Global UAV Technologies Ltd.
(formerly Alta Vista Ventures Ltd.)
(A Technology Company)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

GLOBAL UAV TECHNOLOGIES LTD. (FORMERLY ALTA VISTA VENTURES LTD.)
(A Technology Company)
Condensed Consolidated Interim Statements of Financial Position
As at January 31, 2018 and October 31, 2017
(Unaudited - Expressed in Canadian Dollars)

		January 31, 2018		October 31, 2017
ASSETS				
Current				
Cash	$	1,170,127	$	130,936
Amounts receivable (Note 4)		106,478		162,912
Marketable securities (Note 5)		1,341		1,341
Prepaid expenses		9,190		7,941
Inventory		60,844		34,901
		1,347,980		338,031
Non-current				
Prepaid expenses		1,500		1,500
Property, plant and equipment (Notes 6 and 13)		393,302		341,298
Intangible assets (Notes 7 and 13)		428,375		434,850
Other assets (Note 13)		719,615		728,033
		1,542,792		1,505,681
TOTAL ASSETS	$	2,890,772	$	1,843,712
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 9 and 14)	$	686,914	$	658,545
Deferred revenue		31,186		65,444
Loan payable		3,446		-
Current portion of contingent consideration (Note 13)		114,500		83,000
		836,046		806,989
Non-current				
Contingent consideration payable (Note 13)		425,500		457,000
Deferred income tax liability		111,313		119,730
		536,813		576,730
TOTAL LIABILITIES		1,372,859		1,383,719
SHAREHOLDERS' EQUITY				
Share capital (Note 10)		21,410,037		20,261,737
Reserves		2,935,294		2,555,404
Accumulated deficit		(22,827,418)		(22,357,148)
		1,517,913		459,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	2,890,772	$	1,843,712

Approved by the Board:

"James Rogers" (signed)
……………………………………...… Director
"Michael Burns" (signed)
…………………………………...…… Director

GLOBAL UAV TECHNOLOGIES LTD. (FORMERLY ALTA VISTA VENTURES LTD.)
(A Technology Company)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the Three Months Ended January 31, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended January 31, 2018	January 31, 2017
Revenues		
Services	$ 318,073	$ -
Sales	31,677	22,386
	349,750	22,386
Cost of Sales	8,122	-
Gross Margin	341,628	22,386
Operating Expenses		
Accounting, audit and legal	16,065	7,904
Automotive	9,567	-
Consultants' fees (Notes 10 and 14)	75,800	41,365
Depreciation (Notes 6 and 7)	23,853	2,693
Exploration expenditures, net of recoveries (Note 8)	341	3,204
Insurance	2,188	-
Investor relations and promotion	35,285	6,205
Office and miscellaneous	37,499	2,025
Regulatory fees	2,150	12,220
Rent	22,350	-
Repairs and maintenance	4,407	-
Salaries and wages	46,479	2,394
Share-based compensation (Note 10(e))	379,890	-
Subcontractor	100,485	1,017
Telephone	1,594	194
Transfer agent and listing fees	3,981	-
Travel	63,345	3,563
	(825,279)	(82,784)
Other Items		
Foreign exchange gain	13,381	26,238
Write-off of investments in Thor Pharma and RedeCan Pharm (Note 12)	-	740,178
	(811,898)	(796,734)
Net Loss and Comprehensive Loss for the Period	$ (470,270)	$ (774,338)
Loss per Share, Basic and Diluted	$ (0.01)	$ (0.02)
Weighted Average Number of Common Shares Outstanding	90,288,506	49,252,519

See notes to condensed consolidated interim financial statements.

GLOBAL UAV TECHNOLOGIES LTD. (FORMERLY ALTA VISTA VENTURES LTD.)
(A Technology Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Expressed in Canadian Dollars)

			Reserves					
	Number of Shares	Share Capital	Equity Settled Share-based Payments	Warrants	Total	Obligation to Issue Shares	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
Balance – October 31, 2016	**46,203,755**	**$ 17,241,516**	**$ 1,778,139**	**$ 348,288**	**$ 2,126,427**	**$ -**	**$ (19,335,150)**	**$ 32,793**
Net loss for the period	-	-	-	-	-	-	(774,338)	(774,338)
Common shares issued for asset acquisition of Pioneer Exploration Consultants (Note 10)	6,000,000	300,000	-	-	-	-	-	300,000
Common shares to be issued for asset acquisition of Pioneer Exploration Consultants (Note 10)	-	-	-	-	-	150,000	-	150,000
Common shares issued for acquisition in High Eye (Note 10)	4,500,000	225,000	-	-	-	-	-	225,000
Balance – January 31, 2017	**56,703,606**	**$ 17,766,516**	**$ 1,778,319**	**$ 348,288**	**$ 2,126,427**	**$ 150,000**	**$ (20,109,488)**	**$ (66,545)**
Balance – October 31, 2017	**89,503,180**	**$ 20,261,737**	**$ 2,073,115**	**$ 482,289**	**$ 2,555,404**	**$ -**	**$ (22,357,148)**	**$ 459,993**
Net loss for the period	-	-	-	-	-	-	(470,270)	(470,270)
Exercise of warrants (Note 10)	6,783,000	678,300	-	-	-	-	-	678,300
Exercise of options (Note 10)	3,950,000	470,000	-	-	-	-	-	470,000
Share-based compensation (Note 10(e))	-	-	379,890	-	379,890	-	-	379,890
Balance – January 31, 2018	**100,236,180**	**$ 21,410,037**	**$ 2,453,005**	**$ 482,289**	**$ 2,935,294**	**$ -**	**$ (22,827,418)**	**$ 1,517,913**

