twelve-month periods ended December 31, 2018 (Fiscal 2018) and December 31, 2017 (Fiscal 2017).

Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Peak", the "Company", the "Corporation", "we", "us", "our" or similar terms refer to Peak Positioning Technologies Inc. and its subsidiary Peak Positioning Corporation on a consolidated basis. This MD&A is dated April 18, 2019 and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2018. Unless specified otherwise, all amounts are in Canadian dollars.

The financial information contained in this MD&A relating to the audited Consolidated Financial statements for the year ended December 31, 2018, and December 31, 2017, has been prepared in accordance with International Financial Reporting Standards, (IFRS).

The audited consolidated financial statements and MD&A have been reviewed by our Audit Committee and approved by our Board of Directors as at April 18, 2019.

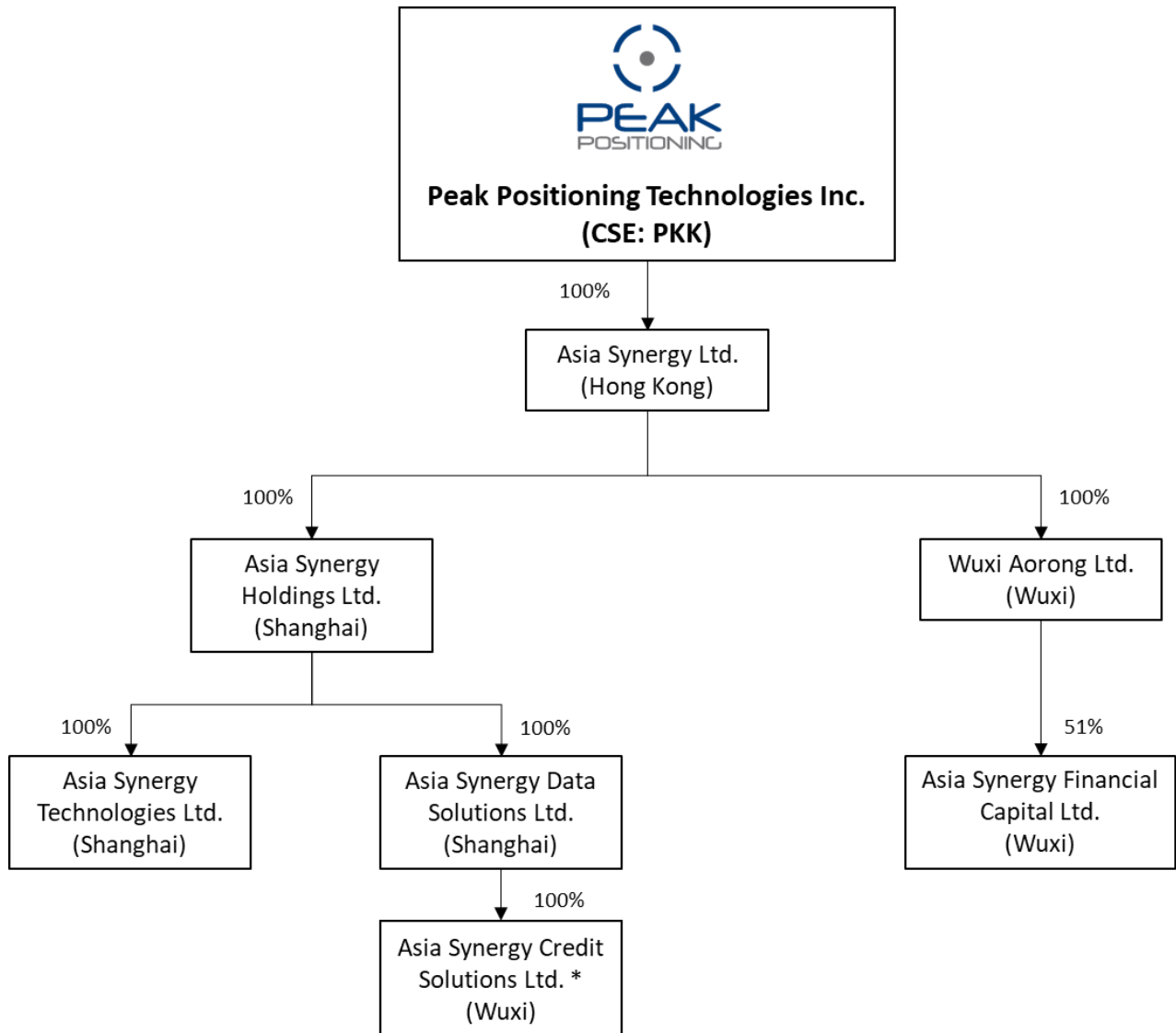
### **Forward looking information**

Certain statements contained in this MD&A may constitute forward-looking information, which can generally be identified as such because of the context of the statements including words such as believes, anticipates, expects, plans, estimates, or words of similar nature. The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results. We refer potential investors to the "Risks and Uncertainties" section of this MD&A. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking information. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this MD&A and represents the Company's expectations as of that date.

