GLOBAL UAV TECHNOLOGIES

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JANUARY 31, 2019

Introduction

This Management's Discussion and Analysis ("MD&A") of Global UAV Technologies Ltd., including its wholly owned subsidiaries, is the responsibility of management and covers the three months ended January 31, 2019. The MD&A takes into account information available up to and including March 29, 2019, and should be read together with the condensed consolidated interim financial statements for the three month period ended January 31, 2019 and with the annual audited consolidated financial statements for the year ended October 31, 2018 and October 31, 2017. Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Throughout this document the terms we, us, our, the Company, the Issuer and UAV refer to Global UAV Technologies Ltd. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated.

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

In January of 2017, the Company moved into the Unmanned Aerial Vehicle ("UAV") sector and completed a Change of Business, (COB), with the CSE and is now designated as a Technology issuer. In May of 2017 the Company changed its name to Global UAV Technologies Ltd. in order to better reflect its business. Since completion of the COB the Company has acquired various key businesses to accelerate the Company's target of being a leader in the UAV sector. These acquisitions include:

- **High Eye Aerial Imaging Inc., ("High Eye")**: The Company acquired a 100% interest by issuing 4,500,000 common shares valued at $247,500 of the Issuer and $100,000 in the form of a promissory note. High Eye has been operating for over five years and provides aerial images and Light Detection and Ranging (LiDAR) surveys, including providing perspectives and images which cannot be obtained by full-sized manned aircraft or by ground based gathering techniques.

- **Pioneer Aerial Surveys Ltd., ("Pioneer"):** Is an entity that was incorporated in order to represent 100% of the UAV assets that the Company purchased from **Pioneer Exploration Consultants Ltd., ("PEC").** The Company paid consideration of a total of 9,000,000 shares of the Issuer and a total of $500,000 in cash to PEC. The final payment of $200,000 was subsequently renegotiated to 2,531,646 Units of the Issuer with each Unit consisting of a share and a share purchase warrant that can be exercised to purchase one addition share for $0.12 for a period of up to five years. The Company also granted a 10% royalty on EBITDA of Pioneer, for a period of five years to PEC. As such, the UAV assets, which form the core of Pioneer, are now wholly owned by the Issuer. Pioneer offers drone-based geophysical survey technology as a service for various industries and applications including mining and exploration, underground infrastructure detection and Unexploded Ordnance detection ("UXO"). Pioneer accomplishes this using some of the most advanced UAV systems in the world that are custom built in Canada and capable of long flights with highly advanced sensor payloads. Included in the suite of solutions, Pioneer specializes in aeromagnetic surveys utilizing their proprietary, and proudly developed, UAV-Mag™ system – the first commercially available UAV supported geophysical survey system on the market. Pioneer Aerial currently holds a beyond visual line of sight ("BVLOS") special flight operating certificate ("SFOC") for BVLOS flights at the Foremost Alberta test range. Pioneer Aerial has been active as a service provider to the mining industry in 4 continents and 10 countries.

- **UAV Regulatory Services Ltd., ("UAV Regulatory"):** The Company acquired a 100% interest in UAV Regulatory by paying $70,000 in cash and issuing 329,670 common shares valued at $26,374. UAV Regulatory's primary product is easysfoc.com, an online platform that assists UAV users to apply to Transport Canada for a Special Flight Operating Certificate, "SFOC"). UAV Regulatory assists clients with obtaining special regulatory permissions and authorizations, as well as managing the regulatory requirements of Pioneer Aerial and High Eye.

- **NOVAerial Robotics Inc., ("NOVAerial).**: The Company acquired a 100% interest in NOVAerial by paying $300,000 in cash and issuing 4,584,527 common shares valued at $366,762. NOVAerial Robotics is a Canadian-based company that designs, engineers and manufactures single-rotor helicopter-style and multi-rotor unmanned aerial vehicles.

- **Aerial Imaging Resources Inc., ("AIR")**: The Company acquired a 100% interest in AIR for 12,000,000 shares of the Issuer valued at $1,140,000, and payments totaling $600,000. The final balance of $125,000 was renegotiated such that $20,825 will be settled via an asset disposition and the balance was extended to May 31, 2018. AIR was consolidated under Pioneer since AIR provides similar services to Pioneer. As a result, this acquisition will further strengthen the Company's expertise, operational capability and customer base. The consolidation of all of the assets, personnel and business opportunities into Pioneer will form one of, if not the, largest UAV centered geophysics company in the world.

The Company continues to improve organization structure, streamline processes and optimize workflow, while also on reducing the reliance on contractors and consultants. Continuation of streamlining and process optimization will continue as operations evolve in the future.

