RDARS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month and nine month periods ended
August 31, 2022 and 2021

Dated October 31, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of RDARS Inc. (the "**Company**" or "**RDARS**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three month and nine months ended August 31, 2022 and August 31, 2021. The MD&A should be read in conjunction with the unaudited interim condensed financial statements of the Company for the three month and nine month periods ended August 31, 2022 and August 31, 2021, and the related notes contained therein (the "**Financial Statements**"). The Financial Statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). All dollar figures included in the Financial Statements and in the following MD&A are quoted in Canadian dollars and in thousands of dollars (000's) unless otherwise stated.

This MD&A is current as of October 31, 2022.

Additional information about the Company, including the Financial Statements, news releases, the Company's Non-Offering Prospectus and other disclosure items of the Company can be accessed on SEDAR at www.sedar.com.

Forward Looking Statements and Forward-Looking Information

The information provided in this MD&A may contain forward-looking statements and forward-looking information about RDARS within the meaning of applicable securities laws. In addition, RDARS may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of RDARS that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by RDARS that address activities, events, or developments that RDARS expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the Company's business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones;
- the Company's intended use of available funds;

- expectations regarding the demand for the Company’s products;
- expectations regarding the ability and need to raise further capital; and
- effects of COVID-19.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of RDARS. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management’s experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, assumptions about:

- the ability of the Company to execute agreements that provide the Company with the necessary resources, or to raise any necessary additional capital on reasonable terms, in either case, to allow the Company to execute its business plan and achieve its stated milestones;
- the ability of the Company to secure agreements that provide for milestone payments;
- expected regulatory changes regarding the Company’s industry;
- increased consumer interest in the use of the Company’s products;
- that general business and economic conditions will not change in a material adverse manner;
- the accuracy of budgeted costs and expenditures;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company’s ability to attract and retain skilled personnel;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms and any required renewals of the same;
- requirements under applicable laws;
- stability in financial and capital markets; and
- expectations regarding the level of disruption to the Company’s business because of COVID-19

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, without limitation:

- the Company’s limited operating history;
- the Company’s lack of profitability and negative operating cash flow;
- failure to develop successful product and service offerings;
- speed of introduction of products and services to the marketplace;
- significant development costs may adversely impact the Company;
- failure to complete additional financings;
- market forces; and
- COVID-19 pandemic.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and RDARS does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of RDARS are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on RDARS's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

Although RDARS has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

The Company

RDARS Inc. is an early-stage drone technology company in the process of developing an autonomous drone security system with residential, commercial and industrial applications. The name RDARS is an acronym for Residential Drone Alarm Response System, which describes the Company's development of a real time drone technology system for alarm response. The Company offers proprietary drone aircraft and technology solutions that enable real-time alarm response, verification, intervention, reporting, and evidence recording. RDARS is an original equipment manufacturer of its flagship product, the Eagle Watch Platform, comprised of Eagle Eye, a drone, Eagle Nest, a drone station, Eagle Rover, an indoor robotic system, and Eagle Watch Command & Control Software

The Company is currently in final stages of development of its production level designs for the products the Company plans to produce in the near future. RDARS completed its first production run of Eagle Eye and Eagle Nest products in October 2022. Eagle Rover is scheduled to finish development in Q1 2023 (being the three-month period ended March 31, 2023). The Eagle Watch Command & Control Software is an entire suite of software applications which maintain, control and secure the communications and data received from these autonomous systems. The software will ultimately be controlled by redundant command and control centers which the Company deployed in October 2022 in Miami, Florida and another secondary location to be determined.

The Company's head office and registered office is located at 2 Covington Road, Suite 507, North York, Ontario M6A 3E2. The Company was incorporated in the Province of Ontario on May 16, 2019. The fiscal year end of the Company is November 30.