The Company undertakes no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

## Structure

The following chart summarizes the corporate structure of the Company.



Corporate structure note(s):

\* Asia Synergy Credit Solutions Ltd. was created on December 27, 2018.

## Business Overview

Peak (CSE: PKK) (PINK SHEETS: PKKFF), is an IT portfolio management company whose mission is to assemble, finance and manage a portfolio of promising 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.

## **Operating Highlights for the Quarter**

With ASFC's operations firmly established, the Company's focus entering the last quarter of 2018 was on the operations of ASDS. Although the Cubeler Lending Hub platform received a lot of attention from prospective clients in the first three quarters of 2018, some of those prospective clients were still requesting certain feature enhancements, while those that had joined the platform had only conducted a handful of transactions. So the Company was looking for a way to significantly increase the level of activity on Cubeler to allow ASDS to begin to take the lead as the Company's main revenue producer. The plan was to continue to work to attract individual lenders to join the platform, and work with those already on the platform to get them to extend more loans through the platform. That plan however was revised when the Company was introduced to Wenyi Financial Services Co. Ltd. ("Wenyi").

Wenyi offers turn-key credit outsourcing services to banks and other lending institutions in China where it essentially becomes its clients' commercial lending departments. Wenyi's clients provide the capital and collect the loan repayments, while Wenyi finds the clients, qualifies them and does all of the administrative work related to servicing the loans. Wenyi receives monthly service fees amounting to an annual interest rate representing a percentage of the loans it services. The Company not only convinced Wenyi that the Cubeler Lending Hub would be the perfect platform to allow Wenyi to dramatically increase its client servicing capabilities, but Wenyi agreed to transfer its operations to a subsidiary of the Company. The transfer of operations from Wenyi to the Company's newly created Asia Synergy Credit Solutions ("ASCS") was initiated in December 2018 and wrapped up in January 2019.

By taking over Wenyi's operations, ASCS inherited Wenyi's lending clients, and by using Cubeler to find, qualify and service loan clients on behalf of these lenders, Cubeler indirectly also inherits these lenders and the loan transactions conducted on their behalf by ASCS. So the Company's transaction with Wenyi, which led to the creation of ASCS, not only allowed it to reach its fourth quarter 2018 goal of adding more lenders and more transactions to the Cubeler Lending Hub platform, but also created an unexpected and considerable new revenue stream for the Company. The experience and industry relationships gained from having taken over Wenyi's operations should also make it easier for ASCS to bring new clients to Cubeler and ASDS.

With ASCS' commercial credit outsourcing services added to the services already being provided by ASFC and ASDS, and the services to be provided by AST, the Company has positioned itself to serve virtually all stakeholders in the Chinese commercial lending space.

## **Short-term and Mid-term Financial Needs**

As an IT portfolio management company, Peak's business model is such that a significant portion of the working capital it needs to run its operations will eventually come from the free cash flows generated by its subsidiaries and portfolio assets. However, until such a time as Peak's subsidiaries and portfolio assets become profitable, the Company may continue to rely on conducting debt or equity financings to meet its short-term and mid-term working capital needs. In fiscal year 2018, the Company was able to successfully complete a series of short-term financings to help meet its working capital needs for the year. More details on these financings are provided in the discussion on financing below.

## **Business plan and Outlook for 2019**

After adjusting its business plan in 2017 to focus on using technology to positively impact various aspects of the Chinese commercial lending space, the Company showed clear evidence in 2018 that it had the required technical, managerial and business development skills to attain its objectives. Despite newly passed stringent regulations related to foreign ownership of financial services companies in China, the Company successfully established its ASFC financial services subsidiary in the first half of 2018. Having an operating financial services subsidiary gave the

Company the credibility it needed with local governments and potential financial institution partners in China and paved the way for certain key milestones to take place during the balance of 2018.

The Company's main objective entering 2018 was to prove to influential stakeholders in the Chinese commercial lending space in the city of Wuxi that its Cubeler Lending Hub platform could be used by any bank or lender to safely and efficiently make loans to Chinese SMEs. The strategy was to have ASFC use Cubeler to quickly qualify and extend loans to SMEs while maintaining a very low loan default rate. Then using ASFC as an example, ASDS would invite other lenders to also use Cubeler, for which ASDS would charge the lenders a service fee per transaction. So the Company's plans for 2018 called for its revenue streams to be divided into two main categories: interest income from ASFC and transactional service fee income from ASDS.

