ALTA VISTA VENTURES LTD.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED OCTOBER 31, 2016

Date Submitted: FEBRUARY 28, 2017

Introduction

The following discussion and analysis, prepared as of February 24, 2017 is prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the consolidated financial statements of Alta Vista Ventures Ltd. (the "Issuer" or "Alta Vista") for the year ended October 31, 2016.

Additional information related to the Issuer is available for view on SEDAR at 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 YRLLD.

Subsequent to October 31, 2016, the Issuer has recently moved into the Unmanned Arial Vehicle ("UAV") sector. The Issuer completed a Change in Business with the Canadian Securities Exchange and is now in the Technology Sector.

The Issuer acquired a 100 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 Issuer signed a definitive agreement for the acquisition of a 100% interest in the UAV division 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 the Pioneer division for a period of five years.

With the payment for 60% of the Assets, 100% of the Assets have been transferred to the Issuer's wholly owned subsidiary Pioneer Aerial Surveys Ltd. ("Pioneer Aerial"). Pioneer Aerial is providing services to mining and exploration companies. Should the final payment not be made, Pioneer will have the right to purchase Pioneer Aerial for $1.

In addition, the Issuer has 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 has 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.

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 $100,000. 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.

Performance Summary

Alta Vista previously acquired interests in mineral properties in Mexico and over the years has spent significant funds exploring these properties. As a result of a change in management, 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.

As at October 31, 2016, the Issuer had working capital of $17,055 (October 31, 2015 – $691,162 deficit). This is not sufficient to fund the Issuer's operating expenses and exploration activities in the short term, and additional funds will need to be raised through equity markets to provide additional financing for operating expenses and exploration activities.

Unmanned Aerial Vehicle Sector Activities:

On October 7, 2016, the Issuer reported that it had satisfactorily completed its due diligence on two of its acquisition targets – High Eye and the UAV division of Pioneer – and it is now moving forwards with the formal documentation for the transactions.

In addition, the Issuer and High Eye have agreed to amend the terms of the share exchange agreement as set out in the Letter of Intent (see news release dated July 5, 2016). Under the new terms Alta Vista has agreed to purchase a 100% interest in High Eye for a one time issuance of 4,500,000 shares. Alta Vista has agreed to pay the principles of High Eye a performance bonus of $120,000 upon High Eye surpassing gross revenues of $120,000 for their fiscal year 2016.

On December 6, 2016, the Issuer reported that it had signed the definitive agreement for the purchase of a 100% interest in High Eye Aerial Imaging Ltd. (see news releases dated July 6 and 15, 2016).

Key personnel of High Eye have signed one year employment agreements and will remain with High Eye to assist with running the company.

High Eye is a leader in unmanned aerial vehicle ('UAV') surveying and is the only company in Ontario to offer both multi rotor and fixed wing UAVs to their clients. High Eye's core business is providing two dimensional and three dimensional ortho-mosaic images, mapping of remote sites, aerial surveys, volumetric calculations, digital elevation modeling, aerial inspections of areas that are difficult to access, as well as environmental assessment & monitoring images. High Eye's clients are in the mining, construction, industrial, agricultural, and environmental sectors.

"I am excited about the progress made to date and the future collaboration between High Eye, Pioneer and my extensive list of contacts," stated Mike McMillan, Alta Vista's UAV specialist and Head of Business Development.

On November 15, 2016**,** the Issuer reported that it had signed the definitive agreement for the purchase of a 100% interest in the unmanned aerial vehicle (UAV) division of Pioneer Exploration Consultants Ltd. (see news releases dated July 19, 2016).

In the coming days, the UAV assets of Pioneer will be transferred to a newly created, wholly-owned subsidiary of Alta Vista named Pioneer Aerial Surveys Ltd. Key personnel will also join Pioneer Aerial Surveys including their staff geophysicist and Michael Burns, who will act as President.

The assets that are being transferred include the UAV-MAG™ Trademark, all of Pioneer Exploration's UAV surveying platforms, airborne geophysical sensors and equipment, and non-hard assets such as client lists and intellectual property related to the UAV-MAG™ surveys.

Since 2014, Pioneer has built their UAV business into a world leader in UAV based aeromagnetic surveying with clients ranging from junior exploration companies to government organizations and major mining companies. Pioneer has conducted surveys in multiple jurisdictions such as Canada, the USA, and the Middle East for a variety of deposit types including gold, copper, chromite, lithium, diamonds, and oil and gas.

Michael Burns, President of Pioneer, stated "this is an exciting time in the UAV industry, and I look forward to joining Alta Vista's progressive thinking and high-energy team to assist with directing the focus of the business and continuing to grow Pioneer's surveying services and technology. We have proven the technology and concept of UAV-MAG™ surveys, and because of our high commitment to safety and regulations, the demand amongst major and junior mining and exploration companies is quickly growing. We look forward to accelerating this growth by continuing to improve the reputation and global survey services through Pioneer Aerial."

Subject to CSE approval, Alta Vista will issue Pioneer Exploration Consultants 6,000,000 shares and pay $300,000 for an initial 60% stake in the business. Upon acquiring 60% stake in Pioneer, Alta Vista will have control over 100% of the business. The final payment of an additional 3,000,000 shares and $200,000, to acquire the remaining 40%, must be made on, or before, November 14, 2017.

"With the formal closing of the High Eye and Pioneer transactions, Alta Vista will be a multi-faceted UAV company delivering services via two wholly owned subsidiaries", stated Mike McMillan, Alta Vista's Head of Business Development, "Each subsidiary will be run by industry experts and we plan to expand what they can offer the UAV market with our diversified team."