Highlights

The Company opened its first Unmanned Aerial System Command and Control Center in Miami, FL in October 2022. The center, in addition to several more planned centers for growth and redundancy purposes, will allow its Federal Aviation Administration ("**FAA**") licensed drone operators, using the Eagle Watch technology system, to manage its global fleet of autonomous systems, namely its Eagle Eye Drone and Eagle Rover Unmanned Ground Vehicle, improving the security situation of the property and people in the vicinity, and greatly enhancing situational awareness of the area of concern. As this technology and level of operational control falls under FAA's beyond visual line of sight environment ("**BVLOS**"), the Company will be seeking waivers and certification from all necessary regulatory bodies through the rigorous BVLOS testing of its products as the Company's applications progress over the next 9 months.

Also in October 2022, RDARS completed its first production run of its all-new Eagle Eye and Eagle Nest products at the Company's manufacturing plant in Pickering, Ontario, Canada. The Eagle Eye and Eagle Nest systems are being prepared for deployment at locations in North America and will be central to RDARS' strategy for seeking BVLOS approvals with Transport Canada and the FAA in the United States.

In September 2022, RDARS announced it had selected ModalAI's (www.modalai.com) VOXL2 platform as a key component for its Eagle Eye drone. The VOXL2 ecosystem represents an advanced flight stack for autonomous drones and will provide the advanced capabilities RDARS is building into its Eagle Eye drone to meet the BVLOS requirements.

Also in September 2022, the Company opened its manufacturing facility in Pickering, Ontario, for the production of its Eagle Eye and Eagle Nest products.

Overall Performance

The key factors pertaining to the Company's overall performance for the fiscal quarters ended August 31, 2022 and 2021 are as follows:

- At August 31, 2022, the Company had current assets of $2,410 and current liabilities of $1,008 resulting in positive working capital of $1,402 as compared to current assets of $294 and current liabilities of $1,728 and a working capital deficiency of $1,434 at November 30, 2021. The reason for the improved working capital position was the issuance of new equity capital and long term debt during fiscal 2022, offset in part by continued operating losses. The Company had cash and cash equivalents of $2,256 and $91 at August 31, 2022 and November 30, 2021.
- The Company incurred net losses of $207 and $408 for the three months ended August 31, 2022 and 2021, respectively. The year-over-year decline is attributable to gains on derivative liability valuation, offset in part by higher operating losses and an increase in interest expense related to higher levels of convertible debt. The primary reason for the continued operating losses is the Company's ongoing pre-revenue investment in its drone technology and the administrative costs associated with that investment.

- The Company incurred net losses of $963 and $1,010 for the nine months ended August 31, 2022 and 2021, respectively. The year-over-year change is attributable to gains on derivative liability valuation, mostly offset by higher operating losses, increased interest expense related to higher levels of convertible debt, and increased foreign currency translation losses. The primary reason for the continued operating losses is the Company's ongoing pre-revenue investment in its drone technology and the administrative costs associated with that investment.

Expenditures on research activities are recognized as an expense in the period incurred. An internally generated intangible asset arising from development is recognized in accordance with IAS 38 Intangible Assets. Aggregate capitalized expenses (since inception) totaled $1,032 and $793 at August 31, 2022 and November 30, 2021, respectively and can be categorized as follows:

(CAD – Thousands)	Inception to Nov 30, 2021	3 Months Ended Aug 31, 2022	9 Months Ended Aug 31, 2022
Engineering Costs	$0	$29	$64
Hardware & Parts	503	9	43
Software – Flight Mission Control	290	79	132
Capitalized Expenses During Period	$793	$117	$239
Capitalized Expenses Per Balance Sheet	$793	$1,032	$1,032

The Company has no revenue and no operating cash flow. Accordingly its level of operations has been determined by the availability of capital resources. To date, issuance of common shares, convertible debentures and other long-term debt have provided the sole source of funding. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows. Cash used in operating activity for the three months ended August 31, 2022 and 2021 was ($324) and ($196), respectively and for the nine months ended August 31, 2022 and 2021 was ($922) and ($1,127), respectively.