Shortly following its creation in the second quarter of 2018, ASFC as expected, began providing the Company with a steady and fairly predictable interest revenue stream. Revenue coming from ASDS however was far less predictable. After meeting with a handful of potential Cubeler lending clients and obtaining their feedback on the platform, ASDS made a number of adjustments and additions to Cubeler and continued to invest in R&D throughout 2018. ASDS also tested several fee structure models for the use of Cubeler with two platform lenders, for which some revenue was generated. ASDS' R&D investments and business development efforts began to pay off in the fourth quarter of 2018 and led to the Company's agreement with Wenyi and the creation of ASCS. The arrival of ASCS, which also indirectly brings new lenders to Cubeler, allowed for the validation of ASDS' revenue model of charging a transactional service fee for the use of the platform. In fact, ASCS was able to leverage its use of Cubeler to conclude an agreement with a loan insurance company to guarantee loans serviced by ASCS through Cubeler for an amount of up to \$1B. Although ASCS conducted no transactions on Cubeler in 2018, several ASCS transactions had been conducted on Cubeler as of the date of this MD&A, including some related to its agreement with the loan insurance company.

The Company began 2018 with the intent to establish revenue streams primarily from ASFC and ASDS, with ASDS offering the greater long-term revenue potential. So ASCS wasn't part of the plans in 2018. But the Company seized on an opportunity brought about by Cubeler and ended 2018 with a new subsidiary with the potential to rival ASDS as the Company's biggest long-term revenue contributor.

The Company is entering 2019 with the ability to safely extend loans to SMEs (through ASFC), provide technology to lenders to make their commercial lending activities more efficient (through ASDS), and provide turnkey lending outsourcing services to banks and other lenders (through ASCS), covering virtually every facet of commercial lending. The Company will be looking to round out its commercial lending offering in 2019 by repurposing its Gold River product procurement platform to offer order financing services and referring such requests to the Cubeler Lending Hub. So the expectations for 2019 are for ASFC to continue to provide revenue stability and predictability to the Company, for AST to slowly begin to contribute to the revenue stream by the second quarter, and for ASCS and ASDS to both increasingly begin to account for a greater percentage of the Company's revenue. The Company expects ASCS and ASDS to reach agreements with banks and insurance companies with national reach and to expand their respective service offerings beyond Jiangsu province. As the capital available to be loaned on the Cubeler Lending Hub continues to increase with the expected expansion to other markets in China, it will be increasingly important to find quality loan candidates to ensure that a lack of such candidates does not hinder the Company's revenue generating ability. This is just one of the reasons why the Company plans to continue to pursue the establishment of an agreement with at least one Canadian financial institution that would provide loan guarantees in Canada for loans made to Chinese operating subsidiaries of Canadian companies. Such an agreement would not only provide the Company with a pool of loan candidates able to command higher average loan amounts, but it would also position the Company as a true bridge for business development from the perspective of both the Chinese and the Canadian governments.

## Selected Annual Information

	Fiscal 2018	Fiscal 2017(1)	Fiscal 2016 (1)	Fiscal 2015
Revenues	\$ 1,681,534	\$ 7,475,402	\$ 58,091,907	\$ 36,400
Expenses including income tax	\$ 5,290,454	\$ 10,931,632	\$ 60,741,011	\$ 1,864,799
Net loss	\$ (3,608,920)	\$ (3,456,230)	\$ (2,649,104)	\$ (1,828,399)
<i>Net (loss) profit attributable to:</i>				
Non-controlling interest	\$ 243,759	\$ -	\$ -	\$ -
Owners of the parent	\$ (3,852,679)	\$ (3,456,230)	\$ (2,649,104)	\$ (1,828,399)
Basic and diluted loss per share	\$ (0.006)	\$ (0.008)	\$ (0.008)	\$ (0.013)
Total assets	\$ 24,689,303	\$ 15,740,382	\$ 4,663,277	\$ 755,945
Total Liabilities	\$ 5,202,827	\$ 4,553,365	\$ 2,313,253	\$ 1,503,821
Long-term liabilities	\$ 398,015	\$ 4,263,913	\$ -	\$ 261,145
Total Equity (Deficiency)	\$ 19,486,475	\$ 11,187,017	\$ 2,350,024	\$ (747,876)
<i>To Non-controlling interest</i>	\$ 9,989,774	\$ -	\$ -	\$ -
<i>To Owners of parent</i>	\$ 9,496,701	\$ 11,187,017	\$ 2,350,024	\$ (747,876)

Note (1): In fiscal 2016 and 2017, revenues and expenses included transactions related to the procurement and selling of raw materials.

