GLOBAL UAV TECHNOLOGIES

**(A Technology Company)**

**Consolidated Financial Statements**

**For the Years Ended October 31, 2024 and 2023**

(Expressed in Canadian Dollars)

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Global UAV Technologies Ltd.

***Opinion***

We have audited the accompanying consolidated financial statements of Global UAV Technologies Ltd. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a working capital deficit of $1,299,637 and an accumulated deficit of $29,501,866 as at October 31, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

February 26, 2025

**GLOBAL UAV TECHNOLOGIES LTD.**
Consolidated Statements of Financial Position
As at October 31,
(Expressed in Canadian Dollars)

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ | 141,994 | $ | 2,562 |
| Amounts receivable | | 26,416 | | 21,103 |
| | | 168,410 | | 23,665 |
| **Non-current** | | | | |
| Equipment (Note 4) | | 6,545 | | 8,181 |
| **TOTAL ASSETS** | $ | 174,955 | $ | 31,846 |
| **LIABILITIES** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities (Note 5) | $ | 1,405,717 | $ | 1,284,849 |
| Loan payable (Note 6) | | 62,330 | | - |
| | | 1,468,047 | | 1,284,849 |
| **Non-current** | | | | |
| Loan payable (Note 6) | | - | | 60,000 |
| **TOTAL LIABILITIES** | | 1,468,047 | | 1,344,849 |
| **SHAREHOLDERS' DEFICIT** | | | | |
| Share capital (Note 7) | | 25,104,124 | | 25,104,124 |
| Subscriptions received in advance (Note 13) | | 135,592 | | - |
| Reserves | | 2,969,058 | | 2,969,058 |
| Accumulated deficit | | (29,501,866) | | (29,386,185) |
| | | (1,293,092) | | (1,313,003) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT** | $ | 174,955 | $ | 31,846 |

Nature of operations and going concern (Note 1)
Subsequent event (Note 13)

Approved and authorized by the Board on February 26, 2025.

*"James Rogers" (signed)*
……………………………………..… Director
*"Andrew Male" (signed)*
…………………………………...…… Director

See notes to the consolidated financial statements

**GLOBAL UAV TECHNOLOGIES LTD.**
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended October 31,
(Expressed in Canadian Dollars)

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **Operating Expenses** | | | | |
| Accounting, audit and legal (Note 8) | $ | 83,048 | $ | 89,204 |
| Consultants' fees | | 1,000 | | - |
| Depreciation (Note 4) | | 1,636 | | 2,045 |
| Office and miscellaneous | | 8,187 | | 42,577 |
| Regulatory, listing, transfer agent fees | | 14,704 | | 19,498 |
| Rent | | 4,776 | | 7,852 |
| | | (113,351) | | (161,176) |
| **Other Items** | | | | |
| Interest (Note 6) | | (2,330) | | - |
| **Loss and Comprehensive Loss for the Year** | $ | (115,681) | $ | (161,176) |
| *Loss per Share, Basic and Diluted* | $ | (0.10) | $ | (0.14) |
| *Weighted Average Number of Common Shares Outstanding, Basic and Diluted* | | 1,171,167 | | 1,171,167 |

See notes to the consolidated financial statements

**GLOBAL UAV TECHNOLOGIES LTD.**
Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)

| | Number of Shares | | Share Capital | | Reserves | | Subscriptions received in advance | | Accumulated Deficit | | Total Shareholders' Deficit |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance – October 31, 2022** | 1,171,167 | $ | 25,104,124 | $ | 2,969,058 | $ | - | $ | (29,225,009) | $ | (1,151,827) |
| Loss for the year | - | | - | | - | | - | | (161,176) | | (161,176) |
| **Balance – October 31, 2023** | 1,171,167 | | 25,104,124 | | 2,969,058 | | - | | (29,386,185) | | (1,313,003) |
| Loss for the year | - | | - | | - | | - | | (115,681) | | (115,681) |
| Subscriptions Received in Advance | - | | - | | - | | 140,400 | | - | | 140,400 |
| Share issuance costs | - | | - | | - | | (4,808) | | - | | (4,808) |
| **Balance – October 31, 2024** | 1,171,167 | $ | 25,104,124 | $ | 2,969,058 | $ | 135,592 | $ | (29,501,866) | $ | (1,293,092) |

See notes to the consolidated financial statements.

