



GLOBAL UAV  
TECHNOLOGIES

**(formerly Alta Vista Ventures Ltd.)**

**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS**

**QUARTER ENDED APRIL 30, 2018**

**Date Submitted: June 29, 2018**

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## **Introduction**

The following discussion and analysis, prepared as of June 29, 2018 is prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the condensed consolidated interim financial statements of Global UAV Technologies Ltd. (the “Issuer”, “Company” or “Global UAV”) for the quarter ended April 30, 2018.

Additional information related to the Issuer is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

## **Forward Looking Statements**

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “designed”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Issuer believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

## **Description of Business**

The Issuer trades on the Canadian Securities Exchange (CSE) under the symbol UAV, the Frankfurt Stock Exchange under the symbol YAB, and over the counter in the United States under the symbol YRLLF.

In January of 2017, the Issuer moved into the Unmanned Aerial Vehicle (“UAV”) sector and completed a Change in Business with the Canadian Securities Exchange and is now in the Technology Sector. In May of 2017 the Issuer changed its name to Global UAV Technologies in order to better reflect its business.

The Issuer acquired a one hundred percent interest in High Eye Aerial Imaging (“High Eye”) for 4,500,000 shares of the Issuer and \$100,000 in the form of a promissory note. The promissory note was paid in full in March of 2017.

The Issuer signed a definitive agreement for the acquisition of a one hundred percent interest in the UAV assets of Pioneer Exploration Consultants (“Pioneer”) for a total of 9,000,000 shares of the Issuer and \$500,000 in cash, which are to be paid in three installments over 12 months from closing. The Issuer issued 6,000,000 shares and paid \$300,000 to Pioneer as an initial payment with the final of 3,000,000 shares and \$200,000 due on, or before, the twelve month anniversary. Once the final payment is made the Issuer will grant a 10% royalty on the profits of Pioneer Aerial Surveys, a subsidiary, for a period of five years to Pioneer.

The final payment of \$200,000 was renegotiated to be paid with 2,531,646 units of the Issuer with each unit consisting of a share and a share purchase warrant that can be exercised to purchase one additional share for \$0.12 for a period of five years. The shares and units were subsequently issued in October of 2017. As such, the UAV assets, which form the core of Pioneer Aerial Surveys, are now wholly owned by the Issuer.

The Issuer signed a Letter of Intent for the purchase of a one hundred percent interest in Aeromao Inc. (“Aeromao”), a manufacturer of fixed wing UAVs. The Issuer agreed to acquire Aeromao for \$1,400,000 in cash and 2,200,000 shares of the Issuer in one payment due three months after signing of a definitive agreement. A definitive agreement has yet to be signed between the two parties. The Letter of Intent has since expired.

The Issuer signed a definitive agreement to purchase a 100% interest in UAV Regulatory Services for a total consideration of CAD \$100,000 - payable as \$70,000 in cash and \$30,000 in shares of Global UAV Technologies. UAV Regulatory Services' primary product is easysfoc.com, an online platform that assists UAV users to apply to Transport Canada for a SFOC (Special Flight Operating Certificate).

In addition, the Issuer signed a definitive agreement to purchase a 100% interest in NOVAerial Robotics Inc. for a total consideration of CAD \$700,000 - payable as \$300,000 in cash and \$400,000 in shares of Global UAV Technologies with the shares being released per a three year escrow period. NOVAerial Robotics is a Canadian-based company that designs and manufactures single rotor helicopter-style unmanned aerial vehicles. The principal product is the Procyon 800E.

These four wholly owned subsidiaries form the core of the Issuers business.

Subsequent to the quarter ending April 31, 2018, the Issuer closed the formal acquisition of Aerial Imaging Resources Inc. ('AIR') for twelve million shares of the Issuer and payments totaling \$600,000. The Issuer has issued the twelve million shares and paid the initial cash payment of \$350,000 of which approximately \$175,000 will be used to eliminate outstanding debts and the remainder will be paid to the selling shareholders of AIR. The remaining \$250,000 will be paid as follows: \$125,000 on, or before, August 14, 2018 and \$125,000 on, or before, December 14, 2018.

In early 2016, prior to the Issuer moving into the technology sector, the Issuer made a foray into the medical marijuana sector. It signed a definitive agreement for the purchase of an early stage Marijuana for Medical Purposes Regulations (MMPR) applicant called Thor Pharma and a letter of intent for the purchase of a 90% interest in a licensed MMPR producer called Redecan Pharm. The Issuer subsequently cancelled the agreement for the purchase of Redecan Pharm and terminated the agreement for the purchase of Thor Pharma. The Issuer has no ongoing participation in the medical marijuana sector. In connection with these definitive agreements, the Company issued 7,000,000 shares and made cash payments of \$125,000. During the year ended October 31, 2016, the Company recorded an impairment expense to investments of \$1,455,054.

Prior to 2016, the Issuer's previous principal business activity was the acquisition and exploration of mineral properties with a focus on northwest Mexico. The Issuer utilized the project generator business model to maximize its exposure to discovery while minimizing shareholder risk. As a project generator the Issuer acquired early stage, under developed properties with high potential and then optioned a percentage interest in them to other public companies for a combination of cash, shares and exploration commitments. The Issuer had six projects in its portfolio, which remain in the Issuer's wholly owned Mexican subsidiary. Biannual taxes have not been paid on the properties for several years and portions of properties are currently in the process of being cancelled. As a result of a change in its business, the Issuer no longer intends to use its resources on its mineral exploration properties and wrote them down to \$nil in the year ended October 31, 2015. The Orofino property was sold to a third party during the third quarter of 2017 and the proceeds from that sale were used to pay down a portion of the debt within the Mexican subsidiary.

### **Performance Summary for the Second Quarter**

The Issuer had \$537,153 of revenue during the quarter.

As at April 30, 2018, the Issuer had cash totaling \$1,006,719.

Net loss for the quarter was \$328,670, which included loss from foreign exchange of \$6,361, loss from disposal of equipment of \$62,482, gain from disposal of asset of \$6,927 and impairment loss of \$7,064. Operating loss from the operation of the Issuer's UAV related businesses during the quarter totaled \$259,690.

Given the financial write downs, debts and future financial commitments, as at April 30, 2018, the Issuer had working capital of \$597,725 (October 31, 2017 - deficiency of \$468,958).

However, management anticipates that with the continued growth of its subsidiaries the financial commitments may be dealt with from internal sources. If this as well as the Issuer's cash on hand is not sufficient to fund the Issuer's operating expenses and business activities in the medium to long term, additional funds will need to be raised through equity markets to provide additional financing for operating expenses and business activities.

## Unmanned Aerial Vehicle Sector Activities:

### Summary:

This was the fifth quarter that the Issuer has incorporated the financials of its wholly owned subsidiaries – High Eye Aerial Imaging and Pioneer Aerial Surveys, fourth quarter incorporating UAV Regulatory Services and third quarter incorporating NOVAerial Robotics Ltd.