## Results of Operations

### Revenues

The Company generated \$1,681,534 revenue in 2018 almost exclusively from ASFC, which began its operations in the second quarter of 2018. The revenue came in the form of interest earned on loans extended to Chinese small and medium-sized business owners. The loans yielded an effective average annual interest rate of 15.3% with an average maturity of 15.9 months during the period ended December 31, 2018.

In 2017, the Company generated \$7,475,402 in revenue, all in the early part of the year, from the sale of low-margin raw materials by the Company's AST subsidiary. Since then, the Company went on to adjust its business model and suspended AST's activities related to the trading of low-margin raw materials. The difference in level of revenues from year to year is explained by the type of revenues generated between 2018 and 2017.

### Operating expenses

The following schedule summarizes the operating expenses:

	December 31, 2018 (12 months)	December 31, 2017 (12 months)

	\$	\$
Costs of materials	-	7,432,747
Salaries and fringe benefits	974,394	839,071
Service fees	145,270	-
Board remuneration	130,134	182,248
Sales taxes and additions	14,504	4,681
Consulting fees	378,422	794,945
Management fees	216,340	274,039
Expected credit loss	149,016	-
Administrative and indirect cost	182,529	-
Professional fees	259,895	314,308
Public relations and press releases	426,175	150,770
Office supplies, software and utilities	54,051	29,573
Rental expenses	134,464	105,587
Insurance	35,667	43,122
Finance costs	795,908	88,074
Interface development cost	16,742	-
Reversal of accounts payable and accrued liabilities	-	(39,607)
(Gain) loss on deposit and subscription receivable	(201,350)	-
Translation & Other	23,366	11,190
Travel and entertainment	266,201	242,052
Stock exchange and transfer agent costs	61,166	53,445
Depreciation of property and equipment	5,924	77
Amortization of intangible assets	555,401	423,425
Impairment of intangible asset	471,000	-
Amortization of financing initial cost	37,003	-
Loss (gain) on foreign exchange	(6,221)	(17,735)
<b>Total expenses before income tax</b>	<b>5,126,001</b>	<b>10,932,012</b>

The costs of materials are Nil in 2018 compared to \$7,432,747 in 2017. These costs were directly related to revenue from trading transactions described in the revenue section above. There were no transactions of this type in 2018, explaining that no costs were incurred for the period.

Salaries and fringe benefits amounted to \$974,394 for the year ended December 31, 2018 (compared to \$839,071 for the same period in 2017). Except for the Company's CEO and CFO, all salaries are paid out to employees working out of the Company's subsidiaries' offices in China. In addition to the remuneration of the new CFO, who was hired in November 2017 and accounted for a full year of salary expense in 2018, the Company hired a new salaried financial controller in April 2018 to help manage its Chinese operations. The Company's newly created ASFC subsidiary progressively hired employees to sell and manage its commercial loans beginning in the second quarter of 2018. The share-based remuneration is included within this caption, which amounted to \$270,459 in 2018 compared to \$425,908 in 2017. The Company's former CFO was retained to provide management consulting services on a part-time basis, for which the remuneration paid in 2017 and 2018 is included under management fees.

Service fees of \$145,270 in fiscal 2018, compared to Nil for the corresponding period of 2017, relate to services rendered by a third party to the Company's ASFC subsidiary. The services in

question included helping ASFC establish and implement a sound credit evaluation and credit application processing system, the implementation of an efficient post-transaction management system, and general business development services.

Board remuneration refers to share-based remuneration received by members of the Company's board of directors and amounted to \$130,134 in fiscal 2018 compared to \$182,248 in fiscal 2017.

Consulting fees totalling \$378,422 were incurred during the period ended December 31, 2018 (\$794,945 for fiscal 2017), of which \$139,883 (\$350,098 in 2017) correspond mainly to services rendered by consultants for services related to the operations and business development in China. Also included is \$43,680 (\$250,000 in 2017) for technical support and marketing services rendered by an affiliated company on the Cubeler fintech platform. External consultants were also used in 2018 for \$107,128 (\$40,625 in 2017) related to financing and human resources support. The balance for both years relates to services rendered by consultants on the day-to-day accounting and financial operations. Related share-based remuneration is also included in both 2018 and 2017 for \$38,360 and \$36,120 respectively.

Management fees of \$216,340, related to services rendered to the Company in Canada and China, were incurred in fiscal 2018 (compared to \$274,039 for fiscal 2017). The decrease in management fees is mainly attributed to a reduction in the number of hours for which management consulting services were used due to the arrival of a new full-time salaried employee to the Company's management team. The share-based portion of the management fees amounted to \$112,461 in 2018 compared to \$151,462 for the same period of 2017.

The expected credit loss of \$149,016 in fiscal 2018 (Nil in fiscal 2017) is related to the weighted-probability- estimate of credit losses over the expected life of the Company's ASFC subsidiary's loans as defined in Note 4.10 of the Company's Consolidated Financial Statements as at December 31, 2018. It should be noted that ASFC did not write off any loans in fiscal 2018.