Outlook

The use and application of unmanned aerial vehicles as an effective business tool and solution for complex problems in various industries continues to experience rapid growth. Following the Company's expansion over the past 12 months the Company is well positioned to gain a share of the growth and has greater exposure to target markets. This combined with repeat customer work positions the Company well for future development.

The Company is uniquely positioned, being a fully vertically integrated UAV solutions provider. The Company sells commercial-grade drones which are designed, engineered, manufactured and serviced through Novaerial, advanced remote sensing and geophysical surveys through Pioneer and High-Eye, and assistance with the airspace regulatory compliance through UAV Regulatory.

The Company is gaining the attention of small and large customers across the globe. In line with this customer attention, the Company will continue its growth strategy through the expansion and development of the already well-established business units, as well as developing a capital markets awareness through key opportunities with investors. The Company has an overall goal of being the fully-integrated market leader, covering all aspects of the UAV industry.

Performance Summary and Subsequent Events

UAV Activities:

The following is the summary of Global UAV's activities in the UAV sector that occurred during the quarter and up to the filing date of this MD&A (for additional information all news releases are available either on the Issuer's website or www.sedar.com):

- On November 5, 2018, the Issuer announced that its subsidiary High Eye Aerial Imaging Inc. ("High Eye") secured a multi-site survey contract with a major aggregate provider with survey sites across central Ontario.

- On November 15, 2018, the Issuer announced that its subsidiary Pioneer Aerial Surveys Ltd. ("Pioneer") secured its first survey contract in Brazil. The UAV-MAG™ survey contract marks the expansion of the Issuer's service division into Brazil.

- On December 12, 2018 the Issuer announced its consideration of Empirical Systems Aerospace Inc. ("ESAero") to evaluate their potential as a USA based outsourced manufacturing solution. The development of a cellular system of manufacturing, costing, and manufacturing workflow are considerations in the discussions.

- On January 24, 2019 the Issuer announced that its subsidiary Pioneer Aerial Surveys Ltd. ("Pioneer") in collaboration with Hummingbird Drones Inc. completed the Issuer's first drone-based geothermal energy exploration survey for Borealis GeoPower Inc. This survey represents the first time the Issuer has combined UAV-MAG^{TM} with thermal imagery surveying to produced detailed results for a client.

- On February 7, 2019 the Company announced it has secured two separate unexploded ordnance (UXO) survey contracts through different end customers in the United States.

Corporate Events

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

- On November 30, 2018 the Issuer provided a detailed shareholder update in the form of a news release which provided updates for each of the operating divisions and corporate organization and streamlining activities. Please refer to the release for full information.

- On January 17, 2019 the Issuer announced the resignation of Stewart Baillie from its board of directors.

Results of Operations

During the three months ended January 31, 2019 the Company earned revenue of $487,692 compared to $349,750 during the three months ended January 31, 2018, an increase of $137,942 (39%).

Net loss for the quarter was $564,111 compared to $470,270 during the quarter ended January 31, 2018. Net loss included significant non-cash expenditures for share-based payments of $nil (2018 - $379,890)), accretion of $15,585 (2018 - $nil) and depreciation of $79,128 (2018 - $23,853).

As discussed above, during 2017 the Company completed four acquisitions and during 2018 the Company completed one additional acquisition. Due to the increased operations the activity has increased significantly year over year. Significant variances in the Company's operational expenditures for the three months ended January 31, 2019 compared to the three month period ended January 31, 2018, were as follows:

i. Consultants' fees increased by $108,291 to $184,091 from $75,800 in 2018. This was due to a reduction in one-time costs associated with the acquisition activity during the period as the Company focused on integrating its operations.

ii. Accounting, audit and legal expenses increased by $64,185 to $80,250 from $16,065 in 2018 due to an increase in one-time costs associated with the legal and accounting work performed in respect of acquisitions and increased activity around year end.

iii. Share-based payments decreased by $379,890 $nil from $379,890 in 2018. The expenditure amount relates to the timing of granting stock options and the fair value of the options granted to directors and consultants in the respective period.

iv. Office and miscellaneous increased by $8,400 to $45,899 from $37,499 in 2018 due to increased office-related activities due to and including the expenses of its subsidiaries.

v. Accretion increased by $15,585 from $nil in 2018. During 2018 the Company commenced accretion of the contingent consideration.

vi. Investor relations and promotion increased by $11,076 to $46,361 from $35,285. The increase is due to continued investor engagement and exposure activities.

vii. Travel decreased by $22,248 to $41,097 from $63,345. Travel decreased due to managements restrictions on travel related expenditures.