### Details:

The following is the detailed breakdown of Global UAV's activities in the Unmanned Aerial Vehicle sector that occurred during the year and up to the filing date of this MD&A (for additional information all news releases are available either on the Issuer's website or [www.sedar.com](http://www.sedar.com)):

On **March 14, 2018**, the Issuer announced that it had 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.

On **March 20, 2018**, the Issuer announced that it will be exhibiting within the Government of Alberta's pavilion at The Association for Unmanned Vehicle Systems International AUVSI XPONENTIAL show in Denver, Colorado on May 1-3, 2018.

AUVSI XPONENTIAL offers the opportunity for more than 8,500 industry leaders and forward-thinking users, from both the defense and commercial sectors, to learn the latest on policy, business use cases and technology applications in the UAV sector. The Government of Alberta, in cooperation with the Consulate General of Canada in Denver, is supporting companies including Global UAV, in the Alberta Pavilion at AUVSI XPONENTIAL. AUVSI is the world's largest non-profit organization exclusively devoted to advancing the global unmanned systems and robotics community.

On **March 26, 2018**, the Issuer reported that its wholly owned subsidiary, Pioneer Aerial Surveys Ltd., has secured a contract with Geophysique TMC of Val d'Or, Que., for more than 3,000 line kilometres of high-resolution UAV-MAG (unmanned aerial vehicle magnetic) surveying. The significant contract was sourced through the close working relationship that Pioneer Aerial and Aerial Imaging Resources have formed as Global UAV continues to work toward closing its acquisition of Aerial Imaging, announced on March 6, 2018. The contract will be completed in co-operation with Aerial Imaging.

"The project with Geophysique TMC is more than double the size of the largest survey completed to date, for SSR Mining Inc., in October, 2017," stated president and director James Rogers.

In addition, Pioneer Aerial has signed a contract for up to 2,000 line kilometres of UAV-MAG surveys in South America with a major mining company.

On **April 5, 2018**, the Issuer reported that it had entered into a supplier agreement with FLIR Systems Inc. The reseller agreement was entered into on April 4, 2018. Within the agreement, Global UAV will integrate the FLIR Duo Pro R with the NOVAerial Procyon 800E to provide clients with a fully capable system for military, professional security, search and rescue, and other thermal imaging missions. Global UAV will also resell FLIR products to new and existing clients.

"We are excited to announce this agreement with FLIR. It's a significant step to expanding our market reach, capabilities and UAV payload product lineup. As Global UAV continues to expand into new markets, we are also developing relationships with key sensor and payload manufacturers. FLIR is a world leader in thermal imaging and offers a suite of UAV-specific sensors that are widely used in a variety of global military, industrial and security applications. The addition of FLIR payloads to our NOVAerial helicopters allows us to reach new customers in the ISR, and search and rescue markets at both the consumer and government levels," stated Michael Burns, chief executive officer and director of Global UAV.

On **April 9, 2018**, the Issuer reported that its wholly owned subsidiary, High Eye Aerial Imaging, has seen growth from Global UAV's strategic investment and restructuring of operations.

High Eye will soon be mobilizing to complete a UAV survey contract on the Caribbean island of St. Lucia. The Company also recently completed survey and videography work at an operating mine site in Northern Canada.

In addition to securing both international and high-profile clients, High Eye has been successful in growing its operations and has expanded its fleet with the addition of three new UAVs. High Eye also welcomed Jean-Francois Dionne, an accomplished

UAV professional, to manage operations, sales and business development for the Company.

On **April 11, 2018**, the Issuer announced that it had expanded its geophysical services company, Pioneer Aerial Surveys Ltd., into Central America.

Pioneer Aerial recently mobilized to Guatemala to conduct a leading-edge UAV-MAG survey for a mineral exploration client. This marks the first entry of a Global UAV subsidiary into Central America for UAV services. The survey work is estimated to be completed in approximately 10 days with a two-person crew.

"Our ability to secure international contracts is important in keeping us ahead of competitors in these emerging markets. Pioneer Aerial and High Eye are extremely well positioned to take advantage of underserved global markets and are both experiencing rapid expansion. The technology level at Global UAV is unsurpassed and makes it difficult for other companies to compete with our services division. Conducting professional UAV surveys worldwide is an advantage that Global UAV has that few companies can match," stated Michael Burns, chief executive officer and director of Global UAV.

### **Medical Marijuana Sector Activities**

In early 2016, the Issuer signed a definitive agreement for the purchase of an early stage Marijuana for Medical Purposes Regulations (MMPR) applicant called Thor Pharma and a letter of intent for the purchase of a 90% interest in a licensed MMPR producer called Redecan Pharm. The Issuer subsequently cancelled the agreement for the purchase of Redecan Pharm and terminated the agreement for the purchase of Thor Pharma. The Issuer has no ongoing participation in the medical marijuana sector. In connection with these definitive agreements, the Company issued 7,000,000 shares and made cash payments of \$125,000. During the year ended October 31, 2016, the Company recorded an impairment expense to investments of \$1,455,054. Please refer to the Issuer's consolidated financial statements for the year ending October 31, 2016 for further details.

With the approval of the Issuer's Change of Business, as reported on January 18, 2017, the Issuer restated that it no longer has any interests in the Medical Marijuana sector.

### **Exploration Sector Activities**

Prior to 2016, the Issuer's previous principal business activity was the acquisition and exploration of mineral properties with a focus on northwest Mexico. The Issuer utilized the project generator business model to maximize its exposure to discovery while minimizing shareholder risk. As a project generator the Issuer acquired early stage, under developed properties with high potential and then optioned a percentage interest in them to other public companies for a combination of cash, shares and exploration commitments. The Issuer has a wholly owned subsidiary in Mexico named Minera Alta Visa S.A. de C.V. ('MAV'). MAV has eight projects in its portfolio. All of these exploration properties were written down to \$nil in 2015 after consideration of the prevalent poor market conditions.

Bi-annual taxes have not been paid on the properties as the Issuer does not intend to keep the properties in good standing. No work was performed on the properties during the quarter.

Management determined that there were indicators of impairment for its mineral property interests in the year ended October 31, 2015 and recorded a write-down of \$44,002. Please refer to the Issuer's consolidated financial statements for the year ending October 31, 2016 for further details.

During the year ended October 31, 2017, the Company sold its interests in the Orofino property, located in Sonora State, Mexico to a private Mexican company for net proceeds of 1,200,000 Mexican Pesos. The Company value of the property was \$nil prior to the sale and \$85,524 (2016 - \$nil) has been recorded as a gain on disposal of assets, which represents a gain on the disposal of an asset.

During the quarter ended April 30, 2018, the Company sold its interests in the Carol property, located in Sonora State, Mexico to a private Mexican company for net proceeds of 100,000 Mexican Pesos. The Company value of the property was \$nil prior to the sale and \$6,927 (2017 - \$nil) has been recorded as a gain on disposal of assets, which represents a gain on the disposal of an asset. In connection with the sale of the property a success fee of 100,000 Mexican Pesos, \$6,927 (2017 - \$nil) was paid. This sale removes any potential liabilities related to the property from the Company.