"I am looking forward to the becoming part of a dynamic, growing team", stated Murray Hunt, General Manager of High Eye, "I think that Alta Vista is setting itself up to be a leader in the UAV industry across Canada."

Subject to CSE approval, Alta Vista will issue the owners of High Eye 4,500,000 shares and issue a promissory note to pay $100,000 prior to Dec. 31, 2016 on closing.

A finders' fee of 5% will be payable on the closing of the transaction.

A 5% finders' fee will be payable on the Pioneer transaction. The fees (shares and cash) will be payable within 10 business days of each payment as they are made.

On December 20, 2016, the Issuer provided a year-end update on its acquisition target High Eye Aerial Imaging. The following was provided to Alta Vista's Board of Directors by High Eye.

December 2016

To the Board of Directors of Alta Vista Ventures

High Eye Aerial Imaging has had an exciting year, as demand for various environmental and mining services have surged! Many clients have returned to us this year with expanded plans from previous years, while we have had many new clients venturing into new territory, all of which are always pleasantly surprised once they see the potential of a UAV survey.
Some of the prominent clients and large commercial projects we have had this year are as follows:

Nottawasaga Valley Conservation Authority:
Federally funded research program - "*Mapping of Dynamic Beach, Flood Hazard Limit, Nearshore Bathymetry and Biodiversity for the Wasaga Beach and Collingwood Shoreline.*"
High Eye collected data over 36 km of shoreline from Western limit of Collingwood to the eastern limit of Wasaga Beach. A total surveyed area of approximately of 1,300 Ha.

UNIMIN Corporation:
Unimin Canada employed High Eye to preform break line and DEM mapping for the largest Nepheline mine in Ontario. Total combined area of two sites was approximately 520 Ha. The Blue Mountain & Nephton site data was delivered in multiple user friendly formats.

University of Guelph:
For the third year, High Eye provided aerial imaging for the University of Guelph "*Innovative Technologies for Improved Plant Health of Field Vegetables"* project. We provided weekly data collection for the Muck Crops Research Facility is located in the Holland Marsh.

Lafarge Canada Hamilton Slag Facility:
High Eye provided aerial stockpile volume data for 27 stockpiles, located at Lafarge facility at the Hamilton Harbour. In addition to stockpile volume report, we also delivered a high resolution orthographic map and legend of their 25 Ha property.

The Ontario Aggregate Resources Corporation:
For the third year, High Eye was engaged by TOARC to provide aerial topographical survey data for legacy pit rehabilitations within Ontario in association with the Management of Abandoned Production Properties (MAPP) program.

Skelton, Brumwell & Associates Inc. - Engineering Planning Environmental Consultants:
High Eye was engaged by SBA to provide aerial survey data and a Digital Elevation Models for several projects pertaining to aggregate licensing permits.

Additional Projects:

We also completed a number of significant projects, but due to client confidentiality, we cannot disclose their specific information – but they were:

- We generated a high accuracy and density Digital Elevation Model of an emptied reservoir for a power generating station. Total area of coverage in excess of 350 Ha.
- Numerous topo surveys for large earth work and development projects throughout Ontario
- Aerial progression images for major highway, and bridge projects

On January 3, 2017, the Issuer reported that it had formally closed the Asset Purchase Agreement for the UAV assets of Pioneer Exploration Consultants Ltd. ("Pioneer Exploration") (see news releases dated July 19 and November 15, 2016).

On closing Alta Vista combined the first two payments as contemplated in the Asset Purchase Agreement by making payments totaling $300,000 and issuing six million shares to Pioneer Exploration at a deemed price of $0.05 per share. Immediately prior to the completion of the transaction, Pioneer Exploration owned no shares of

Alta Vista. Following completion of the transaction, Pioneer Exploration currently has ownership of and control over 6,000,000 common shares of the Issuer representing approximately 10.58% of the issued and outstanding common shares of Alta Vista. A copy of the Early Warning Report required to be filed with the applicable securities commissions in connection with the transaction will be available on SEDAR at www.sedar.com.

The Asset Purchase Agreement provides for a final payment of $200,000 and an issuance of an additional three million shares within 12 months.

Upon this formal closing Alta Vista's wholly owned subsidiary, Pioneer Aerial Surveys Ltd., has control over 100% of the Assets and is now in the position to offer UAV-MAG™ services.

The transferred assets include the UAV-MAG™ Trademark, all of Pioneer Exploration's UAV surveying platforms, airborne geophysical sensors and equipment, and intangible assets such as client lists and intellectual property related to the UAV-MAG™ surveys.

Pioneer Exploration now has the right to appoint a nominee to Alta Vista's board of directors.

A finders' fee of 5% is payable in respect to the transaction. Alta Vista anticipates that this will be paid upon Alta Vista resuming trading after its Change of Business is completed.

Commencing 1 year from the Closing Date, and for a period of 5 years thereafter, Pioneer Exploration will be paid a 10% royalty on the profits of Pioneer Aerial Surveys. The Royalty Payments will be payable quarterly.

On January 6, 2017, the Issuer reported that it had formally closed the Share Purchase Agreement for a 100% interest in High Eye Aerial Imaging ("High Eye") (see news releases dated July 6 July 15, and December 6, 2016).

On closing Alta Vista issued four million five hundred thousand (4,500,000) shares to the underlying owners of High Eye at a deemed price of $0.05 per share. Immediately prior to the completion of the transaction the previous owners of High Eye owned no shares of Alta Vista. Alta Vista retains a promissory note for $100,000 that is payable to Mr. Murray Hunt and due on January 31, 2017.

