GLOBAL UAV TECHNOLOGIES

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2020

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 year ended October 31, 2020. The MD&A takes into account information available up to and including February 26, 2021 and should be read together with the audited annual consolidated financial statements for the year ended October 31, 2020. 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 assets and businesses in the UAV sector.

Outlook

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak has decreased spending, limited travelling, adversely affecting demand for and the ability of the Company to provide its services. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Due in part to COVID-19, the Company is evaluating various restructuring options, including a sale of its subsidiaries or its key UAV assets. The Company remains focused on restructuring the entity in order to attract investments and opportunities.

Performance Summary and Subsequent Events

Corporate Events

The following are the detailed corporate events that occurred during the year ended October 31, 2020 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 March 19, 2020 the Company announced that Michael Burns has resigned as a director and the Chief Executive Officer. Please refer to the news release dated March 19, 2020 for more information.

- On May 7, 2020 the Company announced the addition of Jeff Stevens to the Board of Directors. Mr. Stevens has over 20 years of capital market experience and has structed multiple mergers and acquisitions as well as build successful business operations. Please refer to the news release dated May 7, 2020 for more information.

- On May 18, 2020 the Company entered in a non-binding Letter Intent with Draganfly Inc. for the sale of its wholly-owned subsidiaries, Pioneer Aerial Surveys Ltd. and High Eye Aerial Imaging Inc. The Company later signed a definitive option agreement to sell 100% of the assets of Pioneer and High Eye, which was terminated subsequent to year end. For more information, please refer to the news releases dated May 18, 2020, November 10, 2020 and February 26, 2021

Results of Operations

During the year ended October 31, 2020, the Company earned revenue of $493,439 compared to $1,936,501 during the year ended October 31, 2019 a decrease of $1,443,062. The decrease in revenue was due to travel related restrictions related to COVID-19. The Company did not have the resources to sustain operations without any revenue and had to cut back staff, resulting in the Company ceasing providing UAV and survey services.

Net loss and comprehensive loss for the year ended October 31, 2020 was $597,160 compared to $1,513,856 during the comparative year ended October 31, 2019. Net loss decreased by $916,696 as the Company continued to face a decrease in activity due to Covid-19. Net loss included significant non-cash expenditures for accretion of $16,498 (2019 - $57,175), depreciation of $165,780 (2019 - $282,111), and impairment loss on equipment of $113,178 (2019 - $Nil).

Significant variances in the Company's operational expenditures for the year ended October 31, 2020 compared to the period ended October 31, 2019, were as follows:

i. Accounting, audit and legal expenses decreased by $65,485 to $169,670 from $235,155 in 2019. This decrease is due to a decrease in operating activity.

ii. Consultants' fees decreased by $279,327 to $292,009 from $571,336 in 2019. This was due to operational efficiencies and a drop in consultant activity for non revenue generating business units.

iii. Office and miscellaneous decreased by $155,593 to $56,275 from $211,868 in 2019 due to increased efficiencies and cost cutting measures implemented by the Company and its subsidiaries.

iv. Accretion decreased by $40,677 to $16,498 from $57,175 in 2019. During 2020, the estimate for the contingent consideration was revised resulting in a lower accretion.

v. Investor relations and promotion decreased by $108,818 to $13,170 from $121,988 in 2019. The decrease was due to the Company focusing on sales, and operational efficiencies and conserving working capital.

vi. Travel decreased by $17,018 to $15,441 from $32,459 in 2019. Travel decreased due to decreased conference activity as well as international travel restrictions due to Covid-19.

vii. Depreciation decreased by $116,331 to $165,780 from $282,111 in 2019 due to the disposal of depreciable assets.

viii. Research and development decreased by $218,928 to $nil from 218,928 in 2019 due to a reduction in research and development activities and increasing focus on revenue generating business units.

ix. Repairs and maintenance decreased by $14,821 to $11,055 from $25,876 in 2019 due to reduced UAV flight hours and UAV's requiring less frequent repairs.