Administrative and indirect cost of \$182,529 in fiscal 2018 (Nil in fiscal 2017) are related to administrative support expenses and other indirect costs for the Company's ASFC subsidiary in China.

Professional fees such as audit fees, legal fees and quarterly accounting costs totalled \$259,895 for the twelve-month period ended December 31, 2018 (compared to \$314,308 for the same period ended December 31, 2017). The difference is mainly due to a reduced requirement of accounting services assistance in China following the hiring of an internal resource and less legal consultations in 2018 than 2017.

Public relations and press releases expenses amounted to \$426,175 for the fiscal 2018 (compared to \$150,770 for the same period of 2017). The increase is due primarily to concerted efforts made by the Company to promote itself as an attractive long-term investment vehicle to Canadian investors by entering into agreements with third-party investor awareness and promotional companies and increase written communications following higher activity level of the Company in 2018 compared to 2017.

Rental expenses amounting to \$134,464 in 2018 (compared to \$105,587 in 2017) represented the rent expense incurred by the Company at its Head Office in Montreal and by its operating subsidiaries in China.

Finance costs include mainly interest charges and accretion of debentures. Following the issuance of debentures in December of 2017, those costs amounted to \$795,908 for the twelve-month period ended December 31, 2018 compared to \$88,074 for the same period in 2017.

Travel and entertainment expenses amounted to \$266,201 for fiscal 2018 compared to \$242,052 for fiscal 2017. These expenses are mainly attributable to travel expenses incurred by the Company's Canadian and Chinese management related to business development initiatives and operations in China.

Amortization of the intangible assets amounted to \$555,401 for the twelve-month period ended December 31, 2018, compared to \$423,425 for the same period in 2017. This increase is due to capitalized development work on the Company's fintech platforms in China during the year.

Following a periodical impairment test on the Gold River platform, an amount of \$471,000 was accounted for as an impairment loss in fiscal 2018 (2017: \$Nil). Management uses the present value of discounted future cash-flows of the asset and determines that the carrying amount needed to be reduced by \$471,000 to reflect the recoverable amount of the Gold River platform asset as at December 31, 2018.

The gain on subscription receivable in 2018 is attributable to an excess of \$287,008 on subscription received during the process of the establishment of the Company's ASFC subsidiary. This gain is reduced by an \$85,658 security deposit loss realized during the period related to the abandonment of pending raw material trading transactions by the Company's AST subsidiary.

#### Net Results.

The Company incurred a net loss of \$3,608,920 in Fiscal 2018 (compared to a net loss of \$3,456,230 in 2017).

#### **Summary of Quarterly Results**

	December 31, 2018	December 31, 2017	September 30, 2018	September 30, 2017
	Three months	Three months	Three months	Three months
Revenues	\$ 742,038	\$ 1,622	\$ 709,739	\$ 3,958
Expenses (1)	\$ 1,697,596	\$ 737,933	\$ 1,335,437	\$ 1,137,647
Net Loss	\$ (955,559)	\$ (736,321)	\$ (625,698)	\$ (1,113,680)
<i>Net (loss) profit attributable to:</i>				
Non-controlling interest	\$ 24,705	\$ -	\$ 144,324	\$ -
Owners of the parent	\$ (980,263)	\$ (736,321)	\$ (770,022)	\$ (1,113,680)
Earnings per Share (2)	\$ (0.001)	\$ (0.002)	\$ (0.001)	\$ (0.002)

	June 30, 2018	June 30, 2017	March 31, 2018	March 31, 2017
	Three months	Three months	Three months	Three months
Revenues	\$ 224,611	\$ 144,823	\$ 5,147	\$ 7,324,999
Expenses (1)	\$ 1,196,506	\$ 1,046,147	\$ 1,060,915	\$ 8,010,434
Net Loss	\$ (971,895)	\$ (901,324)	\$ (1,055,768)	\$ (685,435)
<i>Net (loss) profit attributable to:</i>				
Non-controlling interest	\$ 74,731	\$ -	\$ -	\$ -
Owners of the parent	\$ (1,046,626)	\$ (901,324)	\$ (1,055,768)	\$ (685,435)
Earnings per Share (2)	\$ (0.001)	\$ (0.002)	\$ (0.002)	\$ (0.002)

Note (1): Including income tax expenses

Note (2): Earnings per share is calculated using the net loss and the weighted average number of outstanding shares.