GLOBAL UAV TECHNOLOGIES LTD. (FORMERLY ALTA VISTA VENTURES LTD.)
(A Technology Company)
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended January 31, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	January 31, 2018	**January 31, 2017**
Operating Activities		
Net loss	$ (470,270)	$ (774,338)
Items not affecting cash		
Depreciation	23,853	2,693
Share-based compensation	379,890	-
Write-off of investments in Thor Pharma and RedeCan Pharm (Note 12)	-	740,178
	(66,527)	(31,467)
Changes in non-cash working capital		
Amounts receivable	56,435	(24,946)
Prepaid expenses	(1,249)	8,049
Inventory	(25,943)	-
Accounts payable and accrued liabilities	28,369	21,226
Deferred revenue	(34,258)	-
	23,354	4,329
Cash Provided by (Used in) Operating Activities	(43,173)	(27,138)
Investing Activities		
Purchase of property, plant and equipment	(69,382)	(186)
Acquisition of Pioneer assets	-	(300,000)
Acquisition of High Eye Aerial	-	27,576
Cash Used in Investing Activities	(69,382)	(272,611)
Financing Activities		
Proceeds from exercise of warrants	678,300	-
Proceeds from exercise of options	470,000	-
Loan payable	3,446	-
Cash Provided by Financing Activities	1,151,746	-
Increase (Decrease) in Cash	1,039,191	(299,749)
Cash, Beginning of Period	130,936	313,980
Cash, End of Period	$ 1,170,127	$ 14,231

Supplemental Cash Flow Information – Note 11

1. NATURE OF OPERATIONS AND GOING CONCERN

Global UAV Technologies Ltd. (formerly Alta Vista Ventures Ltd.) (the "Company") was incorporated under the laws of British Columbia. The Company's principal and registered place of business is located at 459 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company's stock is listed on the Canadian Securities Exchange under the symbol "UAV".

On May 15, 2017, the Company has changed its name to Global UAV Technologies Ltd., the symbol will remain UAV.

Prior to 2016, the Company's business was to acquire interests in mineral properties in Mexico and over the years has spent significant funds exploring these properties. Due to prevailing market conditions at the time and lack of work performed on the properties, the Company's mineral property interests were written down to $nil in fiscal 2015.

During the year ended October 31, 2017, the Company acquired a 100% interest in High Eye Aerial Imaging Inc. ("High Eye"), acquired assets of Pioneer Explorations Consultants Inc. ("Pioneer"), acquired a 100% interest in NOVAerial Robotics Ltd. ("NOVAerial"), and acquired a 100% interest in UAV Regulatory Services Ltd. ("UAV Regulatory"). As a result of these acquisitions the Company entered into the unmanned aerial vehicle ("UAV") business and the Company no longer intends to pursue its resources on its mineral exploration properties.

As a result of the Company's previous business of mineral exploration, the Company has sustained recurring losses and negative cash flows from its operations. As at January 31, 2018, the Company had cash of $1,170,127 (October 31, 2017 - $130,936), working capital of $511,253 (October 31, 2017 - $(468,958)) and an accumulated deficit of $22,827,418 (October 31, 2017 - $22,357,148). The Company will need to raise additional capital to accomplish its business plan over the next several years. The Company expects to seek additional funding through equity financing or the exercise of existing warrants. There can be no assurance as to the availability or terms upon which such financing might be available.

The ability of the Company to continue as a going concern and meet its commitments as they become due is dependent on the success of the Company's wholly owned subsidiaries and/or the Company's ability to obtain the necessary financing. If the Company is unable to obtain additional financing, the Company will be unable to finance itself to continue operations. There can be no assurance that management's plans will be successful.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Condensed Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 2, 2018.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") or available-for-sale ("AFS"), which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

		Percentage owned*	
		January 31, 2018	**October 31, 2017**
Minera Alta Vista SA de CV	**Mexico**	100%	100%
Pioneer Aerial Surveys Ltd.	**Saskatchewan, Canada**	100%	100%
High Eye Aerial Imaging Inc.	**Ontario, Canada**	100%	100%
UAV Regulatory Services Ltd.	**BC, Canada**	100%	100%
NOVAerial Robotics Ltd.	**Ontario, Canada**	100%	100%

*Percentage of voting power is proportion to ownership.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee’s returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company’s share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

d) Foreign currencies

i) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

ii) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on foreign currency translations are included in net loss for the period.

e) Significant accounting judgments and estimates

The preparation of the condensed consolidated interim financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

2. BASIS OF PRESENTATION (CONTINUED)

e) Significant accounting judgments and estimates (continued)

Critical accounting estimates (continued)

Allowances for doubtful accounts
The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

Share-based payments
Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the consolidated financial statements and their tax basis using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. These differences could materially impact earnings.

Useful life of property, plant and equipment and intangible assets
Depreciation and amortization of the Company's property, plant and equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible asset. Any revisions to useful life are accounted for prospectively.

Critical judgments used in applying accounting policies
In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Impairment of assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. For the year ended October 31, 2016, management has determined that there were indicators of impairment for its investments in RedeCan Pharm and Thor Pharma and recorded a write-down of $1,455,054. For the year ended October 31, 2017, management has determined that there were indicators of impairment for its acquisitions in Pioneer Exploration Consultants and High Eye and recorded a write-down of $1,540,703 on the assets of the acquired subsidiaries.