Significant variances in the Issuer's financial position for the year ended October 31, 2020 compared with the year ended October 31, 2019

i. Cash increased by $52,107 to $66,851 from $14,744 in 2019. Refer to the cash-flow discussion below for a description of operating, investing and financing activities.

ii. Equipment decreased by $279,178 to $377,143 from $656,321 in 2019. The decrease relates to the disposal of certain equipment and depreciation for the period.

iii. Accounts payable and accrued liabilities increased by $87,369 to $1,585,845 from $1,498,476 in 2019. The Company is focused on reducing costs during periods of decreased operating activities in order to conserve working capital.

Performance Summary for the Fourth Quarter

Net loss for the fourth quarter was $229,451 (2019 – $132,827), which included revenue of $nil (2019 - $668,707). Significant items for the fourth quarter included:

- The Company recorded revenue of $Nil (2019 - $668,707). The Company did not have any UAV operations during Q4 2020 as the Company focused on the asset sale transaction, which was subsequently terminated.

- The Company recorded a recovery from a change in estimate on the contingency provision of $49,708 (2019 - $217,174). Based on the lower margins achieved during 2019 the Company updated the projections and the estimated contingent consideration decreased. In addition, the Company recorded accretion of $nil (2019 - $57,175) relating to the contingent consideration.

- The Company recorded an impairment loss of $nil (2019 - $494,195) relating to the write-down of goodwill and intangibles on various acquisitions. The losses were based on the performance during 2019 and the updated projections. Refer to note 7 and 12 of the financial statements for additional information.

- The Company recorded an impairment loss of $113,178 ($Nil) relating to the write-down of equipment. Write-down was based on a management assessment of the fair-market value of the assets.

- The Company recorded an income tax recovery of $nil (2019 - $43,9121) and a deferred income tax recovery of $nil (2019 - $18,290).

As at October 31, 2020 the Issuer had cash totaling $66,851 (2019 - $14,744). As at October 31, 2020, the Issuer had working capital deficiency of $1,527,221 (2019 - working capital deficiency of $1,191,834).

As the Company has no source of revenues at this time, it will continue to require additional capital to fund office and administrative costs, any restructuring plans, and to investigate new opportunities. The Company will need to be raise additional capital, which it may attempt to do via issuing new shares, issuing debt, or disposing of assets. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

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, 2020 $	**Oct. 31, 2019 $**	**Oct. 31, 2018 $**
Total revenue	493,439	1,936,501	1,816,004
Loss for the year	(597,160)	(1,513,856)	(4,762,820)
Basic and diluted loss per share	(0.00)	(0.01)	(0.04)
Total assets	467,542	1,052,582	2,024,244
Total long-term financial liabilities	40,000	57,405	183,137

Summary of Quarterly Results

	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Revenue	$nil	$nil	$141,375	$352,064
Loss for the quarter	($229,451)	($174,985)	($186,569)	($6,155)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.00)
	October 31, 2019	**July 31, 2019**	**April 30, 2019**	**January 31, 2019**
Revenue	$668,707	$407,822	$372,280	$487,692
Income (Loss) for the quarter	($32,827)	($214,533)	($602,385)	($564,111)
Basic and diluted earnings (loss) per share	($0.00)	($0.00)	($0.00)	($0.00)

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

- The sales activities of the company
- General corporate activities.

Related Party Transactions

Transactions with management and related parties during the year ended October 31, 2020 and 2019 were as follows:

Supplier	Nature of Transaction		2020		2019
101252103 Saskatchewan Ltd. (i)	Consulting Fees	$	25,000	$	180,000
Longford Capital Corporation (ii)	Consulting Fees	$	112,500	$	150,000
Westridge Management International Ltd (iii)	Consulting Fees	$	112,500	$	150,000
Red Fern Consulting Ltd(iv)	Professional Services	$	86,638	$	107,013

I. 101252103 Saskatchewan Ltd. is a private enterprise controlled by the Company's former CEO, Michael Burns.
II. Longford Capital Corporation is a private enterprise controlled by the Company's current president and interim CEO, James Rogers.
III. Westridge Management International Ltd is a private enterprise controlled by the Company's current COO, Andrew Male
IV. Red Fern Consulting Ltd is a private company controlled by the Company's former CFO, Jonathan Richards.