With this formal closing, High Eye will become a wholly owned subsidiary of Alta Vista. High Eye will continue to provide Unmanned Aerial Vehicle ("UAV") services to a broad base of clients that cover multiple sectors including: Agriculture, Construction, Engineering, Environmental Monitoring, Aerial Surveying, Aggregate Production, Mining, Aerial Inspection, HD Video and Photography.

Key personnel have signed new contracts with High Eye and will continue to operate the business under the guidance of Alta Vista.

A finders' fee of 5% is payable in respect to the transaction. Alta Vista anticipates that this will be paid upon Alta Vista resuming trading after its Change of Business is completed.

On January 19, 2017, the Issuer reported that its wholly owned subsidiary Pioneer Aerial Surveys had landed the first commercial deployment for its proprietary UAV-MAG™ survey system. The UAV-MAG™ is one of the first Unmanned Aerial Vehicle systems that is capable of conducting airborne magnetic surveys.

"This first contract is an important milestone for Pioneer Aerial Surveys as it has only been a matter of weeks since the purchase of the equipment. This demonstrates the pending demand for the UAV-MAG™ system and survey services", stated Jason Springett, president of Alta Vista Ventures.

The use of Unmanned Aerial Vehicle's, or drones, has dramatically increased over the past year and expectations are for considerable expansion within the mining and exploration industry. Pioneer Aerial Surveys' proprietary UAV-MAG™ survey system is technology that continues to increase the limits and capabilities of remote sensing in the mining and exploration industry and provides an economical solution for high quality surveys.

Aeromagnetic surveys are typically a significant expense so the cost effectiveness of UAV-MAG™ is a large selling feature.

“There has been tremendous interest in this new technology. Pioneer Aerial Surveys has also submitted quotes for two other jobs. We are very encouraged by the inquiries received to date,” said Jason Springett.

On February 7, 2017, the Issuer reported that as a result of the high level of demand for its unmanned geophysics survey services, Pioneer Aerial Surveys, a wholly owned subsidiary of Alta Vista, has accelerated its growth plans by purchasing an additional UAV.

This new Unmanned Aerial Vehicle, or UAV, is a “Responder” single rotor helicopter, manufactured by ING Robotic Aviation Inc. of Ottawa, Ontario. The UAV will be further customized for the UAV-MAG™ payload and survey flight requirements by Pioneer Aerial Surveys and ING Robotic Aviation.

“The Responder UAV platform was chosen after a comprehensive review process that included the flying of two complete commercial UAV-MAG™ surveys. The performance, safety, reliability and support of the ING product surpassed that of other comparable commercial grade UAV’s on the market today, and were key factors in the purchase decision,” stated Michael Burns, director of Alta Vista Ventures and creator of the UAV-MAG™.

Pioneer Aerial has added multiple confirmed UAV-MAG™ surveys to its spring 2017 schedule throughout Quebec, Nunavut, British Columbia and the Yukon. Pioneer Aerial is currently mobilizing field crews to Quebec to fly three surveys before the end of February.

“The strong growth of Pioneer Aerial after only one month of operation reaffirms Alta Vista’s decision to purchase the UAV-MAG™ assets. We remain committed to providing support that accelerates growth of our subsidiary companies in this rapidly expanding technology sector as we focus on further business developments in Alta Vista,” stated Jason Springett, president of Alta Vista Ventures.

On February 15, 2017, the Issuer reported that its wholly-owned subsidiary High Eye Aerial Imaging Ltd. (“High Eye”) has completed its largest project to date. The project was done as part of the Mapping Dynamic Beach Flood Hazard Limit for Wasaga Beach and Collingwood, a federally funded project by The Ministry of Environment and Climate Change. The total area covered was approximately 1,100 hectares.

High Eye provided aerial mapping topographical data for 36 kilometres of shoreline in the Georgian Bay in order to determine the flood hazard limit elevation. The first phase of the project consisting of capturing the aerial data was completed in the fall prior to snow cover. The final delivery included high definition geo-referenced orthomosaic imagery of the entire project area and a 0.5 metre contoured Digital Elevation Contour Model with a vertical elevation tolerance of only 20 centimetres.

“Completing a project of this magnitude is important in order to show potential customers the scope of projects that High Eye can take on”, stated Murray Hunt, High Eye’s General Manager.

High Eye will be displaying at the Ontario Stone, Sand and Gravel Association (or ‘OSSGA’) Annual Conference and AGM that is being held at the Westin Ottawa Hotel from February 15 to 17. High Eye is an active member of OSSGA and has performed work for a half dozen companies that are members of OSSGA. Associations like these are important client pools for High Eye.

Exploration Activities

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: Urique, San Pedro, Cuiteco, Carol, La Verde, Dos Naciones, Orofino, and Apache.

All of these exploration properties have been 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 year.

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.

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 $100,000. 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.

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.

For the year ended October 31, 2016, management 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. Please refer to the Issuer's consolidated financial statements for the year ending October 31, 2016 for further details.

Oil and Gas Investment

During the year ended October 31, 2006, the Company acquired, for investment purposes, a 2.78% (one-half unit) interest in an oil and gas joint venture for cash consideration of $52,598. The joint venture has an interest in two producing oil and gas wells located in Texas and Louisiana, United States. Subsequent to the Company's original investment, the interest was written down to $33,611, and then again to $9,000. Given the decline in oil prices and reduction in oil reserves, revenues received from its investment were $nil (2015 - $269). During the year ended October 31, 2015, the Company considered the prevalent market conditions and recorded an impairment loss of $9,000 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy. This reflects management's estimate of the recoverable amount.