Utilization of deferred income tax assets
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

2. BASIS OF PRESENTATION (CONTINUED)

Critical accounting estimates (continued)

Assessment of the transactions as an asset acquisition or business combination
Management has had to apply judgment relating to the acquisitions of High Eye, Pioneer, NOVAerial, and UAV Regulatory with respect to whether the acquisitions were business combinations or an asset acquisitions. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

Determination of purchase price allocations and contingent consideration
Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Further, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management's best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss.

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period. Cash is included in this category of financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. 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. Amounts receivables are included in this category of financial assets.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss for the period. The Company has no assets classified as held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments (continued)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in profit or loss for the period. The Company's marketable securities are classified as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, other than those at FVTPL, are subject to review for impairment at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets may not be recoverable. Different criteria to determine impairment are applied for each category of financial assets, which are disclosed above.

Financial liabilities
The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Other financial liabilities - This category includes accounts payable and accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

b) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Material residual value estimates and estimates of useful life are updated annually.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of operations and comprehensive loss.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Depreciation is recorded on a declining basis at the following annual rates:

Vehicles	15%
Unmanned Aerial Vehicles	20%
Office equipment	20%
Computer software and equipment	55%

Leasehold improvements are depreciated on a straight-line basis over the term of the lease term of 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets

Intangible assets consist mainly of trademarks, customer lists, domain name and similar intangibles, including certain intellectual property, acquired by the Company. Acquired trademarks, customer lists, domain name and similar assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the statement of operation and comprehensive loss but increases in intangible asset values are not recognized. Client list is amortized straight line over 10 years.

Estimated useful lives of intangible assets with finite lives are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each financial reporting date. At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

d) Impairment of assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Share capital

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity.

Equity units
Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated on the residual value method; proceeds are allocated to the common shares up to their fair value, as determined by the current quoted trading price, and the balance, if any, to the reserve for warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Revenue recognition

The Company recognizes the revenues from the sale of UAV equipment when the Company can measure the amount of revenue and costs in respect of the transaction reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the risks and rewards of ownership of the goods have been transferred to the buyer and the Company no longer retains control over the goods sold.

Revenue from provision of UAV-based services is recognized upon completion of the service based on terms of the contract and collectability is reasonably assured. Payments received from customers in advance of meeting all of the recognition criteria are recorded as deferred revenue and subsequently recognized as these criteria are met.

g) Share-based compensation

From time to time, the Company grants share-based awards to directors, officers, employees and consultants. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the option’s grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. Options granted to nonemployees are recorded at the fair value of goods or services received in profit or loss. The fair value of the options granted to employees is measured using the Black- Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The fair value of each tranche of options granted, which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based compensation expense is credited to the equity-settled share-based payment reserve. Their fair value is transferred from the reserve to share capital when the options are later exercised.

h) Earnings Income (loss) per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, excluding shares held in escrow. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares; the effect of any anti-dilutive potential common shares are not taken into account in this calculation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as a finance cost.

k) New accounting standards and interpretations adopted

At the date of authorization of these consolidated financial statements, the IASB has issued a number of new and revised standards and interpretations, which are not yet effective as at January 31, 2018. Management is assessing the effects of these future standards on its consolidated financial statements. All of the new and revised standards described below may be early-adopted.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and *IFRIC 9 Reassessment of Embedded Derivatives.* The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) New accounting standards and interpretations adopted (continued)

IFRS 9 *Financial Instruments (continued)*

- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This standard is effective for the Company's annual periods beginning November 1, 2018.

IFRS 15 *Revenue from Contract with Customers*

The IASB issued the standard to replace IAS 18 which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for the Company's annual periods beginning on November 1, 2018, with the required retrospective application and earlier adoption permitted.

IFRS 16 *Leases*

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments. IFRS 16 is annual period beginning on or after November 1, 2019.

Classification and Measurement of Share-based Payment Transactions (**Amendments to IFRS 2** *Share-based Payment*)

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This standard is effective for the Company's annual periods beginning November 1, 2018.

(Unaudited - Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

Amounts receivable are comprised of the following:

	January 31, 2018	October 31, 2017
Trade receivable	$ 89,019	$ 154,070
Sales tax receivable	8,987	-
Other amounts receivable	8,472	8,842
Total amounts receivable	$ 106,478	$ 162,912

5. MARKETABLE SECURITIES

The Company holds marketable securities that are free-trading. Marketable securities are comprised of the following:

	January 31, 2018		October 31, 2017	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Sonora Resources Corp.	1,000,000	$ 1,341	1,000,000	$ 1,341
		$ 1,341		$ 1,341

