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

**FOR THE THREE MONTHS ENDED JANUARY 31, 2022**

## 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, 2022. The MD&A takes into account information available up to and including March 28th, 2022 and should be read together with condensed consolidated interim financial statements for the three month period ended January 31, 2022 and with the audited annual consolidated financial statements for the year ended October 31, 2021. 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

During the three-month period ended January 31, 2022, and subsequent period to the date of this report, the Company continued to investigate potential project acquisitions and financing opportunities.

Unless described elsewhere in this report, there were no other significant events or transactions during or subsequent to the period ended January 31, 2022.

Please refer to the full news releases which are available on www.sedar.com.

### Results of Operations

During the three-month period ended January 31, 2022, the Company earned revenue of $nil compared to $14,063 for the lease of equipment during the three-month period ended January 31, 2021, a decrease of $14,063.

Net loss and comprehensive losses for the three-month period ended January 31, 2022 was $42,124 compared to a loss and comprehensive loss of $47,796 during the comparative three-month period ended January 31, 2021, a decrease of $5,672. Included in net income were non-cash expenditures for depreciation of $17,781 (2021 - $24,411), and a gain on settlement of debt of $nil (2021 - $17,000).

Significant variances in the Company's operational expenditures for the three months ended January 31, 2022 compared to the three months ended January 31, 2021, were as follows:

i. Accounting, audit and legal expenses decreased by $4,229 to $16,768 from $20,997 in 2021. This decrease is due to a decrease in operating activity.

ii. Consultants' fees decreased by $14,531 to $1,584 from $16,115 in 2021. This was due to the Company reducing costs during the period.

iii. Office and miscellaneous decreased by $8,091 to $573 from $8,664 in 2021 due to cost cutting measures implemented by the Company and its subsidiaries.

iv. Depreciation decreased by $6,630 to $17,781 from $24,411 in 2021 due to the disposal and impairment of depreciable assets.

Significant variances in the Issuer's financial position for the three months ended January 31, 2022 compared to October 31, 2021 were as follows:

i. Cash decreased by $8,747 to $1,242 from $9,989 as at October 31, 2021. Refer to the cash-flow discussion below for a description of operating, investing and financing activities.

ii. Equipment decreased by $17,781 to $264,558 from $282,339 as at October 31, 2021. The decrease is depreciation for the period.

iii. Accounts payable and accrued liabilities increased by $15,941 to $1,323,647 from $1,307,706 as at October 31, 2021. The Company recognized a gain on settlement of debt of $nil (2021 - $17,000) during the period. The Company is focused on reducing costs during periods of decreased operating activities.

**Summary of Quarterly Results**

| | January 31, 2022 | October 31, 2021 | July 31, 2021 | April 30, 2021 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Income (loss) for the quarter | (42,124) | 64,846 | 189,251 | (64,534) |
| Basic and diluted income (loss) per share | (0.04) | 0.06 | 0.19 | (0.06) |
| | **January 31, 2021** | **October 31, 2020** | **July 31, 2020** | **April 30, 2020** |
| Revenue | $ 14,063 | $ - | $ - | $ 141,375 |
| Income (loss) for the quarter | (47,796) | (229,451) | (174,985) | (186,569) |
| Basic and diluted loss per share | (0.05) | (0.23) | (0.17) | (0.18) |

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

- The sales activities of the Company
- Recoveries on settlements of debt
- General corporate activities.

**Related Party Transactions**

Transactions with management and related parties during the period ended January 31, 2022 and 2021 were as follows:

| Supplier | Nature of Transaction | 2022 | 2021 |
|---|---|---|---|
| Red Fern Consulting Ltd(iv) | Professional Services | $ 15,000 | $ 15,000 |

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

Included in accounts payable and accrued liabilities is $840,989 (October 31, 2021 - $827,118) due to officers, former officers, and directors of the Company.

Other – Gain on Settlement of Debt

During the year ended October 31, 2021, the Company entered into a debt settlement agreement with Mr. Michael Burns, the former CEO and Director of the Company, and certain private corporations controlled by Mr. Burns. The Company agreed to pay Mr. Burns $30,000, in settlement of all outstanding balances owing to Mr. Burns and any private corporations controlled by Mr. Burns and for the extinguishment of the Royalty. The Company recognized a gain of $265,275 related to the transaction.

**Liquidity and Capital Resources**

As at January 31, 2022, the Issuer had cash totaling $1,242 compared to $9,989 as at October 31, 2021. As at January 31, 2022, the Company had a working capital deficit of $1,294,994 (October 31, 2021 – deficit of $1,270,651).

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 period ended January 31, 2022 compared to period ended January 31, 2021, were as follows:

i. Cash used in operating activities increased by $32,087 to $8,747 from $23,340 provided by operating activities in 2021, largely due to the decrease in accounts payable.

ii. Cash provided by financing activities decreased by $20,000 to $nil from $20,000 in 2021. During the period period ended January 31, 2021, the company received loan proceeds of $20,000 from the Canadian Emergency Business Account ("CEBA"). The CEBA provides companies with up to a $60,000 interest free loan to be used to cover non-deferrable operating expenses during the year 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:

| | | January 31, 2022 | | October 31, 2021 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Fair value through profit or loss | | | | |
| Cash | $ | 1,242 | $ | 9,989 |
| Loans and receivables | | | | |
| Amounts receivable | | 27,411 | | 26,274 |
| **Total financial assets** | $ | 28,653 | $ | 36,263 |
| **Financial liabilities** | | | | |
| Other financial liabilities | | | | |
| Accounts payable and accrued liabilities | $ | 1,323,647 | $ | 1,307,706 |
| Loans payable | | 60,000 | | 60,000 |
| **Total financial liabilities** | $ | 1,383,647 | $ | 1,367,706 |

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. 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.

As at January 31, 2022, the Company had cash in the amount of $1,242 (October 31, 2021 - $9,989) and accounts payable and accrued liabilities of $1,323,451 (October 31, 2021 - $1,307,706).

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 flowrisk.

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, 2022 | | October 31, 2021 | |
|---|---|---|---|---|
| | | US | | US |
| Accounts payable and accrued liabilities | $ | 5,850 | $ | 5,850 |
| Rate to convert $1 CAD | | 1.2719 | | 1.2384 |

Based on the Company's net exposure, a 10% change in the Canadian/US exchange rate would result in $744 (October 31, 2021 – $724) gain or loss on foreign exchange.

*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 considerations are classified as Level 3 of the fair value hierarchy. As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure is not made of their level in the fair value hierarchy.

**Management of Capital**

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

The Issuer's capital consists of shareholders' equity.

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

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

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

There have been no changes to the Issuer's approach to capital management during the period ended January 31, 2022.

**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, 2022, 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:

*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 period ended January 31, 2022, the Company recognized share-based compensation of $nil (2021 - $nil).

***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.

*Mexico liabilities provision:*
The Company recognizes a provision where it is probable that an outflow of resources embodying economic benefit is likely to be required to settle an obligation. During the year ended October 31, 2021, the Company recognized a recovery to reduce its outstanding provision associated with its inactive Mexican subsidiary to $nil. The recognition of this recovery involved judgement from management about the nature and likelihood of the associated provision.

*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, 2021.

**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 | 1,013,167 |
| Stock options | - |
| Warrants | 18,752 |
| Fully diluted outstanding | **1,031,919** |

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.