**GLOBAL UAV TECHNOLOGIES LTD.**
Consolidated Statements of Cash Flows
For the Years Ended October 31,
(Expressed in Canadian Dollars)

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Loss for the year | $ | (115,681) | $ | (161,176) |
| Items not affecting cash: | | | | |
| Depreciation | | 1,636 | | 2,045 |
| Changes in non-cash working capital: | | | | |
| Amounts receivable | | (5,313) | | 115,672 |
| Loan payable | | 2,330 | | - |
| Accounts payable and accrued liabilities | | 116,060 | | 45,734 |
| **Cash Provided by (Used in) Operating Activities** | | (968) | | 2,275 |
| **Financing Activities** | | | | |
| Subscriptions received in advance | | 140,400 | | - |
| **Cash Provided by Financing Activities** | | 140,400 | | - |
| **Change in Cash** | | 139,432 | | 2,275 |
| **Cash, Beginning of Year** | | 2,562 | | 287 |
| **Cash, End of Year** | $ | 141,994 | $ | 2,562 |

**Non-cash transactions:**

During the year ended October 31, 2024, the Company recognized $4,808 in share issuance costs in accounts payable.

The Company did not enter into any material non-cash transactions during the year October 31, 2023.

See notes to the consolidated financial statements.

(Expressed in Canadian Dollars)

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Global UAV Technologies Ltd. (the "Company") was incorporated under the laws of British Columbia. The Company's principal and registered place of business is located at 488 – 1090 West Georgia St., Vancouver, British Columbia, Canada, V6E 3V7. The Company is a technology issuer and is listed on the Canadian Securities Exchange under the symbol "UAV".

The Company has sustained recurring losses and negative cash flows from its operations. As at October 31, 2024, the Company had cash of $141,994 (October 31, 2023 - $2,562), working capital deficit of $1,299,637 (October 31, 2023 – deficit of $1,261,184) and an accumulated deficit of $29,501,866 (October 31, 2023 - $29,386,185). The Company will need to raise additional capital to fund operations and settle its debts. The Company expects to seek additional funding through equity financings. 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 that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated 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 consolidated financial statements have been prepared and are presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

**Basis of presentation**

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

### b) Basis of consolidation

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

| | | **Percentage owned*** | |
|---|---|---|---|
| **Subsidiary** | | **October 31, 2024** | **October 31, 2023** |
| 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 Inc. | **Ontario, Canada** | 100% | 100% |
| Global UAV Leasing Ltd. | **Saskatchewan, Canada** | 100% | 100% |
| Aerial Imaging Resources Inc. | **Manitoba, Canada** | 100% | 100% |

*Percentage of voting power is proportion to ownership.

## 2. BASIS OF PRESENTATION (cont'd…)

### b) Basis of consolidation (cont'd…)

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.

### c) 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 loss for the year.

### d) Significant accounting judgments and 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:

**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.

## 2. BASIS OF PRESENTATION (cont'd…)

### d) Significant accounting judgments and estimates (cont'd…)

*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.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### a) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss.

*Amortized cost*

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and amounts receivable are recorded at amortized cost as they meet the required criteria.

*Fair value through other comprehensive income* ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and loan payable.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

### a) Financial instruments (cont'd…)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

### b) Equipment

Equipment is carried at cost, less accumulated depreciation.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of 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 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 loss and comprehensive loss.

The Company compares the carrying value of 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 | 20% |

### c) 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 loss and comprehensive loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

### c) Impairment of assets (cont'd…)

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.

### d) 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 based 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.

### e) 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 non-employees 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.

### f) Earnings Income (loss) per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the 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 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.

### g) 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.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

### g) Income taxes (cont'd…)

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.

### h) 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.

### i) New standards adopted during the year

The Company adopted the following amendments to accounting standards, which are effective for annual reporting periods beginning on or after January 1, 2023:

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

The amendment was applied effective November 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

### j) New standards not yet adopted

*Presentation and Disclosure in Financial Statements (IFRS 18)* - IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is not yet able to determine the impact to the consolidated financial statements from the adoption of this standard.

Certain pronouncements were issued by the IASB but are not yet effective as at October 31, 2024. The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on its consolidated financial statements.

(Expressed in Canadian Dollars)

## 4. EQUIPMENT

| | | Vehicles |
|---|---|---|
| **COST** | | |
| **Balance, October 31, 2022, October 31, 2023, and October 31, 2024** | $ | 62,974 |
| | | |
| **ACCUMULATED DEPRECIATION** | | |
| Balance, October 31, 2022 | $ | 52,748 |
| Depreciation | | 2,045 |
| Balance, October 31, 2023 | | 54,793 |
| Depreciation | | 1,636 |
| **Balance, October 31, 2024** | $ | 56,429 |
| | | |
| **CARRYING AMOUNTS** | | |
| At October 31, 2023 | $ | 8,181 |
| **At October 31, 2024** | $ | 6,545 |

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

| | | October 31, 2024 | | October 31, 2023 |
|---|---|---|---|---|
| Trade payables | $ | 1,385,717 | $ | 1,264,849 |
| Accrued liabilities | | 20,000 | | 20,000 |
| **Total accounts payable and accrued liabilities** | $ | 1,405,717 | $ | 1,284,849 |