viii. Conference and tradeshows increase by $14,052 to $14,052 from $nil in 2018 due to increased activity as the Company raises awareness of the services it offers.

ix. Depreciation increased by $55,275 to $79,128 from $23,853 in 2018 due to the increase investment and acquisitions in both 2017 and 2018.

x. Repairs and maintenance increased by $25,979 to $30,386 from $4,407 in 2018 due to an increase in operations and related repairs to UAV's.

xi. Research and development increase by $126,461 to $126,461 from $nil in 2018 due to acquisitions of companies that actively develop and build UAV's.

xii. Salaries and wages increased by $47,110 to $93,589 from $46,479 in 2018 due to transition of personnel from outside consultants to employee's.

Significant variances in the Issuer's financial position for the three months ended January 31, 2019 compared with the quarter ended January 31, 2018 were as follows:

i. Cash decreased by $1,085,826 to $84,301 from $1,170,127. Refer to the cash-flow discussion below for a description of operating, investing and financing activities.

ii. Equipment increased by $538,103 to $931,405 from $393,302. The increase relates to the assets acquired in the AIR acquisition and the purchase of new equipment including sensors, some of which will be one-time purchases, offset by depreciation for the period. The Company continues to acquire new equipment as it strives to be a market leader in the UAV sector.

iii. Accounts payable and accrued liabilities increased by $524,443 to $1,211,357 from $686,914. The Company is focused on reducing costs to ensure revenues cover expenditures so it can begin to reduce the payables balance.

Summary of Quarterly Results

	January 31, 2019	**October 31, 2018**	**July 31, 2018**	**April 30, 2018**
Revenue	$487,692	$527,904	$401,197	$537,153
Income (Loss) for the quarter	($564,111)	($2,702,910)	($1,221,173)	($328,670)
Basic and diluted loss per share	($0.00)	($0.02)	($0.01)	($0.00)
	January 31, 2018	**October 31, 2017**	**July 31, 2017**	**April 30, 2017**
Revenue	$349,750	$490,261	$333,529	$181,203
Income (Loss) for the quarter	($470,270)	($1,938,622)	$154,956	($463,994)
Basic and diluted earnings (loss) per share	($0.01)	($0.01)	$0.00	($0.01)

The variability in the Company's net income (loss) over the last eight quarters resulted primarily from:

- The growth strategy of the Company and the key asset and business acquisitions completed, as discussed in the Description of Business section above. Each acquisition is one-off in nature and has significant investigation and due diligence related costs in advance of closing. Once completed, general activity for the company increases due to the consolidation of the Company or assets.
- The sales activities of the company
- General corporate activities.

Related Party Transactions

Transactions with management and related parties during the three months ended January 31, 2019 and 2018 were as follows:

Supplier	Nature of Transaction		2019		2018
101252103 Saskatchewan Ltd. (i)	Consulting Fees	$	45,000	$	19,500
Longford Capital Corporation (ii)	Consulting Fees	$	37,500	$	19,500
Westridge Management International Ltd (iii)	Consulting Fees	$	37,500	$	-
Stewart Baillie (iv)	Consulting Fees	$	-	$	-
BridgeMark Financial Corporation (v)	Consulting Fees	$	-	$	10,500
Robert Lefebvre (vi)	Wages	$	-	$	19,487
Red Fern Consulting Ltd(vii)	Professional Services	$	15,768	$	-
Share based compensation		$	107,235	$	-

I. 101252103 Saskatchewan Ltd. is a private enterprise controlled by the Company's current CEO, Michael Burns.
II. Longford Capital Corporation is a private enterprise controlled by the Company's current president, James Rogers.
III. Westridge Management International Ltd is a private enterprise controlled by the Company's current COO, Andrew Male
IV. Stewart Baillie is a former director of the Company.
V. BridgeMark Financial is a private enterprises controlled by the Company's former CFO, Anthony Jackson.
VI. Robert Lefebvre is a former director of the Company.
VII. Red Fern Consulting Ltd is a private company controlled by the Company's CFO, Jonathan Richards.

Accounts payable to related parties

Included in accounts payable and accrued liabilities is $351,150 (January 31, 2018 - $234,527) due to officers, former officers and directors of the Company.

Other

Mr. Burns is a shareholder of Pioneer, which sold its assets to the Company and retained a 10% royalty on future earnings before income taxes, depreciation, and amortization expenses of Pioneer (note 12(a)). Mr. Burns joined the Company as CEO subsequent to completion of the asset purchase.