Accounts payable to related parties

Included in accounts payable and accrued liabilities is $1,041,644 (October 31, 2019 - $825,443) due to officers, former officers and directors of the Company.

Other

Mr. Burns is a shareholder of Pioneer Exploration Consultants Ltd., which sold its assets to the Company and retained a 10% royalty on future earnings before income taxes, depreciation, and amortization expenses of Pioneer Exploration Consultants Ltd, for five years from the date of acquisition. Mr. Burns was the former CEO and a former Director of the Company.

Liquidity and Capital Resources

As at October 31, 2020, the Issuer had cash totaling $66,851 compared to $14,744 as at October 31, 2019. As at October 31, 2020 the Company had a working capital deficit of $1,527,221 (October 31, 2019 – deficit of $1,191,834)

The Company has no source of revenue and will 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 year ended October 31, 2020 compared to the year ended October 31, 2019, were as follows:

i. Cash used in operating activities decreased by $130,052 to $11,716 from $141,768 in 2019 largely due to the increase in accounts payable.

ii. Cash provided by investing activities increased by $45,761 to $23,823 from $21,938 used in 2019. During the year ended October 31, 2020 the Company received proceeds from the sale of equipment of $220 (2019 - $64,209) and $23,603 from the sale of marketable securities. (2019 - $nil).

iii. Cash provided by financing activities increased by $40,000 to $40,000 from $nil in 2019. During year ended October 31, 2020 the company received loan proceeds of $40,000 from the Canadian Emergency Business Account ("CEBA"). The CEBA provides companies with a $40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus.

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:

		October 31, 2020		October 31, 2019
Financial assets				
Fair value through profit or loss				
Cash	$	66,851	$	14,744
Marketable securities		-		18,946
Loans and receivables				
Amounts receivable		23,548		362,571
Total financial assets	$	90,399	$	396,261
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	$	1,585,845	$	1,498,476
Deferred revenues		-		50,249
Contingent consideration		31,775		96,775
Loans payable		40,000		-
Total financial liabilities	$	1,657,620	$	1,645,500

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 October 31, 2020, the Company had cash in the amount of $66,851 (October 31, 2019 - $14,744) and accounts payable and accrued liabilities of $1,585,845 (October 31, 2019 - $1,498,476).

The Issuer aims to manage liquidity risk by maintaining adequate cash balances to meet payables as the fall due. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company is currently focused on sales and receivables collections, the sale or Pioneer and High Eye, negotiating payment plans and settlements on aged payables, combined with cost-cutting and efficiencies to enable the Company to start to pay down its debt.

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:

	October 31, 2020		**October 31, 2019**	
	MXN	US	MXN	US
Accounts receivable	-	$ -	-	$ 122,484
Accounts payable and accrued liabilities	(3,383,411)	5,850	(3,383,411)	43,129
Rate to convert $1 CAD	0.063	1.3318	0.068	1.3160

Based on the Company's net exposure, a 23% change (October 31, 2019 - 23%) in the Canadian/Mexican peso exchange rate and a 12% change (October 31, 2019 - 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 October 31, 2020.

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 consolidated financial statements at October 31, 2020, 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 year ended October 31, 2020, the Company recognized share-based compensation of $nil (2019 - $nil).

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.

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

The accounting policies applied in preparation of the consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended October 31, 2019, except for the following:

IFRS 16 - Leases

The Company adopted IFRS 16 - Leases ("IFRS 16") on May 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at May 1, 2019.

The following leases accounting policies have been applied as of May 1, 2019 on adoption of IFRS 16. For comparative periods prior to 2019, we applied leases policies in accordance with IAS 17, Leases and IFRS 4, Determining Whether an Arrangement Contains a Lease.

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We asses weather the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, we recognize a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

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	-
Warrants	-
Fully diluted shares outstanding	**136,775,634**

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.