Corporate Events

On July 28, 2016, the Issuer reported that it has agreed with certain consultants, directors and officers to settle outstanding indebtedness in the amount of $195,457 by the issuance of 3,909,148 units at a price of $0.05 per unit. Each unit consists of one share and one warrant. Each warrant entitles the holder to acquire one additional share at a price of $0.10 per share for a period of one year from the date of issuance. The shares forming part of the units and any shares acquired on exercise of the warrants will be subject to a hold period of four months plus one day from the date of issuance.

In addition the Company has agreed with certain consultants to a write down of a total of $197,231.53 of indebtedness.

On August 4, 2016, the Issuer announced that Mr. Mike McMillan has joined the Issuer as Head of Business Development. Mr. McMillan is a well-respected entrepreneur in the Unmanned Aerial Vehicle (UAV) sector and brings to Alta Vista a combined 15 years of experience in the mapping and UAV sectors.

Mr. McMillan has been involved in all aspects of the UAV sector – from surveying and mapping to the design and manufacturing of UAV's. He has helped create, distribute, and sell successful brands with over one million dollars in retail sales.

Mr. McMillan has worked with clients in the environmental, construction, engineering, utilities, and public safety markets. He has been contracted by the Ontario Provincial Police, the RCMP, Special Investigations Unit, The Office of the Fire Marshal, and many of the local municipal public safety organizations as well as customers in the construction and engineering market such as Ellis Don, PCL, 407 Partners, Hatch, Amec, Acuren, etc. In addition, Mr. McMillan has years of experience working with federal, provincial, and municipal organizations including City of Toronto, Halton Region, Ministry of Transportation, MetroLinx, Go Transit and many more.

Mr. McMillan is also active in the development of new technologies and is currently involved in testing solutions for the Department of Fisheries and Oceans, Trout Unlimited, and Ducks Unlimited and looking to expand on these unique solutions into the mining sector.

"I am very excited about the potential for what Alta Vista is putting together. With the completion of the acquisitions that Alta Vista is contemplating, I believe that I will be able to help the company grow in all sector's and help build Alta Vista's various divisions that it will be creating", stated Mr. McMillan.

On August 5, 2016, the Issuer announced that is has issued 3,909,148 Units as per its debt settlement announced on July 28, 2016.

All securities issued pursuant to this settlement are subject to a hold period until December 3, 2016 (four months and one day after closing) under applicable Canadian securities laws. Each Unit consists of one previously unissued common share and one purchase warrant (a "Warrant) of the Issuer. Each Warrant issued entitles the holder, on exercise, to purchase one additional common share of the Issuer (a "Warrant Share") until August 1, 2017. The Warrants are exercisable at a price of $0.10 per share.

The Issuer also wishes to announce that it has granted 2,350,000 incentive stock options at a price of $0.10 with a 3 year term to certain directors, officers, and consultants of the Issuer.

On August 22, 2016, reported that all resolutions were passed at its Annual General Meeting held on August 19, 2016. 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:

George Smitherman	- CEO, Director and Audit Committee Chair
Jason Springett	- President, Director and Audit Committee Member
Don Shaxon	- Director and Audit Committee Member
Jennifer Schindler	- CFO

[Note to reader: Don Shaxon subsequently stepped down as a director in January, 2017 – see below for details]

The Issuer stated that it intended to use the proceeds of the private placement for the closing of the definitive agreements as set out in Letters of Intent (see news releases dated July 6, 11 and 19, 2016) and corporate purposes.

The Issuer intended to pay finders fees on a portion of the financing.

Also on September 8, 2016, the Issuer announced that it had expanded its marketing and digital development capabilities with the addition of Neil Wills as Marketing & IT Director. Neil is a senior level marketing and development professional with over 15 years of agency experience. His work includes creative direction, design, and digital development for top tiered brands such as Canadian Tire, RBC, Dairy Queen, Loblaws, Sobeys, Home Depot, Suzuki, Staples, Rexall, Pharmasave and Grand & Toy. Neil has received multiple design awards for outstanding work in both traditional and digital design, and has helped his impressive client list bolster their visual brands and online presence with strategic UI/UX development of large data driven apps, web platforms, and print media.

As part of its new rebranding initiative, the Issuer announces the launch of our new online presence at www.altavistaventures.ca.

“We are very pleased with the new look for the Issuer and feel that it better reflects the opportunities that Alta Vista is pursuing in the UAV sector”, stated Jason Springett, president of Alta Vista Ventures, “Neil's determination and passion will help bring Alta Vista Ventures into new and exciting digital spaces.”

On September 23, 2016, the Issuer reported that it intended to extend the expiry date of 1,782,000 warrants that were to expire on October 21, 2016 to October 21, 2017 and 3,581,000 warrants that were to expire on November 4, 2016 to November 4, 2017 with no change to the exercise price of $0.075.

The extension of these warrants is subject to approval by the Canadian Securities Exchange.

On September 28, 2016, the Issuer announced that it has received subscription agreements for a total of $486,000 or for 9,720,000 units (each, a “Unit”) at a price of $0.05 per Unit and has closed tranche one of its ongoing financing, subject to filings and approval of the Canadian Securities Exchange.

Each Unit consists of one previously unissued common share and one purchase warrant (a “Warrant) of the Issuer. Each Warrant will entitle the holder, on exercise, to purchase one additional common share of the Issuer for a period of 12 (twelve) months from the date of issue of the Warrant. The Warrants will be exercisable at a price of $0.10 per share.

A finders’ fee of 10% will be paid on a portion of the funds received.

Alta Vista will use the proceeds of the private placement to advance the formal agreement for the acquisition of High Eye Aerial Imaging and the UAV division of Pioneer Exploration Consultants (see news releases dated July 6 and 19, 2016), finders’ fees, and corporate purposes.