### **Corporate Events**

Details:

The following are the detailed corporate events that occurred during the quarter and up to the filing date of this MD&A (for additional information all news releases are available either on the Issuer's website or [www.sedar.com](http://www.sedar.com)):

On **February 05, 2018**, the Issuer reported it had received a total of \$1,148,300 from the exercise of warrants and stock options during the month of January. The total is the result of the exercise of 6,783,000 warrants at \$0.10 and 3,950,000 stock options valued between \$0.10 and \$0.125.

Currently there are 4,388,000 warrants at \$0.10 remaining which are set to expire on March 6 and March 17 of 2018. Another 2,531,646 warrants, issued for the acceleration of the purchase of the UAV assets from Pioneer Exploration (see news release dated October 4, 2017), are set to expire in October of 2022.

"The recent exercise of warrants and stock options provides a significant amount of capital to continue the support and growth of our operating divisions. To date, reinvestment in our core businesses has resulted in increased revenues and exposure for the Company. The market support and growing investor exposure has been excellent as we continue to work on new developments for 2018 and beyond." stated Michael Burns, CEO and Director of Global UAV.

On **March 2, 2018**, the Issuer, announced audited revenue for the fourth quarter and fiscal year ending October 31, 2017 and the filing of audited financials on SEDAR.

- The total audited gross revenue for the fourth quarter ending October 31, 2017 is **\$490,261** representing an increase of **47.2%** over the previous quarter's gross revenue.
- The total audited gross revenue for the fiscal year ending October 31, 2017 is **\$1,027,379**.

The continued increase in quarterly revenue is in large part due to the rapid growth of our services division. This year we entered new global markets and saw strong growth and increased demand for Pioneer Aerial's UAV-MAGTM surveys. Pioneer Aerial Surveys was the primary revenue contributor posting Q4 revenue of \$361,810.

Ongoing growth:

Recently attended conferences have created an upswing in interest in the services of the Company, which bodes well for continued growth. "We expect this momentum to continue, as strategic reinvestment into our divisions should accelerate growth through 2018," stated Michael Burns, CEO and Director of Global UAV.

The Company is making a concerted effort to increase both sales and revenue of our manufacturing and regulatory divisions. Global UAV is reinvesting heavily to accelerate the growth of NOVAerial Robotics, High Eye Aerial and UAV Regulatory, which includes the development of new technology, with the goal of becoming a world leader in the UAV industry.

With current cash reserves in excess of \$1,000,000 the Company is well positioned to accomplish its growth targets in 2018.

The Company had 3,010,000 warrants exercised during the month of February for net proceeds of \$301,000. There are currently 1,378,000 warrants remaining that are set to expire on March 16, 2018.

The Company has issued a total of 2,250,000 stock options to certain insiders of the Company. The stock options are exercisable at \$0.18 and will be valid for a period of three years.

Prospectors and Developers Conference ("PDAC"):

The Company will be attending the PDAC, North America's leading mining and exploration convention, from March 4th to 7th. The Company will be exhibiting with the Canadian Securities Exchange ("CSE") that can be found at booths 2542 and 2544. Please feel free to drop by the booth to meet the team and learn more of what Global UAV and its service division have been doing and its plans.

On **March 6, 2018**, the Issuer 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.

Pursuant to the terms of the LOI, and subject to the execution of a definitive share exchange agreement (the "Share Exchange Agreement"), Global UAV will purchase all of the outstanding and issued common and preferred shares of AIR for the sum of Cdn. \$2,400,000, which will be paid as \$600,000 in cash (a portion of which will be used to eliminate all of AIR's outstanding liabilities) and the issuance of common shares of Global UAV equal to a total of Cdn. \$1,800,000 based upon a deemed issuance price, calculated at the closing date, and based upon the Volume Weighted Average Price (VWAP) over the 20 days preceding the closing date (the "Transaction"). The Transaction will include all assets, key personnel, clients and contracts. The LOI contemplates the finalization of a definitive agreement that will include representations, warranties, covenants and other agreements customary for a transaction of this nature including escrow conditions, if applicable and employment agreements with key personnel of AIR. It is anticipated that shares to be issued in connection with the Transaction will be subject to voluntary escrow.

The LOI was entered into on March 5, 2018. The transaction does not represent a fundamental change for the Company and no finder's fees are applicable to this transaction.

On **March 20, 2018**, the Issuer announced that it had received a total of CAD \$1,117,100 from the exercise of all warrants set to expire on March 6 and March 17, 2018.

James Rogers, President and Director stated "With over \$1,000,000 in treasury, Global is well positioned to continue the rapid growth we've experienced in our first year of operations as a UAV focused company. In the past few months we have been able to expand Global UAV divisions by signing a Letter of Intent to acquire Aerial Imaging Resources in addition to hiring additional employees to meet the demand for services throughout our divisions. The recent exercise of warrants has helped strengthen the Global UAV foundation to meet those demands and expand into new emerging markets.

With the recent exercise of these warrants the Company has 2,531,646 warrants remaining at an exercise price of \$0.12 which were issued to accelerate the purchase of the UAV assets from Pioneer Exploration (see news release dated October 4, 2017). These warrants are set to expire in October of 2022.

On **April 3, 2018**, the Issuer announced the unaudited revenue amounts for the first quarter ending January 31, 2018 and the filing of unaudited financials on SEDAR.

- The total unaudited gross revenue for the first quarter of fiscal year 2018 is **\$349,750**

Michael Burns, CEO and Director of Global UAV stated: "These revenue numbers are very significant for Global UAV. They only represent approximately two full operating months of our services division due to the Christmas holiday season. Further, the financials prove that our services can generate substantial revenue year-round. Traditionally, many UAV service companies that focus on remote sensing and photogrammetry products have limited work streams over the winter months. Global UAV was able to maintain its revenues through adverse weather-conditions due in large part to the high-level experience and operational abilities of our field crews and UAV products. We also successfully completed our first night-flight survey operations which are critical in maintaining productivity during the shorter daylight hours of northern winters. As our international markets continue to expand, we look forward to increasing our winter-month revenues in 2018.

On **April 3, 2018**, the Issuer also reported that all resolutions were passed at its Annual General Meeting held on March 29, 2018. The Board of Directors and management would like to thank all shareholders for their continued support and confidence.

The Board of Directors and Officers for the upcoming year will consist of:

James Rogers	- President and Director
Michael Burns	- CEO, Director and Audit Committee Chair
Robert Lefebvre	- Director and Audit Committee Member
Stewart Baillie	- Director and Audit Committee Member
Anthony Jackson	- CFO

On **April 23, 2018**, the Issuer announced the addition of Mr. Andrew Male to its Board of Directors.

Mr. Male is an experienced Director and Chief Executive Officer of international public and private investment, mining and oil and gas companies. Mr. Male is a former Founder and CEO of a TSX Venture Exchange Top 50 Company, ranked 9th. During his tenure he guided the Company through initial financing phases, project acquisitions, deployment of exploration programs,

development financing, transitioning mining assets from greenfield to brownfield and the acquisition of adjacent producers. Mr. Male also negotiated the financing and joint venture with a private equity firm resulting in the eventual takeover and consolidation into their business operations.