(Unaudited - Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Unmanned Aerial Vehicles	Office Equipment	Computer Software and Equipment	Leasehold Improvements	Total
COST						
Balance, October 31, 2016	$ -	$ 10,263	$ 30,201	$ 23,162	$ -	$ 63,626
Additions from acquisition	52,825	150,665	12,444	12,515	2,310	230,759
Additions	117,344	109,839	18,362	6,390	-	251,935
Disposals	-	(46,048)	-	-	-	(46,048)
Balance, October 31, 2017	170,169	224,719	61,007	42,067	2,310	500,272
Additions	11,834	67,836	6,650	578	-	86,898
Disposals	-	-	(16,818)	(553)	-	(17,371)
Balance, January 31, 2018	**$ 182,003**	**$ 292,555**	**$ 50,839**	**$ 42,092**	**$ 2,310**	**$ 569,799**
ACCUMULATED DEPRECIATION						
Balance, October 31, 2016	$ -	$ -	$ 27,435	$ 21,953	$ -	$ 49,388
Acquisition	3,385	53,839	1,654	8,948	268	68,094
Depreciation	12,417	19,508	7,863	3,719	408	43,915
Impairment	-	(2,423)	-	-	-	(2,423)
Balance, October 31, 2017	15,802	70,924	36,952	34,620	676	158,974
Depreciation	7,579	9,834	860	850	82	19,205
Disposals	-	-	(1,682)	-	-	(1,682)
Balance, January 31, 2018	**$ 23,381**	**$ 80,758**	**$ 36,130**	**$ 35,470**	**$ 758**	**$ 176,497**
CARRYING AMOUNTS						
At October 31, 2016	$ -	$ 10,263	$ 2,766	$ 1,209	$ -	$ 14,238
At October 31, 2017	$ 154,367	$ 153,795	$ 24,055	$ 7,447	$ 1,634	$ 341,298
At January 31, 2018	**$ 158,622**	**$ 211,797**	**$ 14,709**	**$ 6,622**	**$ 1,552**	**$ 393,302**

(Unaudited - Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

	Trademark	Intellectual Property	Website	Client List	Total
COST					
Balance, October 31, 2016 and 2015	$ -	$ -	$ -	$ -	$ -
Additions from acquisitions	250	152,000	49,500	259,000	460,750
Balance, October 31, 2017 and January 31, 2018	**$ 250**	**$ 152,000**	**$ 49,500**	**$ 259,000**	**$ 460,750**
ACCUMULATED DEPRECIATION					
Balance, October 31, 2016 and 2015	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	25,900	25,900
Balance, October 31, 2017	**$ -**	**$ -**	**$ -**	**$ 25,900**	**$ 25,900**
Depreciation	-	-	-	6,475	6,475
Balance, January 31, 2018	**$ -**	**$ -**	**$ -**	**$ 32,375**	**$ 32,375**
CARRYING AMOUNTS					
At October 31, 2016	$ -	$ -	$ -	$ -	$ -
At October 31, 2017	$ 250	$ 152,000	$ 49,500	$ 233,100	$ 434,850
At January 31, 2018	**$ 250**	**$ 152,000**	**$ 49,500**	**$ 226,625**	**$ 428,375**

8. MINERAL PROPERTY INTERESTS

During the three months ended January 31, 2018, the Company incurred $341 (2016 - $3,204) in exploration expenditures relating to camp and exploration support costs on its properties held in Mexico.

During the year ended October 31, 2017, the Company sold its interests in the Orofino property located in Mexico to a private Mexican company for net proceeds of 1,200,000 Mexican Pesos ($85,524). The carrying value of the property was $nil prior to the sale and, accordingly, $85,524 has been recorded as a gain on disposal of assets.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	January 31, 2018	October 31, 2017
Trade payables *	$ 596,505	$ 536,930
Accrued liabilities	48,000	48,000
Due to directors (Note 14)	36,100	44,121
Taxes payable	11,093	29,494
Total accounts payable and accrued liabilities	$ 691,698	$ 658,545

*Included in trade payables is $106,522 (October 31, 2017 - $108,064) owed to the Mexican Government for withholding taxes on salaries that were not remitted in prior years.

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

Three Months Ended January 31, 2018
During the three months ended January 31, 2018, 6,783,000 warrants were exercised at $0.10 per for total proceeds of $678,300.

During the three months ended January 31, 2018, 3,950,000 options were exercised valued between $0.10 and $0.125 per share for total proceeds of $470,000.

Year Ended October 31, 2017
On January 6, 2017, the Company closed the share purchase agreement for a 100% interest in High Eye Aerial. On closing, the Company paid $100,000 cash and issued 4,500,000 common shares to the vendors for a fair value of $247,500. In connection to the closing of acquisition, the Company issued 525,000 common shares with a fair value of $31,500 as a finder's fee to Gridline Financial Solutions Inc. Refer to Note 13 for details on acquisitions during the year.

On March 6, 2017, the Company issued 5,190,000 units by way of a private placement at a price of $0.05 per unit totaling to $259,500. Each unit consisted of one common share and one non-transferable purchase warrant. Each warrant entitles the holder, on exercise, to purchase one additional common share of the Company until March 5, 2018 at a price of $0.10 per share. The Company issued a total of 475,000 agent warrants with a fair value of $15,248 and paid cash finder's fees of $5,750.

On March 16, 2017, the Company issued 5,810,000 units at a price of $0.05 per unit totaling to $290,500. Each unit consisted of one common share and one non-transferable purchase warrant. Each warrant entitles the holder, on exercise, to purchase one additional common share of the Company until March 15, 2018 at a price of $0.10 per share. The Company issued a total of 56,000 agent warrants with a fair value of $3,861 and paid cash finder's fees of $2,800. Legal expense of $30,361 was recorded as share issuance expense.

On July 11, 2017, the Company closed the purchase of UAV Regulatory Services Ltd. for consideration of $70,000 in cash and the issuance of 329,670 common shares at a price of $0.08 per share for a fair value of $26,374. Refer to Note 13 for details on acquisitions during the year.

On August 9, 2017, the Company closed the purchase of a 100% interest of NOVAerial Robotics Ltd. For consideration of $300,000 and the issuance of 4,584,527 common shares with a fair value of $366,762. The shares will be subject to a voluntary escrow release over the next three years with the first set of shares (10% of the total) having a hold period of four months and one day. Refer to Note 13 for details on acquisitions during the year.