“The amount closed in this first tranche is sufficient to make the initial payments for the purchase of both High Eye and the UAV division of Pioneer”, stated Jason Springett, president of Alta Vista Ventures. “Upon closing the rest of the financing, our intent is to complete the purchase of the 100% interest in Pioneer well ahead of schedule”.

On September 28, 2016, the Issuer announced that Mr. Donald Shaxon replaced Mr. George Smitherman as CEO of the company. Mr. Smitherman has been a valuable member of the board, and will remain a director of the company moving forward.

On September 30, 2016, the Issuer announced that it had filed all required paperwork, issued 9,720,000 common shares at a price of $0.05, and 9,720,000 share purchase warrants and has formally closed tranche one of its ongoing financing (see news releases dated August 23 and September 9, 2016).

All securities issued pursuant to this placement are subject to a hold period until January 29, 2017 (four months and one day after closing) under applicable Canadian securities laws. Each Unit consists of one previously unissued common share and one non-transferable purchase warrant (a "Warrant) of the Issuer. Each Warrant issued entitles the holder, on exercise, to purchase one additional common share of the Issuer (a "Warrant Share") until September 28, 2017. The Warrants will be exercisable at a price of $0.10 per share.

Finders fees were paid to Canaccord Genuity ($20,000 and 400,000 brokers warrants), PI Financial ($500 and 10,000 brokers warrants), and Foremost Capital ($2,000 and 40,000 brokers warrants). The brokers warrants have the same terms as the Warrants as per above.

On November 15, 2016**,** the Issuer reported that with the signing of the definitive agreement for the purchase of Pioneer Exploration Consultants' UAV business, Alta Vista will continue with the next phase of its Change of Business, which will be subject to CSE approval.

On January 12, 2017, the Issuer reported that a copy of the Issuer's updated Listing Statement (Form 2A) has been be posted on the Issuer's page of the CSE website (http://thecse.com/en/listings/life-sciences/alta-vista-ventures-ltd). Shareholders are encouraged to visit the site to familiarize themselves with Alta Vista's proposed change of business into the Diversified Industries sector. The Issuer is now soliciting shareholder approval for the Change of Business.

On January 18, 2017, the Issuer reported that the CSE had approved the Issuer's Change of Business. The Issuer received written consent from shareholders, representing 35,139,739 shares, in favour of the change of business. The Issuer is now classified within the Technology sector of the CSE.

As a result of the focus on the Unmanned Aerial Vehicle sector, the Issuer has changed its trading symbol to UAV, effective at the start of trading on the 18th of January.

On January 30, 2017, the Issuer reported that Mr. Don Shaxon and Mr. Mike McMillan have stepped down as Director and CEO and Head of Business Development, respectively.

Mr. Michael Burns has joined Alta Vista's Board of Directors and Mr. Jason Springett has been appointed to the role of CEO on an interim basis.

Mr. Burns has been involved in the mining and exploration industry since 2007. He was a founding member of Mackevoy Geosciences Ltd. (2007-2013), and in 2014 he co-founded Pioneer Exploration Consultants Ltd., a private geological consulting firm based in Saskatchewan. At Pioneer Exploration, Mr. Burns developed the UAV-MAG^{TM} system, flew the first ever commercial unmanned airborne magnetic geophysical survey in 2014, and was central to Pioneer Exploration to becoming the industry leader in UAV based geophysical surveys. Mr. Burns is also a director of Canadian International Minerals Inc. (TSX.V: CIN) and the CEO and President of Navis Resources (CSE: SUV).

Results of Operations

The Issuer had no earnings from its businesses and therefore will be required to finance its future exploration activities by the sale of common shares or units.

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.

The Tribunal Federal De Justicia Fiscal Y Administrativa has contested the judgement previously announced (see news release dated July 28, 2016) – the Issuer does not know, nor can predict, the length of time that will be required for this process. Except for its Mexican subsidiary, the Issuer is not in default under any material debt or other contractual obligations.

No significant revenue generating contracts or cash commitments were entered into or undertaken by the Issuer during the period other than as set out herein or in the consolidated financial statements of the Issuer.

Significant variances in the Issuer's operational results for the year ended October 31, 2016 compared with October 31, 2015, were as follows:

i. Exploration expenditures, net of recoveries decreased $86,512 to $32,513 from $119,025 in 2015 due to the Issuer moving its focus away from mineral exploration.

ii. Consultants' fees increased $160,704 to $330,226 from $169,522 in 2015 due to the Issuer's changes in business and the expertise required on these changes.

iii. Management fees decreased to $nil from $22,500 in 2015 due to restructuring of management responsibilities in 2015.

iv. Accounting, audit and legal expenses increased by $117,262 to $162,235 from $44,973 in 2015 due to Issuer increasing legal work performed in respect of private placements, stock options, and changes in business.

v. Issuer Share-based compensation increased by $631,146 to $708,250 from $77,104 in 2015 due to share-based payments made to consultants in conjunction with fees paid in cash, and a higher volatility number used in the Black-Scholes calculation to value more stock options granted in 2016 than in 2015.

vi. Office and miscellaneous increased by $11,593 to $21,691 from $10,098 in 2015 due to increased office-related activities from the changes in business.

vii. Regulatory fees increased by $6,262 to $15,264 from $9,002 in 2015 due to multiple private placements, stock options issuances, and the changes in business during the year.

viii. Investor relations and promotion increased by $11,111 to $11,973 from $862 in 2015 due to Issuer changes in business during the year.

ix. Write-down of mineral property interests decreased to $nil from $44,002 in 2015 due to mineral properties being fully written down in 2015.

x. Write-off of accounts payable decreased to $nil from $39,960 in 2015 due to the write off of a legacy payable in 2015.

xi. Gain on settlement of debt increased by $159,542 from $nil in 2015 due to amounts payable to the Issuer's former President being settled for less than the amounts owed.

xii. Gain on sale of marketable securities increased by $12,312 to$13,488 from $1,176 in 2015 due to gains on marketable securities sold during the current year.

xiii. Write-off of investments in Thor Pharma and RedeCan Pharm increased to $1,455,054 from $nil in 2015 due to the write-off of these investments during the current year.

xiv. Impairment of non-current accounts receivable decreased by $14,283 to $3,408 from $17,691 in 2015 due to an impairment recorded on recoverable taxes in Mexico, on less funds spent overall in Mexico during the current year.