Presently Mr. Male works with several Family Offices and specific investors that seek access to an array of transformational opportunities. He is an Associate of Columbus Energy Partners, an incubator and accelerator of companies in the energy sector. Mr. Male is also a Director of Datametrex A.I. Limited and Managing Director of a privately held Corporate Finance and Investment entity.

Mike Burns, CEO and Director stated: “We are very pleased that Mr. Male has joined our Board of Directors. We look forward to his ability to assist Global UAV in its business operations and activities. His experience in these areas will be invaluable both corporately and in the public markets.”

On **May 17, 2018**, the Issuer announced, further to its news release of March 6, 2018 that it has executed a Definitive Agreement to acquire all of the issued and outstanding share capital of Aerial Imaging Resources Inc. (“Aerial”) of Flin Flon, Manitoba from the shareholders of Aerial. Aerial is a private Canadian unmanned aerial vehicle (UAV) services company that focuses on providing geophysical surveys to its local and international client base. Under the terms of the definitive agreement the purchase price for all of the outstanding issued common and preferred shares of Aerial is \$2,400,000 which will be paid as follows:

1. a total of \$600,000 in cash of which approximately \$175,000 will be paid to eliminate all of Aerial’s outstanding liabilities with the balance of the cash payable to the Aerial shareholders on the following schedule:
  - (a) \$350,000 upon closing
  - (b) \$125,000, 60 days following the closing
  - (c) \$125,000, 120 days following the closing
2. the issuance of common shares of Global UAV equal to lesser of either 12,000,000 total shares or a total share value of \$1,800,000. The Global UAV shares shall have a deemed issuance price calculated at the closing date, based upon the Volume Weighted Average Price (VWAP) over the 20 trading days preceding the closing date. The Global shares issued will be subject to voluntary restrictions on resale with 20% of the shares being released upon closing and 20% every six months thereafter.

As part of the transaction, Peter Dueck, President of Aerial, will become President of Global UAV’s wholly-owned subsidiary Pioneer Aerial Surveys Ltd. and Thomas Stanley-Jones, a principal of Aerial will be engaged as a Pilot-GIS-Programmer with Pioneer. There are no finder’s fees payable in respect of the transaction.

Closing of the transaction is subject to receipt of all necessary regulatory, corporate and third-party approvals, and the satisfaction of customary closing conditions, including, payment of the purchase price, compliance with all applicable regulatory requirements and conditions in connection with the transaction, the absence of any material adverse condition with respect to the financial and operational condition of the assets of Aerial, and the delivery of customary closing documentation.

“The signing of the Definitive agreement reflects the formation of a substantial UAV geophysics service provider globally, and a significant addition to our highly successful services division. The renegotiation of the acquisition terms to reduce Global UAV’s share-based expenditure and provide a staged cash payout shows the commitment of AIR’s management to the long-term success of the Company and emphasizes the value they bring as new members of the highly respected Global UAV team. Since the signing of the LOI, Global UAV and Aerial have worked together in the field and on the management of contracts in Canada, Guatemala, Argentina, and the United States” stated Michael Burns, CEO and Director of Global UAV.

“The consolidation of the efforts and business of Aerial combined with Global UAV will enhance the strength and operations of both companies. Global UAV will be able to provide the infrastructure and support that Aerial has been keen to establish. Global UAV will see the benefit of the additional client base and enhanced geophysical and technical expertise that Aerial will be able to bring to the Global UAV group”, stated Peter Dueck, Co-Founder and President of Aerial.

On **May 22, 2018**, the Issuer announced the formation of a Technical Advisory Board.

The focus of the Technical Advisory Board is to facilitate business growth opportunities and provide Global UAV a knowledge base within certain and specific sectors of the Company’s business opportunities. Each of the new members of the Technical

Advisory Board have been carefully selected as experts within their realm of knowledge and access.

Global UAV have chosen Ms. Monica England, Mr. Del Kintner, and Mr. Adam Allouba to form the initial Advisory Board. Each of the members have significant experience in the UAV industry within their diverse backgrounds that include the US Military, defense contracting and manufacturing, legal and the mining industry. The member biographies are below.

“We are proud to announce the formation of our Technical Advisory Board. The extensive experience and success-driven dedication of each of the new advisors will aid Global UAV as we explore new opportunities and expand into new and emerging markets. Our Technical Advisory Board will be actively engaged with the Company in several key industries such as security and defence, technology development, integration and manufacturing. We also would like to thank Mr. Lefebvre for his service as a director and look forward to his continued contributions on the Advisory Board and as Managing Director of NOVAerial” stated Michael Burns, CEO and Director of Global UAV.

#### Ms. Monica England

Ms. England is unequivocally a pioneer in the Unmanned Systems and Robotics industries. Her 15 years of dedication and service have allowed her to work for several organizations and companies which have been instrumental to the growth and development of both defense and commercial unmanned platforms. She has also gained extensive knowledge and experience in a variety of vertical markets such as utilities, oil and gas, public safety and security. Ms. England's key contributions to the UAV/UAS industry are best summarized through her previous positions with various large technology companies, which include:

- As the former Director of Marketing and Business Development for 5D Robotics Inc., she identified new business opportunities, and managed the coordination of industrial aerial services within the Company. Her guidance culminated with the 5D Aerial division achieving significant successes within the construction, power and utilities and industrial equipment rental markets.
- As the Marketing and Sales Director for Aerial MOB, LLC, a company which is a pioneer in aerial cinematography and innovative technologies, she coordinated many aerial cinematography shoots and industrial inspections. Aerial MOB also established the gold-standard for the aerial cinematography market with the Federal Aviation Administration and the MPAA (Motion Picture Association of America), which is still recognized today.
- As a Business Development Executive and Capture Lead at a maintenance, repair and overhaul (MRO) and Unmanned Aerial Systems company where she gained extensive knowledge for industrial inspections in the oil and gas markets. In this role, she traveled to other countries working with some of the biggest refineries in the world, where she worked with engineers and security teams and helped develop aerial programs that will employ drones to facilitate pipeline inspections.
- At Northrop Grumman Corporation's Aerospace Systems division, she worked in the Program Office of the Army Future Combat Systems Class IV UAV Fire Scout; she then moved into the executive office for Production Operations as Training Coordinator followed by some interactions with the Strategic Development Unmanned Systems Strategy Group.

Ms. England has been an active leader for the San Diego Lindbergh Chapter of AUVSI Board of Directors since 2010 – and currently serves as the Vice President and Director of Membership and Events. She also coordinated a UAV Exhibit at the Reuben H. Fleet Science Center and the Air Law Institute UAV Symposium; she was a team member of the Cal UAS Federal Aviation Administration UAV Test Site Initiative and the CoE (Center of Excellence) Initiative. Ms. England was also recognized with a Certificate of Appreciation by Senator Joel Anderson for her diligent unmanned systems advocacy within several San Diego communities.