Discussion of Operations

The net loss for the three months ended August 31, 2022 was $207 as compared to the net loss of $408 for the three months ended August 31, 2021. The primary reason for the net losses was the Company's ongoing pre-revenue investment in its drone technology and the administrative costs associated with that investment. Additionally, the decline in operating losses in fiscal 2022 vs. fiscal 2021 was due to gains on derivative liability valuation in 2022 offset in part, by higher interest expense attributable to the issuance of convertible debentures in 2021 and the resultant interest liabilities related to those debentures. Total expenses in both years equaled the net losses as there was no revenue in either year. Major categories of expenses are as follows:

(CAD – Thousands)	3 Months Ended Aug 31, 2022	3 Months Ended Aug 31, 2021	Variance
Management fees	$100	$100	$ -
Support services	$8	$90	$82
Compensation	$68	$ -	$ (68)
Rent	$2	$ 42	$40

Legal, professional and consulting fees	$269	$38	$(231)
Other G&A	$60	$53	$(7)
Interest expense (net of income)	$112	$67	$(45)
Foreign exchange loss	$70	$53	$(17)
Gain on convertible debentures	$(482)	$(35)	$447
Total expenses	**$ 207**	**$ 408**	**$201**

The largest favorable variances in expense categories when comparing the three months ended August 31, 2022 to the same three month period in fiscal 2021 were in gains on the valuation of the convertible debentures ($447) and in support services ($82) and rent ($40) due to the hiring of internal personnel and other cost saving measures. Offsetting those favorable variances in part were unfavorable variances in legal, professional and consulting fees ($231) due to increased regulatory and compliance activity, compensation ($68) due to the hiring of internal personnel, and net interest expense ($45) due to the issuance of convertible debt noted above.

The net loss for the nine months ended August 31, 2022 was $963 as compared to the net loss of $1,010 for the nine months ended August 31, 2021. The year-over-year change is attributable to gains on derivative liability valuation, mostly offset by higher operating losses, increased interest expense related to higher levels of convertible debt, and increased foreign currency translation losses. The primary reason for the continued operating losses is the Company's ongoing pre-revenue investment in its drone technology and the administrative costs associated with that investment. Total expenses in both years equaled the net losses as there was no revenue in either year. Major categories of expenses are as follows:

(CAD – Thousands)	**9 Months Ended Aug 31, 2022**	**9 Months Ended Aug 31, 2021**	**Variance**
Management fees	$301	$301	$ -
Support services	$8	$271	$263
Compensation	$179	$ -	$(179)
Rent	$3	$128	$125
Legal, professional and consulting fees	$707	$149	$(558)
Other G&A	$119	$150	$31
Interest expense (net)	$318	$131	$(187)
Foreign exchange (gain) loss	$41	$(12)	$(53)
Gain on convertible debentures	$(713)	$(108)	$605
Total expenses	**$963**	**$1,010**	**$47**

The largest favorable variances in expense categories when comparing fiscal year-to-date 2022 to fiscal year to date 2021 were in gains on the valuation of the convertible debentures ($605), and in support services ($263), rent ($125) and other G&A ($31) due to the hiring of internal personnel and other cost saving measures. Offsetting those favorable variances in part were unfavorable variances in legal, professional and consulting fees ($558) due to increased regulatory and compliance activity, compensation ($179) due to the hiring of internal personnel, higher foreign exchange losses ($53) and net interest expense ($45) due to the issuance of convertible debt noted above.