Significant variances in the Issuer's financial position for the year ended October 31, 2016 compared with October 31, 2015, were as follows:

i. Cash increased by $311,446 to $313,980 from $2,534 in 2015 due to a private placement completed in late September 2016.

ii. Amounts receivable increased by $26,635 to $47,511 from $20,876 in 2015, due primarily to an increase in refundable taxes expected to be received by the Issuer for the current year.

iii. Marketable securities decreased by $8,334 to $1,341 from $9,675 in 2015 due to the sale of most shares held by the Issuer.

iv. Prepaid expenses increased by $37,875 to $40,249 from $2,374 due primarily to consulting payments made at year end for November 2016 expenses.

v. Property, plant and equipment increased by $8,045 to $14,238 from $6,193 in 2015 due to amortization of the Issuer's equipment being exceeded by the acquisition of a drone during the year.

vi. Accounts payable and accrued liabilities decreased by $340,595 to $386,026 from $726,621 in 2015 due to the Issuer settling much of its debt with the proceeds from private placements and warrant exercises during the current year.

Significant variances in the Issuer's cash flows for the year ended October 31, 2016 compared to the year ended October 31, 2015, were as follows:

i. Cash used in operating activities increased by $392,248 to $490,876 from $98,628 in 2015 due primarily to the increased legal and consulting fees arising from the Issuer's changes in business.

ii. Cash provided by / used in investing activities decreased by $160,657 to cash used of $150,599 from cash provided of $10,058 in 2015 primarily due to the Issuer's cash investments in Thor Pharma and RedeCan Pharm being written off during the year.

iii. Cash provided by financing activities increased by $880,236 to $952,921 from $72,685 in 2015 due to multiple private placements during the current year as well as the exercise of numerous warrants and stock options.

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, 2016 $	**OCT. 31, 2015 $**	**OCT. 31, 2014 $**
Total revenue	Nil	Nil	Nil
Loss for the year	(2,586,960)	(508,087)	(623,443)
Basic and diluted loss per share	(0.09)	(0.05)	(0.08)
Total assets	418,819	43,152	119,294
Total long-term financial liabilities	Nil	Nil	Nil

Summary of Quarterly Results

The table below sets out the quarterly results of the Issuer for the 8 most recent quarters.

	Oct. 31, 2016	Jul. 31, 2016	Apr. 30, 2016	Jan. 31, 2016	Oct. 31, 2015	Jul. 31, 2015	Apr. 30, 2015	Jan. 31, 2015

Revenue	$0	$0	$0	$0	$0	$0	$0	$0
Loss (income) for the period	$403,683	$941,974	$350,408	$890,895	$243,099	$81,233	$59,405	$124,350
Basic and diluted loss (income) per share	$0.00	$0.04	$0.01	$0.05	$0.02	$0.01	$0.01	$0.01

Significant variances in the Issuer's operational results for the quarter ended October 31, 2016 compared with October 31, 2015, were as follows:

i. Exploration expenditures, net of recoveries, decreased by $10,527 to $9,303 from $19,830 in 2015 due to the Issuer's focus shifting away from mineral exploration.

ii. Consultants' fees decreased by $42,544 to $87,978 from $130,522 in 2015 due to the Issuer restructuring its consulting responsibilities at the end of 2015.

iii. Accounting, audit and legal expenses increased by $52,463 to $55,834 from $3,371 in 2015 due to the timing of accruals and additional legal work performed in respect of private placement and stock option issuances in the current quarter.

iv. Share-based compensation increased by $128,566 to $176,300 from $47,734 in 2015 due to increased amounts of stock-options issued during the current quarter and a higher volatility number used in the Black-Scholes calculation to valuate the stock options issued.

v. Transfer agent and listing fees increased by $5,900 to $6,344 from $444 in 2015 due to the Issuer completing a private placement and other share issuances occurring in the fourth quarter of 2016.

Related Party Transactions

a) Management transactions

Management transactions with related parties for the years ended October 31, 2016 and 2015 were as follows:

	2016	2015
Shaxon Enterprises Ltd. (i)	$ 166,500	$ -
Ian Foreman (ii)	$ 46,000	$ 58,500
Timeline Filing Services Ltd. (iii)	$ 19,579	$ 10,737
Schindler & Issuer (iv)	$ 27,052	$ 20,512

(i) Shaxon Enterprises Ltd. is a private enterprise controlled by the Issuer's CEO, Donald Shaxon. Donald Shaxon became a related party on March 2, 2016, and accordingly amounts described above are from this date.

(ii) Ian Foreman was the Issuer's president until March 2, 2016. The amounts shown represent amounts paid to three companies controlled by Mr. Foreman: Foremost Management Services Inc. and Foremost Geological Consulting.

(iii) Timeline Filing Services Ltd. is a private enterprise controlled by the Issuer's corporate secretary, Laara Shaffer.

(iv) Schindler & Company is a private enterprise controlled by the Issuer's CFO, Jennifer Schindler.