Additionally, she was hand selected by former Dean, Dr. Brent Bowen to serve as a member of the Industry Advisory Board at Embry-Riddle Aeronautical University's Prescott, Arizona campus and has entered her 3rd year as an advisor for the aviation university. She was also chosen as the first US female speaker to present on International UAV Regulations at the Unmanned Systems Conference and Expo India event in New Delhi, India along with the Joint Secretary, Ministry of Civil Aviation.

Ms. England is an accomplished writer and has had several articles published in Robot Magazine as well as India's first and only Unmanned Aerial Systems magazine, “UAS magazine.”

Ms. England's passion for all types of aviation and robotics activities is clearly evident by her constant support of community events. Her continuous involvement and keen foresight are strong indicators of her leadership skills and her dedication to the Unmanned Systems industry.

Mr. Del Kintner

Mr. Kintner brings vast experience in the defense industry by having developed a large number of contracts with military and aerospace organizations. In addition, during the past ten years, relationships have been developed with (United States) Homeland Security directors and managers. Using these relationships and capabilities he spearheaded corporate acquisitions, mergers, and joint ventures. Mr. Kintner assisted a client in converting their technology into millions of dollars of military business. This included developing two licensing agreements with a major aerospace company. In addition, he helped a new and innovative antenna technology and converted it into six government funded Small Business Innovation Research and Small Business Technology Transfer (SBIR and STTR) programs.

Mr. Kintner has supported the (United States) Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics in discovering innovative and disruptive technologies and helping to transition those technologies into government programs. This effort has consisted of mentoring and training these small companies to recognize requirements and needs where their intellectual properties can be integrated. Again, using his vast contact network, Mr. Kintner has provided advice, ideas, connections and suggestions to a variety of small businesses with the intent of raising their Technology Readiness Level (TRL) to a demonstrable level. In addition, he looked for situations where groups could pool their technologies and develop a system that would be attractive to major integrators.

Most recently, Mr. Kintner has focused his skills on autonomous and unmanned systems in all domains including, their payloads and connectivity. Over the span of his career, Mr. Kintner has supported and worked with several companies including Boeing Corporation, Raytheon, Northrop Grumman Corporation, General Dynamics Corporation and Lockheed Martin Corporation.

Mr. Adam Allouba

Mr. Allouba is a partner in the Montreal office of Dentons, an international law firm. He advises public companies in connection with both regulatory and transactional matters, including private placements, prospectus offerings, mergers and acquisitions, restructuring transactions, privatizations and shareholder meetings. He has extensive experience with mining exploration and technology companies. In 2008/09, Mr. Allouba completed a six-month secondment with the Montreal office of the TSX Venture Exchange and is currently a member of their local Advisory Committee in Quebec. He is also a member of the Securities Committee for the Prospectors & Developers Association of Canada (PDAC).

Mr. Robert Lefebvre

Mr. Lefebvre is one of the foremost experts in UAV technology in Canada. He is a mechanical engineer with a diverse set of skills including product development and program management gained in the automotive industry. Mr. Lefebvre was one of the original developers of Ardupilot, the world's leading open-source UAV/drone operating system with now over 1,000,000 systems in operation around the world. A frequently invited speaker at UAV industry conferences, he has also consulted to the UAV industry internationally, assisting clients to deploy Ardupilot on their commercial systems. Sensing a need for more robust UAV platforms for commercial applications, Mr. Lefebvre founded NOVAerial Robotics Inc.

**Additionally on May 23, 2018**, the Issuer announced that Mr. Robert Lefebvre had resigned as a Director of Global UAV and will also be joining the Technical Advisory Board. Mr. Lefebvre has been integral with developing and streamlining the manufacturing division of Global UAV (NOVAerial Robotics Inc.) and this move will enable him to stay very close to the Company while allowing the development of new systems and liaising with potential new business opportunities.

On **June 5, 2018**, the Issuer announced a non-brokered private placement of units (the "Units") of the Company for gross proceeds of up to C\$1,000,000 (the "Offering"). Red Cloud Klondike Strike Inc. is acting as a finder in connection with the Offering.

Each Unit is offered at a price of C\$0.10 and will be comprised of one common share of the Company and one common share purchase warrant (a "Warrant"), each Warrant entitling the holder thereof to acquire one common share of the Company at a price of C\$0.15 for a period of 24 months from the date of closing of the Offering. The net proceeds raised through the issue of Units will be used for capital purchases, optimization & scaling of design/production, R&D, and for general working capital.

The closing of the Offering is expected to occur on or about June 21, 2018 and is subject to receipt of all necessary regulatory approvals. The Units, including all underlying securities thereof, and any finder's warrants issued with respect to the Offering will be subject to a four month hold period in accordance with applicable securities laws.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

On **June 13, 2018**, the Issuer provided an update on its previously announced non-brokered private placement of units (the “Units”) of the Company for gross proceeds of up to C\$1,000,000 (the “Offering”).

Due to the interest in the Offering the Company has increased the amount of the private placement to C\$1,500,000. Each Unit will be offered at a price of C\$0.09 (the “Issue Price”) and will be comprised of one common share of the Company (“Common Share”) and one common share purchase warrant of the Company (a “Warrant”), each Warrant entitling the holder thereof to acquire one Common Share at a price of C\$0.15 for a period of 24 months from the date of closing of the Offering. The net proceeds raised through the issue of Units will be used for capital purchases, optimization & scaling of design/production, R&D, and for general working capital.

The closing of the Offering is expected to occur on or about June 21, 2018 and is subject to receipt of all necessary regulatory approvals. The Units, including all underlying securities thereof, and any finder’s warrants issued with respect to the Offering will be subject to a four-month hold period in accordance with applicable securities laws.

In connection with the Offering, Michael Burns, the Chief Executive Officer and a director of the Company, has completed the sale (the “Sale”) on June 12, 2018 of an aggregate of 3,325,000 Common Shares at the Issue Price in pre-arranged trades through the facilities of the Canadian Securities Exchange. The proceeds from the Sale will be used to subscribe for a corresponding number of Common Shares under the Offering.

As a result of the foregoing, upon completion of the Offering, an insider of the Company will be subscribing for greater than 25% of the Offering. The issuance of shares to an insider pursuant to the Offering is considered to be a related party transaction subject to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Offering is exempt from the need to obtain minority shareholder approval and a formal valuation as required by MI 61-101 as the fair market value of any Units to insiders or the consideration paid by insiders of the Company will not exceed 25% of the Company’s market capitalization.