Liquidity and Capital Resources

As at January 31, 2019, the Issuer had cash totaling $84,301 compared to $178,450 as at October 31, 2018.. As at January 31, 2019 the Company had a working capital deficit of $947,329 (October 31, 2018 – deficit of $371,139)

Depending on the growth and success of its recent acquisitions and the demand for UAV services, the Company may require additional capital. To maintain liquidity in the future, the Company continues to investigate additional financing opportunities and would consider raising capital via share issuances, debt facilities, or a combination of these options.

Significant variances in the Issuer's cash flows for the three months ended January 31, 2019 compared to the quarter ended January 31, 2018, were as follows:

i. Cash used in operating activities increased by $92,522 to $135,695 from $43,173 in 2018 due to a significant increase in activities following all the acquisitions and the financing activity.

ii. Cash provided by investing activities increased by $112,018 to $42,636 from ($69,382). During the three month period ended January 31, 2019 the Company received proceeds from the sale of equipment of $42,636 compared to purchases of equipment of $69,382 during the three month period ended January 31, 2018.

iii. Cash provided by financing activities decreased by $1,151,746 to $nil from $1,151,746 in 2018. The Company did not complete any financings during the three month period ended January 31, 2019.

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

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

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

Financial Instruments and Risk Management

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

	January 31, 2019	October 31, 2018
Financial assets		
Fair value through profit or loss		
Cash	$ 84,301	$ 178,450
Loans and receivables		
Amounts receivable	211,449	196,461
Available-for-sale		
Marketable securities	-	-
Total financial assets	$ 295,750	$ 374,911
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 1,211,357	$ 821,227
Deferred revenues	13,775	7,015
Contingent consideration	272,359	256,774
Deferred income tax liability	18,290	18,290
Total financial liabilities	$ 1,515,781	$ 1,103,306

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

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

a) Credit risk

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

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

b) Liquidity risk

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

At January 31, 2019, the Company had cash in the amount of $84,301 (October 31, 2018 - $178,450) and accounts payable and accrued liabilities of $1,354,025 (October 31, 2018 - $821,227).

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

c) Market risk

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

Interest rate risk

Interest rate risk consists of two components:

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

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

The Issuer is not exposed to significant interest rate risk.

Foreign currency risk

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

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

	January 31, 2019		**October 31, 2018**	
	MXN	US	MXN	US
Accounts receivable	-	$ -	-	$ -
Accounts payable and accrued liabilities	(3,383,411)	-	(3,383,411)	-
Rate to convert $1 CAD	0.065	1.3120	0.065	1.3120

Based on the Company's net exposure, a 23% change (October 31, 2018 - 23%) in the Canadian/Mexican peso exchange rate and a 12% change (October 31, 2018 - 12%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any material other price risk,

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

d) Fair value of financial instruments

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Management of Capital

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

The Issuer's capital consists of shareholders' equity.

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

To effectively manage its resources and minimize risk, the Issuer maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Issuer prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. The budget and any revisions to it are approved by the Board of Directors. In order to maximize ongoing development efforts, the Issuer does not pay dividends.

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

There have been no changes to the Issuer's approach to capital management during the quarter ended January 31, 2019.

Off-Balance Sheet Arrangements

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

Proposed Transactions

There are currently no proposed transactions contemplated by the Issuer.

Contractual Obligations

Except as described herein or in the Company's condensed consolidated interim financial statements at January 31, 2019, the Company had no material contractual obligations.

Risks Related to Nature of Ownership of Common Shares

Dilution

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

Market Volatility

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

Critical Accounting Estimates

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

Critical accounting estimates

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

Allowances for doubtful accounts

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

Share-based compensation

Management is required to make certain estimates when determining the fair value of share option awards and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statement of operations and comprehensive loss. For the three months ended January 31, 2019, the Company recognized share-based compensation of $nil (2018 - $379,890).

Income taxes

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

Useful life of property, plant and equipment and intangible assets

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

Critical judgments used in applying accounting policies

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

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Assessment of the transactions as an asset acquisition or business combination

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

Utilization of deferred income tax assets

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, 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

The accounting policies applied in preparation of the condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended October 31, 2018, except for the following:

Financial instruments

On November 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended October 31, 2019 and have not been applied in preparing these financial statements. The new and revised standards are as follows:

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is evaluating the effect of this standard on the Company's financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Disclosure of Outstanding Share Data

As at the date of this report the Company had the following common shares, stock options and warrants outstanding:

Common shares	136,755,634
Stock options (vested and unvested)	9,450,000
Warrants	24,581,862
Fully diluted shares outstanding	**170,787,496**

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.