On October 4, 2017, the Company completed the acquisition of Pioneer's unmanned aerial vehicle assets for consideration of $500,000, and issuance of 9,000,000 common shares with a fair value of $495,000. The Company settled $200,000 through the issuance of 2,531,646 units with a fair value of $265,234. Each consists of one common share and one share purchase warrant exercisable into one common share of the Company at a price of $0.12 per share for a period of five years. The Company issued 276,582 common shares with a fair value of $15,212 as finder's fees. Refer to Note 13 for details on acquisitions during the year.

During the year ended October 31, 2017, 5,612,000 warrants were exercised at $0.075 per share and 140,000 warrants were exercised at $0.10 per share for total proceeds of $434,900.

During the year ended October 31, 2017, 4,800,000 options were exercised at $0.10 per share for total proceeds of $480,000.

10. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

Year Ended October 31, 2016

On November 4, 2015, the Company completed a private placement comprised of 3,330,000 units at a price of $0.05 per unit totaling $166,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 per unit for ten consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued a total of 251,000 agent warrants with a fair value of $17,093 and paid cash finder's fees of $33,954.

Between the dates of November 12, 2015 and November 25, 2015, 720,000 warrants were exercised at $0.075 per unit to various warrant holders for proceeds of $54,000.

On November 27, 2015, the Company issued 5,000,000 shares at a fair market value of $0.18 per share totaling $900,000 to satisfy the first purchase requirement on Thor Pharma (Note 12).

On November 30, 2015, the Company issued 2,000,000 shares at a fair market value of $0.20 per share totaling $400,000 to satisfy the first requirement on RedeCan Pharm (Note 12).

Between the dates of December 7, 2015 and January 12, 2016, 2,100,000 warrants were exercised at $0.075 per share to various warrant holders for total proceeds of $157,500.

On January 18, 2016, 37,500 options were exercised at $0.20 per unit for total proceeds of $7,500.

On January 25, 2016, 50,000 warrants were exercised by shareholders at $0.075 per unit for total proceeds of $3,750.

On January 25, 2016, 500,000 shares were issued to Jacob Capital Management Inc. at a fair market value of $0.19 per unit totaling $95,000 to reimburse them for consulting services provided in connection with the Company's purchase of RedeCan Pharm.

On February 4, 2016, 75,000 options were exercised by a shareholder at $0.105 per share for total proceeds of $7,875.

On March 11, 2016, 50,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $3,750.

On March 16, 2016, 200,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $15,000.

On April 8, 2016, 1,000,000 shares were issued for services rendered by Jacob Capital Management Inc. at a fair market value of $0.05 per share totaling $50,000 to reimburse them for consulting services provided.

On April 14, 2016, 100,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $7,500.

On May 20, 2016, the Company completed a private placement comprised of 2,250,000 at a price of $0.05 per unit totaling $112,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. There were no finders' fees incurred on this private placement.

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

Year Ended October 31, 2016 (continued)

On May 20, 2016, the Company completed a share-for-debt transaction comprised of 2,320,000 units with a fair value of $116,000 to settle total accounts payable outstanding of $116,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrants. There was no gain or loss recognized on the consolidated statements of loss and comprehensive loss from this transaction.

On August 2, 2016, the Company completed a shares-for-debt transaction comprised of 3,909,148 units with a fair value of $234,549 to settle total accounts payable outstanding of $394,091. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.10 for a period of twelve months from the date of issuance of the warrant. There was a gain of $159,542 recognized on the consolidated statements of loss and comprehensive loss from this transaction.

On September 28, 2016, the Company completed a private placement comprised of 9,720,000 units at a price of $0.05 per unit for proceeds of $486,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.10 for a period of twelve months from the date of issuance of the warrant. The Company issued a total of 90,000 agent warrants with a fair value of $2,653 and paid cash finder's fees of $35,000.

c) Share purchase warrants

A continuity schedule of outstanding common share purchase warrants for the three months ended January 31, 2018 and year ended October 31, 2017 is as follows:

	January 31, 2018		October 31, 2017	
	Number outstanding	**Weighted average exercise price**	**Number outstanding**	**Weighted average exercise price**
Outstanding, beginning of period	16,943,646	$ 0.080	23,652,148	$ 0.090
Issued	-	-	14,062,646	0.100
Exercised	(6,783,000)	0.100	(5,752,000)	0.076
Expired	(3,061,000)	0.075	(15,019,148)	0.098
Outstanding, end of period	7,099,646	$ 0.107	16,943,646	$ 0.080

At January 31, 2018 and October 31, 2017, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	**Outstanding at January 31, 2018**	**Outstanding at October 31, 2017**
$0.075	November 3, 2017*	-	3,241,000
$0.100	March 5, 2018	1,380,000	5,305,000
$0.100	March 15, 2018	3,188,000	5,866,000
$0.120	October 4, 2022	2,531,646	2,531,646
		7,099,646	16,943,646
Weighted average remaining contractual life (in year)		1.73	0.68

* During the year ended October 31, 2016, the expiry dates of these warrants were extended by one year. Expiry dates shown on the table reflect this one-year extension.