Following completion of the Sale, Michael Burns’ ownership of Common Shares has been reduced from 7,031,648 to 3,706,648 and his percentage ownership of securities of the Company decreased from approximately 9.1% to 6.0% as a result of the Sale, calculated on a partially diluted basis. Pioneer Exploration Consultants Ltd. (“Pioneer”), a Saskatchewan private company controlled by Michael Burns, last filed an early warning report on January 3, 2017, at which time Pioneer owned and controlled 10.58% of the issued and outstanding Common Shares. On December 6, 2017, Pioneer transferred its Common Share holdings to its shareholders pro rata. As a result, the beneficial ownership of Pioneer and Michael Burns has fallen below 10% in respect of the class of securities of the Company that was the subject of the most recent report that Pioneer was required to file in respect of the Company under National Instrument 62-104 – Take-Over Bids and Issuer Bids and National Instrument 61-103 – The Early Warning System and Related Take-Over Bid and Insider Reporting Issues. Accordingly, neither Michael Burns nor Pioneer will file any further early warning reports in respect of their ownership of the Company’s securities except as required by applicable law. Pioneer disposed of the Common Shares for investment purposes and may increase or decrease its interests in the Issuer in the future as considered appropriate in light of market conditions and other factors.

A material change report in connection with the Offering will be filed less than 21 days before the closing of the Offering. The Company believes this shorter period is reasonable and necessary in the circumstances as the Company wishes to complete the Offering in a timely manner.

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On **June 15, 2018**, the Issuer provided a further update on the non-brokered private placement of units (the “Units”) of the Company for gross proceeds of up to C\$1,500,000 (the “Offering”) previously disclosed in its news releases of June 5, 2018 and June 13, 2018.

In connection with the Offering, Michael Burns, the Chief Executive Officer and a director of the Company, has completed a further sale (the “Sale”) on June 14, 2018 of an aggregate 2,000,000 common shares of the Company at C\$0.09 per share in pre-arranged trades through the facilities of the Canadian Securities Exchange. The proceeds from the Sale will be used to

subscribe for a corresponding number of Units under the Offering. Michael Burns had previously completed the sale of an aggregate 3,325,000 common shares on June 12, 2018 in connection with the Offering, as disclosed in the Company's June 13, 2018 news release.

As noted in the prior news releases and in connection with the Sale, an insider of the Company will be subscribing for greater than 25% of the Offering. The issuance of securities to an insider pursuant to the Offering is considered to be a related party transaction subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Offering is exempt from the need to obtain minority shareholder approval and a formal valuation as required by MI 61-101 as the fair market value of any Units to insiders or the consideration paid by insiders of the Company will not exceed 25% of the Company's market capitalization.

Following completion of the Sale, Michael Burns' ownership of Common Shares has been reduced from 3,706,648 to 1,706,648 and his percentage ownership of securities of the Company decreased from approximately 6.0% to 4.2% as a result of the Sale, calculated on a partially diluted basis.

A material change report in connection with the Offering will be filed less than 21 days before the closing of the Offering. The Company believes this shorter period is reasonable and necessary in the circumstances as the Company wishes to complete the Offering in a timely manner.

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On **June 19, 2018**, reported that it had closed the purchase for a 100% interest in Aerial Imaging Resources Inc., ("AIR"), (as previously announced in news releases dated March 6 and May 16, 2018).

On **June 14, 2018**, the Company issued twelve million, (12,000,000), common shares of the Company to the shareholders of AIR subject to resale restrictions over 24 months from the date of closing with the first set of shares having a hold period of four months and one day. In concert with the issuance of the shares for purchase consideration, the Company also paid the initial cash payment of \$350,000 of which approximately \$175,000 will be used to eliminate outstanding debts and the remainder will be paid to the selling shareholders of AIR. The remaining cash payments will be made as follows: \$125,000 on, or before, August 14, 2018 and \$125,000 on, or before, December 14, 2018.

With the acquisition of AIR, both companies will work on the consolidation of all of the assets, personnel and business opportunities to Pioneer Aerial Surveys LTD., (Pioneer), which will form one of, if not the, largest UAV centred geophysics company in the world. To that end, Peter Dueck and Thomas Paul Stanley-Jones have signed Consulting Contracts with Pioneer such that they will now take on the roles of active management for Pioneer.

Global UAV continues to streamline the operations of the active business units and continues to refine the personnel and operations for the entire company. Being a vertically integrated UAV company, it is important to ensure that the business units are self-sustaining, profitable and executing the tasks at hand. With the inclusion of Dueck and Stanley-Jones within the Pioneer unit, the geophysical services division, the Company is confident of its operations and business activity going forward.

Mike Burns, CEO and Director states; "With the acquisition of this business unit, in turn making Peter and Thomas substantial shareholders of Global UAV, we are excited about not only the business opportunities but also the skills and knowledge that they will bring to our team. We see this acquisition as a very positive and accretive opportunity for Global UAV".

#### About Aerial Imaging Resources

Aerial Imaging Resources Inc. is an emerging leader in UAV based geophysics surveying. They currently operate a fleet of Procyon 800E helicopters and fly surveys for clients worldwide. Aerial has a proven track record of efficient and safe field operations with an extensive client list from across Canada and the United States.

On **June 22, 2018**, the Issuer provided a further update on the non-brokered private placement of units (the "Units") of the Company for gross proceeds of up to C\$1,500,000 (the "Offering") previously disclosed in its news releases of June 5, 2018, June 13, 2018 and June 15, 2018.

In connection with the Offering, Michael Burns, the Chief Executive Officer and a director of the Company, has completed a

further sale (the “Sale”) on June 21, 2018 of an aggregate 440,000 common shares of the Company at C\$0.09 per share in pre-arranged trades through the facilities of the Canadian Securities Exchange. The proceeds from the Sale will be used to subscribe for a corresponding number of Units under the Offering. Michael Burns had previously completed sales of an aggregate of 5,325,000 common shares on June 12, 2018 and June 14, 2018 in connection with the Offering, as disclosed in the Company’s June 13, 2018 and June 15, 2018 news releases.

As noted in the prior news releases and in connection with the Sale, an insider of the Company will be subscribing for greater than 25% of the Offering. The issuance of securities to an insider pursuant to the Offering is considered to be a related party transaction subject to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Offering is exempt from the need to obtain minority shareholder approval and a formal valuation as required by MI 61-101 as the fair market value of any Units to insiders or the consideration paid by insiders of the Company will not exceed 25% of the Company’s market capitalization.

Following completion of the Sale, Michael Burns’ ownership of Common Shares has been reduced from 1,717,838 to 1,277,838 and his percentage ownership of securities of the Company decreased from approximately 4.6% to 4.2% as a result of the Sale, calculated on a partially diluted basis.

A material change report in connection with the Offering will be filed less than 21 days before the closing of the Offering. The Company believes this shorter period is reasonable and necessary in the circumstances as the Company wishes to complete the Offering in a timely manner.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

**On June 27, 2018**, the Issuer announced the closing of its non-brokered private placement which was oversubscribed.

“We are very pleased to report that multiple institutional investors participated in this financing round along with some new and existing investors. The reception for this financing was very well received and our rationale for the re-pricing was a result of a very substantial institutional lead order that anchored the success of the financing. Along with ongoing operations, we will now be formalizing some corporate changes that will help to streamline our operations and create efficiencies. We look forward to providing a corporate update in the coming weeks,” says Michael Burns, Chief Executive Officer of the Company.

The Company issued 19,681,454 units (“Units”) at a price of \$0.09 per Unit for gross proceeds of CDN\$1.77 million (the “Offering”), exceeding its goal of CDN\$1.5 million as set out in the Company’s press release dated June 13, 2018 (the “Press Release”) in respect of the Offering.