#### **Fourth Quarter Ending December 31, 2018**



The fourth quarter was highlighted by a transaction whereby Wenyi Financial Services (“Wenyi”), which provides turnkey credit outsourcing services to banks and other financial institutions, agreed to transfer its operations to a subsidiary of the Company. This eventually led to the creation of the Company’s ASCS subsidiary, which the Company now expects to be a major revenue contributor for its group of companies in 2019 and beyond. The only other noteworthy event that took place in the quarter was the issuance of convertible debentures for gross proceeds of \$510,000 in the month of December 2018. These transactions are described in greater details in Note 11 b) and Note 25 a) to the Company’s consolidated financial statements for the year ended December 31, 2018.

### **Operations and Ongoing Research and Development**

Once again ASFC carried the bulk of the revenue load for the Company in the quarter, accounting for over 90% of its revenue for both the quarter and for the year. However, with the arrival of ASCS, leveraging the Cubeler Lending Hub platform to provide services to banks and other lenders, ASCS and ASDS are expected to quickly close the revenue gap between them and ASFC. ASDS made significant investments in research and development in 2018 to enhance its Cubeler Lending Hub platform. Ongoing investment in R&D are expected to continue to ensure that the platform not only meets client expectations but remain at the cutting edge of innovations in fintech and artificial intelligence. As for the Company’s AST subsidiary, which did not contribute to the Company’s revenue in 2018, the Gold River product procurement platform which it depends on to generate revenue, was repurposed specifically to serve the automotive industry. As of the date of this MD&A, AST had entered into a strategic partnership agreement with an automobile dealer to use Gold River to facilitate the purchase and financing of vehicles.

### **Liquidity**

The level of revenue currently being generated by the Company is not presently sufficient to meet its working capital requirements. Until that happens, the Company will continue to use financing means to help meet its financial obligations. As of April 18, 2019, the Company’s working capital is estimated at approximately \$200,000. As at that time, the Company was in the process of completing a private placement financing for gross proceed of approximately \$350,000. The Company’s cash flow position is expected to improve significantly as ASDS, ASCS and AST join ASFC in generating revenue for the Company. These additional revenue streams are expected to eventually allow the Company to meet its working capital needs. However, until that happens, the Company will continue to assess its working capital needs and undertake whatever initiative it deems necessary to ensure that it continues to be in a position to meet its financial obligations. In the opinion of management, the Company’s current cash position and its access to additional capital will be sufficient to meet its current obligations and allow it to continue as a going concern for the next 12 months.

### **Financing**

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 a finder’s fee to eligible persons related to a series of private placements conducted in October and December 2017.

Between January 1, 2018, and December 31, 2018, \$1,800,000 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 36,000,000 common shares at a price of \$0.05 per share to the debenture holders. The total debenture amount outstanding was reduced by that same amount as a result of the transactions.

Between March and September, 2018, the Company issued 2,983,080 common shares to settle \$146,654 of debt related to consulting and marketing services received by the Company.

On December 19, 2018, the Company closed a private placement consisting in the sale of 51 units of unsecured convertible debentures at \$10,000 per unit for a gross proceeds of \$510,000. Each unit sold is comprised of \$10,000 face value debentures, maturing on December 19, 2020, bearing interest at a nominal annual rate of 8% payable monthly, plus 10,000 purchase warrants exercisable into Company common share at \$0.10 per share for a period of 24 months from the date of issuance.

In January 2019, the Company issued 700,000 common shares to settle \$35,000 of debt related to consulting services received by the Company.

### Capital Stock

The Company's capital stock as of December 31, 2018, was \$22,759,673 compared to \$20,550,873 as of December 31, 2017. The variation is explained by the common shares issued in connection with a private placement financing for net proceeds of \$230,000, common shares issued in lieu of cash payments totalling \$221,654, common shares issued as a result of the surrender of debentures to exercise warrants for face value of \$1,800,000, reduced by issuance cost of \$65,658 related to the fair market value of warrants issued to a consultant.

### Common Shares

As of April 18, 2019, the Company had 675,842,135 common shares outstanding. The following table summarizes the changes in shares outstanding from January 1, 2011, until April 18, 2019.

Date	Description	Number	Cumulative number
Dec 31, 2010	Outstanding as of December 31, 2010	10,000,000	10,000,000
February 8, 2011	Acquisition of Peak Corp	30,000,000	40,000,000
2011	Issuance 2011	27,481,335	67,481,335
2012	Issuance 2012	11,325,800	78,807,135
2013	Issuance 2013	9,831,834	88,638,969
2014	Issuance 2014	43,747,920	132,386,889
2015	Issuance 2015	60,212,625	192,599,514
2016	Issuance 2016	227,319,050	419,918,564
January 2017	Exercise of Warrants	30,000	419,948,564
February 2017	Conversion Debenture	2,882,440	422,831,004
February 2017	Exercise of Warrants	870,000	423,701,004
March 2017	Exercise of Warrants	9,053,150	432,754,154
March 2017	Private Placement	1,533,666	434,287,820
April 2017	Exercise of Options	900,000	435,187,820
April 2017	Exercise of Warrants	4,155,000	439,342,820
May 2017	Exercise of Warrants	7,800,000	447,142,820
June 2017	Exercise of Warrants	400,000	447,542,820
June 2017	Exercise of Options	150,000	447,692,820
June 2017	Conversion Debenture	2,120,320	449,813,140
August 2017	Private Placement	9,133,333	458,946,473
August 2017	Shares for debt	1,372,632	460,319,105