Summary of Quarterly Results

Period Ended	Revenue	Net Income/(Loss)	Loss per Basic Share	Loss per Diluted Share
Aug 31 2022	$ -	$(207)	n/m [1]	n/m [1]
May 31 2022	$ -	$(372)	$(.001)	$(.001)
Feb 28 2022	$ -	$(384)	$(.001)	$(.001)
Nov 30 2021	$ -	$(973)	$(.003)	$(.003)
Aug 31 2021	$ -	$(408)	$(.001)	$(.001)
May 31 2021	$ -	$(316)	n/m [1]	n/m [1]
Feb 28 2021	$ -	$(285)	n/m [1]	n/m [1]
Nov 30 2020	$ -	n/a [2]	n/a [2]	n/a [2]

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Notes:

1. Loss per basic and diluted share is less than $0.001 per share.
2. No quarterly financial statements were prepared in fiscal 2020.

As RDARS is an early-stage technology company with no revenue, it has no operating cash flow and its level of operations have been determined by its level of capital resources. The continued quarterly losses have been a result of the Company's investment in its drone technology and the administrative costs associated with that investment.

Liquidity and Capital Resources

The Company is in the early stage of its development and therefore has no cash inflow from operations. Its only significant source of funds since incorporation has been from the sale of common shares and the issuance of convertible debentures. From the date of incorporation on August 16, 2019 to August 31, 2022, it raised $1,484 through the issuance of 1,483,760 common shares in the capital of the Company (the "**Common Shares**"). The Company issued 2,600,000 Common Shares to its founders. RDARS also raised $1,645 from the issuance of convertible debentures in fiscal 2021 and $731 (net of paydowns) during the first three quarters of 2022 from related and unrelated parties.

During the first half of 2020, the Company raised $2,652 of cash as a result of its subscription rights offering. All release conditions related to the Escrowed Funds were met as of the August 31, 2022.

On December 30, 2021, the Company split its common shares on the basis of sixty (60) common shares for each one (1) Common Shares currently issued and outstanding (the "**Split**"). As a result of the split, the Company has a total of 246,225,600 Common Shares outstanding as of the date of this MD&A.

In June 2022, Arba Four Holdings Three LLC converted their loan outstanding, with accrued interest, into $330 of convertible debentures plus 6,593,137 warrants. In addition, on the same date, the Company closed on another $45 of convertible debentures plus 903,000 warrants. Please refer to "*Disclosure of Outstanding Security Data*" below for further details.

In August 2022, convertible debentures issued in March 2021 and valued at $1,452 were converted to equity.

On September 6, 2022, 92,000 Common Shares were issued to a broker at a deemed price of $0.05 per share to settle commission owed pursuant to the subscription receipt financing. Also on September 6, 2022, the Company granted 7,500,000 stock options to an officer of the Company. Each option entitles the holder to purchase one common share at a price of $0.05, expiring September 6, 2027.

On September 7, 2022, the Company commenced trading on the CSE under the symbol "RDRS".

On September 9, 2022, 4,000,000 of the Company's warrants were exercised at a price of $0.02 per Common Share.

At November 30, 2021, current assets of $294 included cash and cash equivalents of $91, sales tax receivable of $142 and prepaid expenses and deposit of $61. Current liabilities of $1,728 included accounts payable and accrued liabilities of $1,069, loan payable to shareholders of $279, convertible debentures classified as current of $296 and accrued interest on convertible debentures of $84. The shareholder loans are unsecured, non-interest bearing and were issued payable on demand.

At August 31, 2022, the Company had current assets of $2,401 and current liabilities of $1,008 resulting in positive working capital of $1,393 as compared to current assets of $294 and current liabilities of $1,728 and a working capital deficiency of $1,434 at November 30, 2021. There are no known trends affecting liquidity or capital resources.

At August 31, 2022, current assets of $2,401 included cash and cash equivalents (raised from the subscription rights offering) of $2,256, sales tax receivable of $74 and prepaid expenses and deposit of $71. Current liabilities of $1,008 included accounts payable and accrued liabilities of $991, and accrued interest on convertible debentures of $17.