Each Unit consists of one common share in the capital of the Company (“Common Share”) and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.15 for a period of twenty-four (24) months from the date of issuance, being June 25, 2018. The securities being issued pursuant to the Offering will be subject to a hold period expiring four months and one day from the date of issuance in accordance with applicable Canadian securities law.

The net proceeds raised through the Offering will be used for capital purchases, optimization & scaling of design/production, R&D, and for general working capital.

Insiders of the Company, including, as previously announced, Michael Burns, Chief Executive Officer and a director of the Company, subscribed for an aggregate of 7,422,777 Units representing approximately CDN\$668,050 of the gross proceeds of the Offering.

The issuances of Units to insiders pursuant to the Offering are considered related party transactions within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). Global UAV relied on exemptions from the formal valuation and minority approval requirements in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such insider participation, based on a determination that the fair market value

of the participation in the Offering by insiders did not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company filed a material change report in respect of the related party transaction less than 21 days prior to the closing of the Offering, which the Company deemed reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

### **Management Changes**

On April 23, 2018, the Issuer appointed Andrew Male to its board of directors.

On May 23, 2018, the Issuer accepted the resignation of Robert Lefebvre from its board of directors.

### **Results of Operations**

Certain of the key risk factors of the Issuer's operating results are the following: the state of capital markets, which affects the ability of the Issuer to finance its exploration activities.

Significant variances in the Issuer's operational results for the quarter ended April 30, 2018 compared to the quarter ended April 30, 2017, were as follows:

- i. Exploration expenditures, increased by \$268 to \$6,555 from \$6,287 in 2017.
- ii. Consultants' fees increased by \$48,550 to \$146,360 from \$97,810 in 2017 due to the Issuer's changes in business and the expertise required by its subsidiaries.
- iii. Accounting, audit and legal expenses increased by \$29,364 to \$72,583 from \$43,219 in 2017 due to increase in legal work performed in respect of changes in business and the Issuer being billed for legal services performed.
- iv. Issuer share-based compensation decreased by \$194,163 to \$nil from \$194,163 in 2017 due to no stock options granted to directors and consultants of the Issuer during the current period.
- v. Office and miscellaneous increased by \$28,844 to \$56,572 from \$27,728 in 2017 due to increased office-related activities and including the expenses of its subsidiaries.
- vi. Regulatory fees decreased by \$3,873 to \$7,701 from \$11,574 in 2017 due to nil private placements and issuances during the current period.
- vii. Investor relations and promotion decreased by \$952 to \$61,477 from \$62,429 in 2017 due to Issuer incorporating its subsidiaries business.

Significant variances in the Issuer's financial position for the quarter ended April 30, 2018 compared with the quarter ended April 30, 2017, were as follows:

- i. Cash increased by \$709,910 to \$1,006,719 from \$296,809 in 2017 due to proceeds from exercise of warrants and options.
- ii. Amounts receivable increased by \$200,620 to \$303,515 from \$102,895 in 2017, due primarily to an increase in trade receivables, refundable taxes and other receivable expected to be received by the Issuer and its subsidiaries for the current period.
- iii. Property, plant and equipment increased by \$113,818 to \$437,615 from \$323,797 in 2017 due to the acquisition of additional assets.
- iv. Accounts payable and accrued liabilities increased by \$66,763 to \$661,000 from \$594,237 in 2017 due to the amount owed to Pioneer Exploration Consultants and including the payables of its subsidiaries.

Significant variances in the Issuer's cash flows for the quarter ended April 30, 2018 compared to the quarter ended April 30, 2017, were as follows:

- i. Cash used in operating activities increased by \$161,330 to \$595,099 from \$433,769 in 2017 due to the increase in accounts receivable during the current period.
- ii. Cash used in investing activities decreased by \$76,655 to \$57,006 from \$133,661 primarily due to the disposal of fixed assets.
- iii. Cash provided by financing activities decreased by \$361,311 to \$488,697 from \$850,008 in 2017 due to decreased proceeds from exercise of warrants and options and loans.

### Selected Annual Information

The following selected financial information is taken from the Annual Consolidated Financial Statements and should be read in conjunction with those statements.

	OCT. 31, 2017 \$	OCT. 31, 2016 \$	OCT. 31, 2015 \$
Total revenue	1,027,379	Nil	Nil
Loss for the year	(3,021,998)	(2,586,960)	(508,087)
Basic and diluted loss per share	(0.04)	(0.09)	(0.05)
Total assets	1,843,712	418,819	43,152
Total long-term financial liabilities	576,730	Nil	Nil

### Summary of Quarterly Results

	Apr. 30, 2018	Jan. 31, 2018	Oct. 31, 2017	Jul. 31, 2017	Apr. 30, 2017	Jan. 31, 2017	Oct. 31, 2016	Jul. 31, 2016
Revenue	\$537,153	\$349,750	\$490,261	\$333,529	\$181,203	\$22,386	\$Nil	\$Nil
Income (Loss) for the quarter	(\$328,670)	(\$475,735)	(\$1,938,622)	\$154,956	(\$463,994)	(\$774,338)	(\$403,683)	(\$941,974)
Basic and diluted earnings (loss) per share	(\$0.00)	(\$0.01)	(\$0.01)	\$0.00	(\$0.01)	(\$0.02)	(\$0.00)	(\$0.04)

### Related Party Transactions

#### a) Management transactions

Key management personnel compensation during the six months ended April 30, 2018 and 2017 were as follows:

	2018	2017
Robert Lefebvre <sup>(vii)</sup>	\$ 19,487	\$ -
Michael Burns <sup>(viii)</sup>	\$ 2,309	\$ -

Management transactions with related parties during the six months ended April 30, 2018 and 2017 were as follows:

	2018	2017
Timeline Filing Services Ltd <sup>(i)</sup>	\$ -	\$ 150
Catalyst X Media Corporation <sup>(ii)</sup>	\$ -	\$ 20,000
BridgeMark Financial Corporation <sup>(iii)</sup>	\$ 22,050	\$ -
Jackson and Company <sup>(iii)</sup>	\$ -	\$ 7,500

101252103 Saskatchewan Ltd. <sup>(iv)</sup>	\$	67,200	\$	-
Longford Capital Corporation <sup>(v)</sup>	\$	46,725	\$	-
Stewart Baillie <sup>(vi)</sup>	\$	8,085	\$	-

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

During the six months ended April 30, 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 and 500,000 (2017 - nil) options at an exercise price of \$0.12 per share valued at \$40,794.

### ***Accounts payable to related parties***

Included in accounts payable and accrued liabilities are the following amounts:

1. \$12,500 (April 30, 2017- \$12,500) payable to Don Shaxon, a former director of the Company.
2. \$82,625 (April 30, 2017- \$12,900) payable to 101252103 Saskatchewan Ltd.
3. \$69,500 (April 30, 2017- \$nil) payable to Longford Capital Corporation.
4. \$14,350 (April 30, 2017- \$7,350) payable to BridgeMark Financial Corporation.
5. \$nil (April 30, 2017- \$3,731) 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.