September 2017	Private Placement	3,000,000	463,319,105
October 2017	Private Placement	2,000,000	465,319,105
October 2017	Exercise of Warrants	2,088,400	467,407,505
November 2017	Exercise of Warrants	5,051,550	472,459,055
December 2017	Private Placement	5,000,000	477,459,055
December 2017	Shares for debt	950,000	478,409,055
December 2017	Exercise of Warrants	4,250,000	482,659,055
December 2017	Surrender of Debenture	127,000,000	609,659,055
December 2017	Private Placement	20,000,000	629,659,055
January 2018	Private placement	5,000,000	634,659,055
January 2018	Shares for debt	1,500,000	636,159,055
February 2018	Surrender of Debenture	20,000,000	656,159,055
March 2018	Shares for debt	600,000	656,759,055
April 2018	Surrender of Debenture	1,000,000	657,759,055
May 2018	Shares for debt	400,000	658,159,055
June 2018	Surrender of Debenture	10,000,000	668,159,055
July 2018	Shares for debt	700,000	668,859,055
July 2018	Shares for debt	250,000	669,109,055
July 2018	Shares for debt	640,000	669,749,055
August 2018	Shares for debt	393,080	670,142,135
August 2018	Surrender of Debenture	5,000,000	675,142,135
January 2019	Shares for debt	700,000	675,842,135
Total		675,842,135	

### Share Purchase Options

As of April 18, 2019, the Company had 42,950,000 common share purchase options outstanding. The following table summarizes the options outstanding as of April 18, 2019.

Date of grant	Optionee	Number	Exercise Price	Expiration
May 2015	Employees	2,000,000	\$0.05	May 2020
May 2015	Board members	750,000	\$0.05	May 2020
May 2015	Investor relation consultants	1,000,000	\$0.05	May 2020
May 2015	Consultants	550,000	\$0.05	May 2020
September 2015	Consultants	500,000	\$0.05	September 2020
November 2015	Employees	2,000,000	\$0.05	November 2020
November 2015	Board members	600,000	\$0.05	November 2020
December 2015	Consultant	2,500,000	\$0.05	December 2020
May 2016	Consultant	150,000	\$0.05	May 2021
July 2016	Board members and officers	10,500,000	\$0.085	July 2021

Date of grant	Optionee	Number	Exercise Price	Expiration
June 2017	Consultant	350,000	\$0.105	June 2022
June 2017	Board members and officers	7,950,000	\$.105	June 2022
November 2017	Officer	375,000	\$0.055	November 2022
December 2017	Board members and officers	5,000,000	\$0.08	December 2022
April 2018	Employee	100,000	\$0.05	April 2023
June 2018	Board members and officers	7,175,000	\$0.05	June 2023
June 2018	Consultants	400,000	\$0.05	June 2023
January 2019	Consultants	300,000	\$0.10	January 2024
February 2019	Officer	750,000	\$0.05	November 2023
	Total outstanding	42,950,000		

### Share Purchase Warrants

As of April 18, 2019, the Company had 114,620,000 common share purchase warrants outstanding. The following table summarizes the changes in warrants outstanding as of April 18, 2019:

Date	Description	Number	Exercise Price	Expiration
June 2016	Warrants issued to subscribers in connection with private placement	199,000,000	\$ 0.050	June 2018
Fiscal year 2017	Exercise of Warrants	(1,000,000)	\$ 0.050	N/A
December 2017	Transfer to debenture holders and extension	(198,000,000)	\$ 0.050	N/A
March 2017	Warrants issued to subscribers in connection with private placement	1,640,359	\$ 0.200	March 2019
June 2017	Warrants issued to subscribers in connection with private placement	14,000,000	\$ 0.120	June 2022
August 2017	Warrants issued to subscribers in connection with private placement	3,333,333	\$ 0.061	June 2022
August 2017	Warrants issued to subscribers in connection with private placement	5,800,000	\$ 0.0567	June 2022
December 2017	Warrants transferred to debenture holders	191,000,000	\$ 0.050	December 2019