## 6. LOAN PAYABLE

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a $60,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended October 31, 2020, the Company applied for the CEBA and received a $40,000 loan and applied for an additional $20,000 which it received during the year ended October 31, 2021. The CEBA remained interest free until January 18, 2024 and effective January 19, 2024, an interest rate of 5% per annum applies to the outstanding balance on the loan. During the year ended October 31, 2024, the loan was assigned to the CEBA Program and is in default as at October 31, 2024.

| | | |
|---|---|---|
| Balance October 31, 2022 and 2023 | $ | 60,000 |
| Interest | | 2,330 |
| **Balance, October 31, 2024** | $ | 62,330 |
| | | |
| **Current portion** | $ | 62,330 |
| **Non-current portion** | $ | - |

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL

### a) Authorized

Unlimited number of common shares without par value.

### b) Issued

The Company did not issue any shares during the year ended October 31, 2024 or October 31, 2023.

## 8. RELATED PARTY TRANSACTIONS

Transactions with management and related parties during the years ended October 31, 2024 and 2023 were as follows:

| Supplier | Nature of Transaction | | 2024 | | 2023 |
|---|---|---|---|---|---|
| Red Fern Consulting Ltd(i) | Accounting, audit and legal | $ | 60,000 | $ | 60,000 |

I. Red Fern Consulting Ltd is a private company of which Stephen Sulis, the Company's CFO, is an employee.

***Accounts payable to related parties***

Included in accounts payable and accrued liabilities at October 31, 2024 is $1,061,624 (October 31, 2023 - $961,808) due to officers, former officers and directors of the Company.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

| | | October 31, 2024 | | October 31, 2023 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash | $ | 141,994 | $ | 2,562 |
| Amounts receivable | | 26,416 | | 21,103 |
| **Total financial assets** | $ | 168,410 | $ | 23,665 |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 1,405,717 | $ | 1,284,849 |
| Loan payable | | 62,330 | | 60,000 |
| **Total financial liabilities** | $ | 1,468,047 | $ | 1,344,849 |

The fair values of the Company's cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The fair value of the Company's loan payable approximates their carrying value and contractual interest rates are comparable to current market interest rates.

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

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

### 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 October 31, 2024, the Company had cash in the amount of $141,994 (October 31, 2023 - $2,562) and accounts payable and accrued liabilities of $1,405,717 (October 31, 2023 - $1,284,849) and loans payable of $62,330 (October 31, 2023 - $nil)

The Company will need to obtain additional financing to meet its short-term financial obligations. The Company is investigating financing options to meet short-term financial obligations.

### 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 not exposed to significant foreign currency risk.

*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 not exposed to significant market risk.

### 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).

## 10. 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.

(Expressed in Canadian Dollars)

## 10. MANAGEMENT OF CAPITAL (cont'd…)

The Company's capital consists of shareholders' deficit. 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'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 year ended October 31, 2024.

## 11. INCOME TAXES

As at October 31, 2024, the Company has non-capital losses of approximately $11,112,000 and capital losses of $88,000.

The potential future tax benefits of these losses have not been recorded in these financial statements. The capital losses may be carried forward indefinitely. The non-capital losses of $11,112,000 expire through 2044.

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Income (loss) before income taxes | $ | (115,681) | $ | (161,176) |
| Income tax at statutory rates | | 27.00% | | 27.00% |
| Expected income tax recovery | | (31,000) | | (44,000) |
| Permanent differences | | 2,000 | | 10,000 |
| Change in statutory, foreign tax, foreign exchange rates and other | | (2,000) | | 1,000 |
| Adjustment to prior years provision versus statutory tax returns and | | 36,000 | | |
| expiry of non-capital losses | | - | | (75,000) |
| Change in unrecognized deductible temporary differences | | (5,000) | | 108,000 |
| **Total income tax expense (recovery)** | **$** | **-** | **$** | **-** |

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Non-capital losses carried forward (expiring 2026 to 2044) | $ | 11,112,000 | $ | 10,978,000 |
| Capital losses carried forward | | 88,000 | | 88,000 |
| Mineral property interests | | 3,718,000 | | 3,718,000 |
| Investment in oil and gas interests | | 74,000 | | 74,000 |
| Equipment | | 1,207,000 | | 1,045,000 |

## 12. SEGMENT REPORTING

The Company has one reportable operating segment, UAV services in Canada. The Company's assets are located in Canada.

## 13. SUBSEQUENT EVENT

Subsequent to October 31, 2024, the Company closed a non-brokered financing and issued 1,170,000 units at a price of $0.12 per unit for gross proceeds of $140,400 all of which was received as at October 31, 2024. Each unit comprises one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.15 for a period of two years from the date of closing. The Company recognized $4,808 in share issuance costs related to the financing.