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

d) Share options

A continuity schedule of outstanding share options for the three months ended January 31, 2018 and year ended October 31, 2017 is as follows:

	January 31, 2018		October 31, 2017	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	9,507,500	$ 0.104	7,610,000	$ 0.107
Granted	4,150,000	0.120	8,900,000	0.100
Cancelled	-	-	(1,727,500)	0.108
Expired	(150,000)	0.110	(475,000)	0.110
Exercised	(3,950,000)	0.120	(4,800,000)	0.100
Outstanding and exercisable, end of period	9,557,500	$ 0.106	9,507,500	$ 0.104

As at January 31, 2018 and October 31, 2017, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

Exercise Price	Expiry Date	Outstanding at January 31, 2018	Outstanding at October 31, 2017
$ 0.110	January 8, 2018	-	150,000
$ 0.200	July 25, 2018	107,500	107,500
$ 0.100	August 6, 2018	500,000	500,000
$ 0.100	November 2, 2018	400,000	500,000
$ 0.140	December 29, 2018	550,000	550,000
$ 0.100	July 15, 2019	500,000	500,000
$ 0.100	August 4, 2019	350,000	550,000
$ 0.100	August 29, 2019	700,000	700,000
$ 0.100	September 21, 2019	200,000	200,000
$ 0.100	February 15, 2020	250,000	350,000
$ 0.100	March 23, 2020	1,300,000	1,700,000
$ 0.100	March 27, 2020	100,000	250,000
$ 0.100	October 4, 2020	3,450,000	3,450,000
$ 0.120	January 2, 2021	600,000	-
$ 0.125	January 9, 2021	550,000	-
		9,557,500	9,507,500
Weighted average remaining contractual life (in years)		2.08	2.19

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

e) Share-based compensation

The fair value of share options granted and vested during the three months ended January 31, 2018 and 2017 was recognized as share-based compensation in the condensed consolidated interim statements of operations and comprehensive loss, and was allocated as follows:

	January 31, 2018	January 31, 2017
Share-based compensation	$ 379,890	$ -
Total share-based compensation	$ 379,890	$ -

The fair value of the options granted and agent warrants issued was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	January 2, 2018	January 9, 2018	October 31, 2017
Risk free interest rate	1.68%	1.77%	1.34%
Expected annual volatility*	243.86%	244.13%	202.05%
Expected life	3 years	3 years	3years
Expected dividend yield	0.00%	0.00%	0.00%
Exercise price	$0.120	$0.125	$0.100
Fair value price	$0.090	$0.130	$0.068

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

11. SUPPLEMENTAL CASH FLOW INFORMATION

During three months ended January 31, 2017, the Company entered into the following non-cash transactions.

i) The Company issued shares to close the Asset Purchase Agreement for the UAV (unmanned aerial vehicle) assets of Pioneer Exploration Consultants totaling $300,000 (2016 - $nil).

ii) The Company issued shares to close the Share Purchase Agreement for a 100 per-cent interest in High Eye Aerial Imaging Inc. totaling $225,000 (2016 - $nil).

12. INVESTMENTS IN THOR PHARMA AND REDECAN PHARM

Thor Pharma

During the year ended October 31, 2016, the Company signed a formal agreement to purchase Thor Pharma, a Company in the business of cultivating and producing medical marijuana.

The Company paid $25,000 cash and issued 5,000,000 shares with a fair value of $900,000 prior to deciding to terminate the agreement for the purchase of Thor Pharma so that it can concentrate on its new business venture in the UAV sector. As a result, an impairment of $925,000, determined in accordance with Level 3 of the fair value hierarchy, was recorded during the year ended October 31, 2016.

RedeCan Pharm

During the year ended October 31, 2016, the Company signed an amended LOI to acquire 90% of the issued and outstanding shares of RedeCan Pharm, one of Canada's MMPR cultivation and sales licensees. The Company paid $100,000 cash, issued 2,000,000 shares with a fair value of $400,000 and incurred legal fees of $30,054 prior to the LOI terminating as the Company failed to meet the required payments.

As a result, an impairment of $530,054, determined in accordance with Level 3 of the fair value hierarchy, was recorded on the investment during the year ended October 31, 2016.

(Unaudited - Expressed in Canadian Dollars)

13. ACQUISITIONS

a) *Pioneer Exploration Consultants*

On October 4, 2017, the Company completed the asset purchase agreement to acquire a 100% interest in the UAV assets of Pioneer, a company that provides UAV based aeromagnetic surveys through its trademarked UAV-MAGTM system and also offers UAV based LiDAR (Light Detection and Ranging) surveys. As consideration, the Company made a cash payment of $300,000 and issued 9,000,000 common shares with a fair value of $495,000. The Company and Pioneer settled the final cash payment of $200,000 through the issuance of 2,531,646 units ("Units") of the Company. Each Unit consists of one common share of the Company and one share purchase warrant exercisable into one common share of the Company at a price of $0.12 per share for a period of five years. The fair value of the Units issued is $265,234, resulting in a loss on settlement of debts of $65,234 recorded in profit and loss. The Company also issued 276,582 shares with a fair value of $15,212 as finder's fees that was allocated to the fair value of assets acquired at initial recognition and then subsequently impaired as impairment loss.

The asset purchase agreement also includes a 10% royalty on future earnings before income taxes, depreciation, and amortization expenses of Pioneer for five years. Management has estimated the fair value of the royalty stream which has been included as contingent consideration in the total consideration.

The Parties have agreed that the first payment of the royalty to Pioneer Exploration will commence and payable within six weeks of the reporting of Global UAV's second quarter of the 2018 fiscal year with the profits generated by Pioneer Aerial as of January 1, 2018.