Date	Description	Number	Exercise Price	Expiration
December 2017	Extension of warrants	7,000,000	\$ 0.050	December 2019
December 2017	Warrants issued to debenture holders	49,000,000	\$ 0.050	December 2019
December 2017	Exercise of warrants to surrender the debentures	(127,000,000)	\$ 0.050	N/A
January 2018	Exercise of warrants to surrender the debentures	(20,000,000)	\$ 0.050	N/A
April 2018	Exercise of warrants to surrender the debentures	(1,000,000)	\$ 0.050	N/A
May 2018	Warrants issued to subscribers in connection with private placement	2,900,000	\$ 0.100	May 2020
June 2018	Exercise of warrants to surrender the debentures	(10,000,000)	\$ 0.050	N/A
August 2018	Exercise of warrants to surrender the debentures	(5,000,000)	\$ 0.050	N/A
December 2018	Warrants issued to subscribers in connection with private placement	510,000	\$ 0.100	June 2022
December 2018	Warrants issued to subscribers in connection with private placement	210,000	\$ 0.050	June 2022
December 2018	Warrants issued to subscribers in connection with private placement	3,866,667	\$ 0.050	June 2022
March 2019	Expiration of March 2017 issuance	(1,640,359)	\$ 0.200	N/A
<b>Total</b>		<b>114,620,000</b>		

### Segment reporting

The Company presents and discloses segmental information, as disclosed in note 20 of the Company's Consolidated Financial Statements for the year ending December 31, 2018, based on information that is regularly reviewed by the chief operating decision maker who has been identified as the senior management team, which makes strategic and operational decisions.

### Debentures

As of April 18, 2019, the Company had debentures outstanding as described in the notes to the consolidated financial statements for the year ended December 31, 2018.

### Escrowed shares

As of April 18, 2019, the Company had no escrowed shares.

### Related Party Transactions

Salaries paid to officers amounted to \$410,202 in Fiscal 2018 compared to \$237,442 in Fiscal 2017

Share-based payments associated with salaries and management fees amounted to \$510,693 in Fiscal 2018 compared to \$759,385 in Fiscal 2017.

During the period ended December 31, 2018, the Company incurred management fees of \$73,283 as remuneration to a company held by a director. (Fiscal 2016: \$121,275).

During Fiscal year 2018, the Company incurred \$43,680 of technical support and marketing support from an affiliated company on the Cubeler fintech platform (Fiscal 2016: \$250,000). As at December 31, 2018, an advance to the same affiliated company for future development work amounted to \$32,000 (Nil on December 31, 2017). As at April 18, 2019, the advance to this affiliated company totalled \$72,000 for work to be performed and balance of advance to be reimbursed by no later than June 30, 2019.

During the period ended December 31, 2018, the company incurred interests on promissory notes and debentures from officers and directors of \$800 (December 31, 2017: \$10,776).

### **Off-Balance-Sheet Arrangements**

The Company has not entered into any off-balance sheet financing arrangements.

### **Accounting policies**

The principal IFRS accounting policies set out in note 1.1 to the Consolidated Financial Statements have been consistently applied to all periods presented in such financial statements.

### **Legal proceedings**

As of April 18, 2019, there were no legal proceedings against the Company.

### **Financial Instruments**

The Company has classified its financial instruments as described in the note 3.3.1 and 4.10 of the Consolidated Statements for the period ending December 31, 2018. The Company is exposed to various risks as described in the Note 19.3 of the Consolidated Financial Statements as of December 31, 2018.

## **RISKS AND UNCERTAINTIES**

Risk factors that may adversely affect or prevent the Corporation from carrying out all or portions of its business strategy are discussed in the Corporation's Filing Statement dated January 6, 2011, available on SEDAR at [www.sedar.com](http://www.sedar.com). Other risks include:

### **Liquidity Risk**

The Company does not have a long history of operations and is in the early stage of development and has begun to receive significant revenues. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personal, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

### **Additional Financing**

The Company may require additional financing in order to repay its creditors or other debts, make further acquisitions, investments or take advantage of unanticipated opportunities. The ability of the Company to arrange such financing in the future will depend upon prevailing capital market conditions, and the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on satisfactory terms. If additional financing is raised by the issuance of shares from the treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

### **Patents**

As of the date of this MD&A, the Company had no patents granted or pending. It should be noted, however, that being granted patent protection on its technology is not a prerequisite to the commercialization of the Company's product offerings, and should have no material impact on the Company's short-term performance.

### **Foreign Jurisdiction Risks**

The Company has made significant investments in the pursuit of business opportunities in China, which exposes it to different considerations and other risks not typically associated with companies in Canada.

### **FURTHER INFORMATION**

Additional information about the Company can be found at [www.sedar.com](http://www.sedar.com)

April 18, 2019

**(s) Jean Landreville**

Jean Landreville, Chief Financial Officer

**(s) Johnson Joseph**

Johnson Joseph, President & CEO