Accounts payable to related parties

Foremost Management Services Inc. is a private enterprise controlled by the Issuer's former president and CEO, Ian Foreman. Included in accounts payable and accrued liabilities is $9,609 (2015 - $91,962). Foremost

Management Services Inc. is no longer a related party as of March 2, 2016.

Foremost Geological Consulting is a private enterprise controlled by the Issuer's former president and CEO, Ian Foreman. Included in accounts payable and accrued liabilities is $nil (2015 - $165,235). Foremost Geological Consulting is no longer a related party as of March 2, 2016.

Timeline Filing Services Ltd. is a private enterprise controlled by the Issuer's corporate secretary, Laara Shaffer. Included in accounts payable and accrued liabilities is $3,950 (2015 - $16,733).

Schindler & Company is a private enterprise controlled by the Issuer's CFO, Jennifer Schindler. Included in accounts payable and accrued liabilities is $9,803 (2015 - $30,392).

Rent expense of $18,000 (2015 - $18,000) was also charged by Foremost Management Services Inc., a Issuer controlled by Ian Foreman, the Issuer's former president, for the leasing of office premises up until his replacement on March 2, 2016, after which he was no longer a related party.

During the year ended October 31, 2016, the Issuer settled $423,991 (2015 - $nil) of accounts payable owing to related parties with units.

b) Loans payable

Included in accounts payable and accrued liabilities are loans of $nil (2015 - $81,600) borrowed from the former president and CEO of the Issuer and companies controlled by the former President and CEO of the Issuer. The loans were non-interest-bearing and had repayment terms of one year from the date of deposit.

During the year ended October 31, 2016, the Issuer settled $65,100 (2015 - $nil) of loans payable to related parties with units (note 10(b)).

Also included in accounts payable and accrued liabilities are loans of $12,500 (2015 - $nil) borrowed from the current president of the Issuer. The loans are non-interest-bearing and without fixed terms of repayment.

Liquidity and Capital Resources

As at October 31, 2016 the Issuer had working capital of $17,055 as compared to a working capital deficit of $691,162 as at October 31, 2015. The Issuer will require continued financing or outside participation, to undertake its business plans in the UAV sector.

As at October 31, 2016, the Issuer had cash of $313,980 (2015 - $2,534).

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.

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 out 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 year ended October 31, 2016.

Financial Instruments and Risk Management

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

	2016	2015
Financial assets		
Fair value through profit or loss		
Cash	$ 313,980	$ 2,534
Loans and receivables		
Amounts receivable*	3,849	4,954
Available-for-sale		
Marketable securities	1,341	9,675
Total financial assets	$ 319,170	$ 17,163
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 386,026	$ 726,621
Total financial liabilities	$ 386,026	$ 726,621

*Excluding sales tax receivable

The fair values of the Issuer'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.

The Issuer'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 Issuer 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 Issuer's amounts receivable consist primarily of Goods & 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 October 31, 2016, the Issuer had cash in the amount of $313,980 (2015 - $2,534) and accounts payable and accrued liabilities of $386,026 (2015 - $726,621). Trade payables are due within twelve months of the financial position date.

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 Issuer'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:

	2016		**2015**	
	MXN	US	MXN	US
Cash	-	$ -	-	$ 51
Accounts payable and accrued liabilities	(3,013,108)	$ -	(2,271,314)	$ -
Rate to convert $1 CAD	0.071	1.338	0.079	1.308

Based on the Issuer's net exposure, a 22% change (2015 - 9%) in the Canadian/Mexican peso exchange rate and a 15% change (2015 - 16%) 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 Issuer is exposed to other price risk related to the fluctuation in the market price of its marketable securities. The Issuer's marketable securities are carried at market value and are directly affected by fluctuations in the market value of the underlying securities. The Issuer's sensitivity analysis suggests a 24% (2015 - 35%) change in the market prices would impact the Issuer's earnings by approximately $310 (2015 - $3,400). 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 Issuer's cash and marketable securities are classified at Level 1 of the fair value hierarchy. The Issuer had no Level 2 or 3 financial assets at October 31, 2016 or 2015. As the carrying values of the Issuer'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 year ended October 31, 2016.

Off-Balance Sheet Arrangements

The Issuer does not have any off-balance sheet arrangements

Proposed Transactions

There are currently no proposed transactions.

Risks

(i) Regulatory risks

The activities of the Issuer will be subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale and or use of its products. Although the Issuer currently has all required approvals, it cannot predict the time required to secure any appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities should it require new or modified approvals. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer and the Issuer post transaction.

(ii) Change in laws, regulations, and guidelines

The Issuer's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, and use of UAVs as well as including laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment.

While the impact of any potential changes to laws, regulation and guidelines are uncertain and are highly dependent on which specific laws, regulations, or guidelines are changed, it is not expected that any such changes would have an effect on the Issuer's operations that is materially different than the effect on similar-sized companies in the same business as the Issuer.

(iii) Reliance on management

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results, or financial condition.

(iv) Factors which may prevent realization of growth targets

The Issuer is currently in the early development and growth stage of its business. The Issuer's growth strategy contemplates growth via additional contracts. There is a risk that these targets will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Issuer may not have equipment or sufficient equipment available to meet the anticipated demand or to meet future demand for work when it arises.

(v) The Issuer has potential for net losses, may incur significant net losses in the future, and may not achieve or maintain profitability

the Issuer may not be able to achieve or maintain profitability and may incur significant losses in the future. If the Issuer's revenues do not offset costs and operating expenses, the Issuer will not be profitable.