The following table summarizes the consideration paid, the fair value of the identifiable assets acquired on the date of acquisition:

Cash paid	$	500,000
Common shares issued		495,000
Contingent consideration		540,000
Finder's fees		15,212
Total consideration paid	**$**	**1,550,212**
Property, plant and equipment	$	75,260
Trademark		250
Total value of the assets acquired	**$**	**75,510**
Impairment loss	**$**	**1,474,702**

b) *High Eye Aerial Imaging Inc.*

On January 6, 2017, the Company acquired a 100% interest in High Eye Aerial, a company providing UAV surveying services, in exchange for a cash payment of $100,000 and the issuance of 4,500,000 common shares with a fair value of $247,500.

For accounting purposes, the acquisition of High Eye Aerial was considered a business combination and accounted for using the acquisition method. The results of operations from High Eye Aerial are included in the consolidated financial statements since the date of acquisition.

(Unaudited - Expressed in Canadian Dollars)

13. ACQUISITIONS (CONTINUED)

b) High Eye Aerial Imaging Inc. (continued)

The following table summarizes the consideration paid, the fair value of the identifiable assets acquired and liabilities assumed on the date of acquisition:

Cash paid	$	100,000
Common shares issued		247,500
Total consideration paid	**$**	**347,500**
Fair value of net assets:		
Cash	$	26,067
Prepaid expenses		1,632
Accounts receivable		12,809
Property, plant and equipment		54,571
Client list		107,000
Brand		37,000
Bank loan		(22,506)
Accounts payable and other payables		(33,300)
Shareholder loan		(23,535)
Deferred income tax liability		(37,440)
Total value of the assets acquired	**$**	**122,298**
Goodwill	**$**	**225,202**

Finder's fees of 525,000 common shares with a fair value of $31,500 were issued and recorded in profit and loss.

During the year ended October 31, 2017, the Company determined there were indicators of impairment related to the goodwill and recorded an impairment of $66,000, determined using Level 3 inputs, based on value-in-use calculation using pre-tax cash flow projections prepared by senior management. Forecasts were prepared over a five-year period using a pre-tax discount rate of 28%.

c) UAV Regulatory Services Ltd.

On July 11, 2017, the Company completed the purchase of UAV Regulatory, a regulatory consulting company that assists clients with the preparation of Special Flight Operation Certificates (SFOCs) for UAV operations in Canada. The Company made a cash payment of $70,000 and issued 329,670 common shares with a fair value of $26,374.

For accounting purposes, the acquisition of UAV Regulatory Services Ltd. was considered a business combination and accounted for using the acquisition method. The results of operations from UAV Regulatory are included in the consolidated financial statements since the date of acquisition.

(Unaudited - Expressed in Canadian Dollars)

13. ACQUISITIONS (CONTINUED)

c) UAV Regulatory Services Ltd.

The following table summarizes the consideration paid and the fair value of the intangible assets assumed as the date of acquisition:

Cash paid	$	70,000
Common shares issued		26,374
Total consideration paid	**$**	**96,374**
Website		49,500
Client list		11,000
Accounts payable		(840)
Deferred income tax liability		(15,730)
Total value	**$**	**43,930**
Goodwill	**$**	**52,444**

d) NOVAerial Robotics Ltd.

On August 9, 2017, the Company acquired of 100% interest in NOVAerial, a manufacturer of high performance UAV with a particular emphasis on single rotor helicopter-style UAVs. The Company made a cash payment of $300,000 and issued 4,584,527 common shares with a fair value of $366,762. The shares will be subject to a voluntary escrow release with the first set of shares (10 per cent of the total) issued immediately but subject to a hold period of four months and one day, and the balance issued over the next three years.

For accounting purposes, the acquisition of NOVAerial Robotics Ltd. was considered a business combination and accounted for using the acquisition method. The results of operations from NOVAerial are included in the consolidated financial statements since the date of acquisition.

Cash paid	$	300,000
Common shares issued		366,762
Total consideration paid	**$**	**666,762**
Cash	$	14,841
Prepaid expenses		5,928
Taxes receivable		923
Due from shareholder		11,737
Inventory		56,814
Property, plant and equipment		32,835
Client list		141,000
Brand		115,000
Accounts payable		(81,287)
Deferred revenue		(80,856)
Deferred income tax liability		(66,560)
Total value of net assets acquired	**$**	**150,377**
Goodwill	**$**	**516,385**

(Unaudited - Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS

a) Management transactions

Key management personnel compensation during the years ended October 31, 2017 and 2016 were as follows:

		2018		2017
Don Shaxon (iii)	$	-	$	12,500
Robert Lefebvre (ix)	$	19,487	$	-
Michael Burns (x)	$	2,221	$	-

Management transactions with related parties during the three months ended January 31, 2018 and 2017 were as follows:

		2018		2017
Timeline Filing Services Ltd (i)	$	-	$	3,600
Shaxon Enterprises (ii)	$	-		10,500
Catalyst X Media Corporation(iv)	$	-	$	8,000
BridgeMark Financial Corporation (vi)	$	10,500	$	-
101252103 Saskatchewan Ltd. (vii)	$	19,500	$	8,400
Longford Capital Corporation (viii)	$	19,500	$	-

i) Timeline Filing Services Ltd. is a private enterprise controlled by the Company's former Corporate Secretary, Laara Shaffer.
ii) Shaxon Enterprises Ltd is a private enterprise controlled by the Company's former director, Don Shaxon.(iii)
iv) Catalyst X Media Corporation is a private enterprise controlled by the Company's former president and CEO, Jason Springett. (v)
vi)BridgeMark Financial is a private enterprise controlled by the Company's current CFO, Anthony Jackson.
vii) 101252103 Saskatchewan Ltd. is a private enterprise controlled by the Company's current CEO, Michael Burns
viii) Longford Capital Corporation is a private enterprise controlled by the Company's current president, James Rogers
ix) Robert Lefebvre is a current director of the Company and president of NOVAerial Robotics.
x) Michael Burns is a current CEO of the Company.