While the information in this MD&A has been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon obtaining additional financing. While the Company is using its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

Transactions between Related Parties

At August 31, 2022 there were loans payable due to the significant shareholders of the Company, of $585 ($279 at November 30, 2021). Balances with the related parties are non-interest bearing, unsecured and due on demand.

Related party transactions for support services for the three month and nine month periods ended August 31, 2022 and 2021 were as follows:

(CAD – Thousands)	3 Months Ended August 31, 2022	3 Months Ended August 31, 2021	9 Months Ended August 31, 2022	9 Months Ended August 31, 2021
Key management consulting services	$100	$100	$301	$301
Administration services	$ -	$181	$ -	$548

A director, and the largest shareholder of the Company holds positions in other companies that result in them having control or significant influence over these companies. Support services were received from these companies.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Use of Judgments, Estimates and Assumptions

Preparing financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts. Such estimates primarily relate to unsettled transactions and events. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Critical accounting policies are disclosed in the Company's annual audited financial statements for the years ended November 30, 2021 and 2020 as filed together with the Non-Offering Prospectus which is available under the Company's profile on SEDAR at www.sedar.com.

Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset-backed commercial paper.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. At August 31, 2022, the Company had unrestricted cash and cash equivalents of $2,256. Cash and cash equivalents were $91 at November 30, 2021. The Company has been successful in raising equity and debt financing in the past; however, there is no assurance that it will be able to do so in the future. The Company had positive working capital of $1,393 at August 31, 2022 and a working capital deficiency of $1,434 at November 30, 2021.

Management believes that the Company must raise additional capital resources to continue operating and maintain its business strategy. If the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. This MD&A does not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

COVID-19 Impact

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, materially impact the Company's operations during the subsequent months of 2020. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID 19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

Disclosure of Outstanding Security Data

At August 31, 2022 the Company had a total of 335,674,417 Common Shares outstanding. As of the date of this MD&A, there are 339,766,417 Common Shares outstanding.

On December 30, 2021, the Company filed articles of amendment to effect the Split. As a result, the 4,103,760 common shares issued and outstanding prior to the Split became 246,225,600 Common Shares post-Split.

On December 30, 2021 and on March 31, 2022, the Company closed the first and final tranche, respectively, of a non-brokered private placement of 53,650,000 subscription receipts (the "**Subscription Receipts**") pursuant to a subscription receipt agreement (the "**Subscription Receipt Agreement**") at a price of $0.05 per Subscription Receipt raising aggregate gross proceeds of $2,682,500. The gross proceeds from the sale of the Subscription Receipts were placed into escrow at closing (the "**Escrowed Funds**"). Upon satisfaction of the Release Condition (defined below), the Escrowed Funds would be released to the Company. The Company filed a Non-Offering Prospectus with the Ontario Securities Commission and the British Columbia Securities Commission (the "**Prospectus**") and is a reporting issuer in Ontario and British Columbia. Upon satisfaction of the conditions set forth in the Subscription Receipt Agreement (the **"Release Condition**") there was to be a distribution of common shares of the Company (the "**Subscription Receipt Shares**") and warrants to purchase common shares (the "**Subscription Receipt Warrants**"), without additional payment, upon the conversion or deemed conversion of 53,650,000 Subscription Receipts into 53,650,000 Subscription Receipt Shares and 53,650,000 Subscription Receipt Warrants. On July 29, 2022, the Release Condition was met, the Escrowed Funds were released to the Company and the Company issued 53,650,000 Subscription Receipt Shares and 53,650,000 Subscription Receipt Warrants to the holders of the Subscription Receipts. Each Subscription Receipt Warrants to entitles the holder thereof the right to purchase one (1) Common Share, subject to certain adjustments, at an exercise price of $0.10 until July 22, 2024. On April 1, 2022, the Company granted 21,500,000 stock options to directors and officers of the Company. The options vest quarterly over two years. Each option entitles the holder to purchase one (1) Common Share at a price of $0.05, expiring April 1, 2025.