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.

### **Liquidity and Capital Resources**

As at April 30, 2018, the Issuer had cash of \$1,006,719 (October 31, 2017 - \$130,936).

As at April 30, 2018, the Issuer had working capital of \$597,725 as compared to deficiency of \$468,958 as at October 31, 2017. The Issuer will require continued financing or outside participation, to undertake its business plans in the UAV sector.

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

The Issuer's capital consists of shareholders' equity.

The Issuer 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 Issuer may issue new shares or debt or acquire or dispose of assets.

In order to maximize ongoing development efforts, the Issuer does not pay out dividends.

### **Financial Instruments and Risk Management**

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

	April 30, 2018	October 31, 2017
<b>Financial assets</b>		
Fair value through profit or loss		
Cash	\$ 1,006,719	\$ 130,936
Loans and receivables		
Amounts receivable*	302,413	162,912
Available-for-sale		
Marketable securities	1,341	1,341
<b>Total financial assets</b>	<b>\$ 1,310,473</b>	<b>\$ 295,189</b>
<b>Financial liabilities</b>		
Other financial liabilities		
Accounts payable and accrued liabilities*	\$ 666,713	\$ 629,051
Deferred revenues	-	65,444
Loan payable	8,343	-
Contingent consideration	540,000	540,000
Deferred income tax liability	109,629	119,730
<b>Total financial liabilities</b>	<b>\$ 1,324,685</b>	<b>\$ 1,354,225</b>

\*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. See note 13 a) on April 30, 2018 Condensed Consolidated Interim Financial Statements.

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.

#### 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 Issuer 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 Issuer manages liquidity risk through the management of its capital structure.

At April 30, 2018, the Company had cash in the amount of \$1,006,719 (October 31, 2017 - \$130,936) and accounts payable and accrued liabilities of \$661,000 (October 31, 2017 - \$658,545).

The Issuer 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 Issuer's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Issuer 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 Issuer's monetary assets and liabilities, the Issuer is exposed to interest rate price risk.

The Issuer 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 Issuer 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:

	<b>April 30, 2018</b>		<b>October 31, 2017</b>	
	MXN	US	MXN	US
Accounts receivable	113,042	\$ -	131,381	\$ -
Accounts payable and accrued liabilities	(2,861,869)	-	(2,501,869)	-
Rate to convert \$1 CAD	0.068	1.2836	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.

### *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.

### **Management of Capital**

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

The Issuer's capital consists of shareholders' equity.

The Issuer 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 Issuer may issue new shares or debt or acquire or dispose of assets.

To effectively manage its resources and minimize risk, the Issuer maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Issuer 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.

In order to maximize ongoing development efforts, the Issuer does not pay dividends.

The Issuer'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 Issuer's approach to capital management during the period ended April 30, 2018.

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

The Issuer does not have any off-balance sheet arrangements.

### **Proposed Transactions**

On **March 6, 2018**, the Issuer 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.

Pursuant to the terms of the LOI, and subject to the execution of a definitive share exchange agreement (the "Share Exchange Agreement"), Global UAV will purchase all of the outstanding and issued common and preferred shares of AIR for the sum of Cdn. \$2,400,000, which will be paid as \$600,000 in cash (a portion of which will be used to eliminate all of AIR's outstanding liabilities) and the issuance of common shares of Global UAV equal to a total of Cdn. \$1,800,000 based upon a deemed issuance price, calculated at the closing date, and based upon the Volume Weighted Average Price (VWAP) over the 20 days preceding the closing date (the "Transaction"). The Transaction will include all assets, key personnel, clients and contracts. The LOI contemplates the finalization of a definitive agreement that will include representations, warranties, covenants and other agreements customary for a transaction of this nature including escrow conditions, if applicable and employment agreements with key personnel of AIR. It is anticipated that shares to be issued in connection with the Transaction will be subject to voluntary escrow.

The LOI was entered into on March 5, 2018. The transaction does not represent a fundamental change for the Company and no finder's fees are applicable to this transaction.

On **June 19, 2018**, the Company closed the purchase of a 100% interest in Aerial Imaging Resources Inc. (AIR) (as previously announced in news releases dated March 6 and May 16, 2018).

On **June 14, 2018**, the Company issued 12,000,000 common shares of the Company to the shareholders of AIR subject to resale restrictions over 24 months from the date of closing with the first set of shares having a hold period of four months and one day. In concert with the issuance of the shares for purchase consideration, the Company also paid the initial cash payment of \$350,000 of which approximately \$175,000 will be used to eliminate outstanding debts and the remainder will be paid to the selling shareholders of AIR. The remaining cash payments will be made as follows: \$125,000 on, or before, August 14, 2018, and

\$125,000 on, or before, December 14, 2018.

## **Risks Related to Nature of Ownership of Common Shares**

### **Dilution**

Shareholders may suffer immediate and/or future dilution with respect to future private and or public offerings of common shares currently being contemplated in order to secure needed capital to facilitate Issuer growth.

### **Market Volatility**

The trading price of the common shares may be subject to wide fluctuations in response due to variations in operating results, and other events and factors. In addition, the stock market may experience price and volume fluctuations, which may adversely affect the market price of the common shares of the Issuer.

### **Critical Accounting Estimates**

The preparation of the consolidated 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:

#### *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 compensation*

Management is required to make certain estimates when determining the fair value of share option awards and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statement of operations and comprehensive loss. For the six months ended April 30, 2018, the Company recognized share-based compensation of \$379,890 (2017 - \$194,163).

#### *Critical judgments used in applying accounting policies*

In the preparation of the 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 \$763,753 on the assets of the acquired subsidiaries.

#### *Impairment of marketable securities*

At each reporting date, the Company conducts a review to determine whether there are indications of impairment on its marketable securities. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. Factors include the financial health

and short-term business outlook of the investee, industry and sector performance, and operational and financing cash flows. If the decline in fair value below cost is considered significant or prolonged, the Company recognizes an impairment, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired marketable securities, to profit or loss.

Management determined that there were indicators of impairment for its marketable securities in the year ended October 31, 2015 and recorded a write-down of \$1,301.

#### *Income taxes*

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

#### *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.

### **New accounting standards and interpretations not yet 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 April 30, 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".
- **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 Issuer'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 annual periods beginning on January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company is currently evaluating the impact of the standard on its financial statements.

## 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 effective for fiscal periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its financial statements.

## 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 Issuer's annual periods beginning November 1, 2018.

## Disclosure of Outstanding Share Data

As at June 29, 2018, the Issuer had the following common shares, stock options and warrants outstanding:

Common shares	117,074,180
Stock options (vested and unvested)	9,107,500
Warrants	2,531,646
Fully diluted shares outstanding	<b>128,713,326</b>

The Issuer's ongoing business development is dependent on raising additional capital to develop its properties and the Issuer is continually assessing overall market conditions to ensure this need is fulfilled to the benefit of the Issuer and its shareholders.