During the three months ended January 31, 2018, the Company granted 550,000 (2017 - nil) options to a director of the Company at an exercise price of $0.125 per share valued at $66,441.

Accounts payable to related parties
Included in accounts payable and accrued liabilities are the following amounts:

1. $12,500 (October 31, 2017 - $12,500) payable to Don Shaxon, a former director of the Company.
2. $89,000 (October 31, 2017 - $87,034) payable to 101252103 Saskatchewan Ltd.
3. $110,450 (October 31, 2017 - $69,500) payable to Longford Capital Corporation.
4. $21,700 (October 31, 2017 - $7,350) payable to BridgeMark Financial Corporation.
5. $877 (October 31, 2017 - $58,466) payable to Michael Burns, CEO of the Company, relating to expense reimbursements.

During the year ended October 31, 2017, the Company settled $109,000 (2016 - $423,991) of accounts payable owing to related parties through the issuance of 2,180,000 units, included in private placements.

(Unaudited - Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Management transactions (continued)

Accounts payable to related parties (continued)

During the year ended October 31, 2017, the Company settled $nil (2016 - $65,100) of loans payable.

Also included in accounts payable and accrued liabilities are loans of $36,100 (October 31, 2017 - $44,121) borrowed from the current president and from the current director of the Company. The loans are non-interest-bearing and without fixed terms of repayment.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities were categorized as follows:

	January 31, 2018	October 31, 2017
Financial assets		
Fair value through profit or loss		
Cash	$ 1,170,127	$ 130,936
Loans and receivables		
Amounts receivable*	97,474	162,912
Available-for-sale		
Marketable securities	1,341	1,341
Total financial assets	$ 1,268,942	$ 295,189
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities*	$ 686,914	$ 629,051
Deferred revenues	31,186	65,444
Loan payable	3,446	-
Contingent consideration**	540,000	540,000
Deferred income tax liability	111,313	119,730
Total financial liabilities	$ 1,372,859	$ 1,354,225

*Excluding sales tax receivable and payable
**Estimated fair value of the 10% royalty payments on the future profits of Pioneer Aerial Surveys to be paid out over a five-year term (note 13 a)).

The fair values of the Company's amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. Marketable securities are recorded at market value based on quoted market prices. Contingent consideration is recorded at fair value based on estimated future performance and discount rates. Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and amounts receivable.

The Company deposits substantially all of its cash at a Canadian chartered bank. The Company's amounts receivable consist primarily of Goods and Services Tax receivable from the Canadian government and Value Added Tax from the Mexican government. Management considers the risk of non-performance related to cash and amounts receivable to be minimal.

b) Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

At January 31, 2018, the Company had cash in the amount of $1,170,127 (October 31, 2017 - $130,936) and accounts payable and accrued liabilities of $686,914 (October 31, 2017 - $658,545).

The Company ensures, as far as reasonably possible, that there is sufficient capital in order to meet short-term financial obligations, after taking into account the Company’s holdings of cash.

c) Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed below:

Interest rate risk
Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk with respect to cash, amounts receivable, and accounts payable and accrued liabilities, as a portion of these amounts are denominated in MXN pesos and US dollars as follows:

	January 31, 2018		**October 31, 2017**	
	MXN	US	MXN	US
Accounts receivable	128,342	$ -	131,381	$ -
Accounts payable and accrued liabilities	(2,519,684)	-	(2,501,869)	-
Rate to convert $1 CAD	0.066	1.2293	0.067	1.2893

Based on the Company’s net exposure, a 23% change (October 31, 2017 - 23%) in the Canadian/Mexican peso exchange rate and a 12% change (October 31, 2017 - 12%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Market risk (continued)

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk related to the fluctuation in the market price of its marketable securities. The Company's marketable securities are carried at market value and are directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests a 100% (October 31, 2017 - 100%) change in the market prices would impact the Company's earnings by approximately $1,341 (October 31, 2017 - $1,341).

As this sensitivity analysis does not take into account any variables other than the marketable securities rate fluctuations, the above information may not fully reflect the fair value of the assets and liabilities involved.

d) Fair value of financial instruments

IFRS 7 *Financial Instruments: Disclosure* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and marketable securities are classified at Level 1 of the fair value hierarchy. Contingent consideration are classified as Level 3 of the fair value hierarchy. As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure is not made of their level in the fair value hierarchy.

16. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue development of the Company's UAV business, and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company's capital consists of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt or acquire or dispose of assets.

To effectively manage its resources and minimize risk, the Company maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Company prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. The budget and any revisions to it are approved by the Board of Directors.

The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments callable at any time.

There have been no changes to the Company's approach to capital management during the period ended January 31, 2018.

17. SUBSEQUENT EVENTS

a) On March 6, 2018, the Company signed a letter of intent (LOI) to acquire Aerial Imaging Resources Inc. (AIR). AIR is a rapidly growing, private Canadian UAV (unmanned aerial vehicle) services company focused on providing geophysical surveys to its international client base.

b) On March 14, 2018, the Company signed a reseller agreement with MicaSense, one of the leading manufacturers in drone-specific multispectral cameras that are widely used in the agricultural survey industry.

c) Subsequent the period ended January 31, 2018, the Company received a total of $1,117,100 from the exercise of all warrants set to expire on March 6 and March 17, 2018.