On March 11, 2021, the Company issued unsecured convertible debentures ("**Debentures**") in the principal amounts of CAD$775,000 and US$400,000, with an interest rate of 10% per annum accruing and payable upon the earlier December 31, 2022 or a Liquidity Event.

The Debentures are convertible into common shares immediately prior to a Liquidity Event, the principal, and if the Company elects, the accrued but unpaid interest under the Debentures are to be automatically converted into common shares at a price per common share equal to the lesser of (the "**Conversion Price**"):

I. in the event of a Liquidity Event, then 80% of the Liquidity Event Price; or
II. the price per common share equal to $10,000,000 divided by the number of common shares outstanding.

The Debentures principal and accrued interest were converted to 34,380,817 Common Shares on August 26, 2022, upon the Common Shares being approved for listing on the CSE, at $0.04 per Common Share.

On November 22, 2021, the Company issued 350 convertible debentures units (the "**November Debentures Units**") at a price of $1,000 per November Debenture Unit, for gross proceeds of $350,000. Each November Debenture Unit is comprised of (i) $1,000 of principal amount unsecured convertible debentures ("**November Debentures**") and (ii) 333 warrants ("**November Warrants**") to purchase 333 common shares in the capital of the Company exercisable at a price of $6.00 per Common Share expiring November 22, 2023. The November Debentures mature on October 1, 2023 (the "**November Debenture Maturity Date**"). The principal amount of the November Debentures accrue simple interest at a rate of 5% per annum, payable in cash upon conversion or the November Debenture Maturity Date. The November Debentures together with any unpaid interest, may be convertible into common shares at the option of the holder, in whole or in part, at a conversion price per common share of $3.00 at any time prior to the November Debenture Maturity Date.

On June 30, 2022, Arba Four Holdings Three LLC converted their loan, with accrued interest, into convertible debentures, as follows, (i) $329,657 of principal amount unsecured convertible debenture (the "**June Debenture**"), and (ii) 6,593,137 common share purchase warrants exercisable at a price of $0.10 per Common Share until June 30, 2024. The June Debenture matures on October 1, 2023 (the "**June Debenture Maturity Date**"). The June Debenture accrues simple interest at a rate of 5% per annum, payable in cash upon conversion or the June Debenture Maturity Date. The June Debenture together with any unpaid interest, may be convertible into common shares at the option of the holder, in whole or in part, at a conversion price of $0.05 per common share at any time prior to the June Debenture Maturity Date. In addition, on June 30, 2022, the Company closed an additional subscription for convertible debentures, on the same terms of the June Debentures, as follows, (i) $45,150 of principal amount of June Debentures, and (ii) 903,000 common share purchase warrants exercisable at a price of $0.10 per common share until June 30, 2024.

On September 6, 2022, 92,000 Common Shares were issued to a broker at a value of $0.05 per share to settle commission owed pursuant to the subscription receipt financing. Additionally, 4,000,000 of the Company's warrants were exercised on September 9, 2022 at a price of $0.02 per Common Share.

The Company has no other securities issued or outstanding that are convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

Outlook

For the coming year, the Company’s priorities are to raise the capital necessary to meet its short term operating requirements, continue to develop its drone technology and continue to pursue regulatory approvals to commence operations.

There are significant risks that might affect the Company’s further development. These include but are not limited to: inability to secure the necessary regulatory approvals; negative cash flow from operations; the Company’s ability to raise financing in the future for ongoing operations; currency fluctuations; government regulations; and other conditions that may be out of the Company’s control.

Accounting Policies

A detailed summary of all of the Company’s significant accounting policies is included in Note 2 to the audited financial statements for the fiscal years ended November 30, 2021 and 2020 as filed together with the Non-Offering Prospectus which is available under the Company’s profile on SEDAR at www.sedar.com. The Company, in consultation with its Auditor, periodically reviews accounting policy changes implemented within its industry.