(vi) Failure to obtain necessary regulatory approvals from Transport Canada or other governmental agencies, or limitations put on the use of UAVs in response to public privacy concerns

The regulation of small UAV for commercial use in Canada is undergoing substantial change and the ultimate treatment is uncertain. Currently, the operation of UAVs with a maximum take-off weight not exceeding 2kg., operated within visual line-of-sight are exempt from the regulations promulgated under the *Aeronautics Act* (Canada). The Company has been granted a Special Flight Operations Certificate (SFOC) for a one year period from Transport Canada which permits the Issuer to operate UAVs over this weight limit and carry out its UAV services.

Transport Canada is responsible for establishing, managing, and developing safety and security standards and regulations for civil aviation in Canada, which includes unmanned civil aviation. Civil operations include law enforcement, scientific research, or use by private sector companies for commercial purposes. UAV operations for civil or commercial purposes are only authorized to fly with a SFOC issued by Transport Canada. The Canadian Aviation Regulations (CARs) govern civil aviation safety and security in Canada, and by extension govern operation of UAVs in Canada to an equivalent level of safety as manned aircraft.

Transport Canada has acknowledged that the current regulatory regime in Canada has not kept pace with the rapid development in technology and the growing demand for commercial UAV use. In 2010, the Canadian Aviation Regulation Advisory Council ("**CARAC**") established the Unmanned Aircraft System Program Design Working Group to develop new regulations to increase the safety, scope and regulatory efficiency of commercial UAV applications in Canada. In 2012, the working group released its phase 1 report which outlines the overall proposed revisions to the Canadian regulatory regime. The working group is currently in the process of drafting the revised regulations contemplated in the phase 1 report with the objective of introducing the new regulations before 2017. The new regulations are understood to be intended to be consistent with the international UAV regulatory model established by the International Commercial Aviation Organization ("**ICAO**"). In addition, there exists public concern regarding the privacy implications of Canadian commercial and law enforcement use of small UAV. This concern has included calls to develop explicit written policies and procedures establishing usage limitations.

There is no assurance that the response from regulatory agencies, customers and privacy advocates to these concerns will not delay or restrict the adoption of small UAV by operators.

(vii) Additional financing

In order to execute a growth strategy, the Issuer may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Issuer's growth and may have a material adverse effect upon future profitability. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows.

(viii) Competition

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Issuer post transaction.

Because of the early stage of the industry in which the Issuer operates, the Issuer expects to face additional competition from new entrants. If the number of users of UAV related services in Canada increases, the demand for products will increase and the Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales, and client support. The Issuer may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition, and results of operations of the Issuer post transaction.

(ix) Risks inherent in a technology based business

the Issuer's business will involve the flying of UAVs, a technology based product used outdoors. As such, the business is subject to the risks inherent in a technology based business such as faulty parts, break downs and crashes. Although the Issuer is anticipated to use their UAVs in good climactic conditions and carefully monitor the flying conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the use and effectiveness of its products.

(xi) Unfavourable publicity or consumer perception

The Issuer believes the UAV industry is highly dependent upon consumer perception regarding the safety, efficacy, and quality of the UAVs used. Consumer perception of these products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the use of UAVs. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favourable to the UAV market. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition and cash flows of the Issuer. The dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Issuer, the demand for the Issuer's products, and the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding the safety, the efficacy, and quality of UAV based surveys in general, or the Issuer's products specifically, could have a material adverse effect.

(xii) Product liability

The Issuer faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Issuer's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product failure. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Issuer. There can be no assurances that the Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the business of the Issuer.

(xiii) Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Issuer's equipment were to be recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Additionally, if one of the Issuer's significant pieces of equipment were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse affect on the results of operations and financial condition of the Issuer and the Issuer post transaction. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by Transport Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(xiv) Reliance on key inputs

The Issuer's business would be dependent on a number of key inputs and their related costs including materials and supplies related to its UAV operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Issuer.

(xv) Dependence on suppliers and skilled labour

The ability of the Issuer to compete and run its UAV business will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Issuer's capital expenditure program may be significantly greater than anticipated by the Issuer's management, and may be greater than funds available to the Issuer, in which circumstance the Issuer may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Issuer.

(xvi) Difficulty to forecast

The Issuer must rely largely on its own market research to forecast business as detailed forecasts are not generally obtainable from other sources at this early stage of the UAV industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Issuer.

(xvii) Operating risk and insurance coverage

The Issuer must have insurance to protect its assets, operations, and employees. While the Issuer would ensure that its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations, and financial condition could be materially adversely affected.

(xviii) Management of growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

(xix) Litigation

The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer such a decision could adversely affect its ability to continue operating and the market price for the Issuer post transaction common shares and could use significant Company resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant company resources.

(xx) The market price of the Issuer's common shares may be subject to wide price fluctuations

The market price of the Issuer's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Issuer post transaction and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Issuer's control In addition, stock markets have from time to time experienced extreme price and volume fluctuations, as well as general economic and political conditions which could adversely affect the market price of the Issuer's post transaction common shares.

(xxi) Dividends

The Issuer currently has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Any dividends that may be paid by the Issuer would be subject to tax and, potentially, withholdings.

(xxii) Environmental and employee health and safety regulations

The Issuer's operations will be subject to environmental and safety laws and regulations concerning, among other things, employee health and safety. The Issuer will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, and financial condition of the Issuer.

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:

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 year ended October 31, 2016, the Company recognized share-based compensation of $708,250 (2015 - $77,104).

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. 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. Management has 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. 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.

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 October 31, 2016. 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.

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 February 26, 2017, the Issuer had the following common shares, stock options and warrants outstanding:

Common shares	57,228,755
Stock options (vested and unvested)	7,610,000
Warrants	23,652,148
Fully diluted shares outstanding	88,490,903

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.