RDARS
REAL-TIME
DRONE ALARM
RESPONSE SYSTEM

RDARS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months and the year ended
November 30, 2022

Dated March 28, 2023

RDARS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The following management 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 months and the year ended November 30, 2022. This MD&A should be read in conjunction with the audited financial statements of the Company for the year ended November 30, 2022, 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.

This MD&A is current as of April 2, 2023.

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, 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 favorable 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 favorable 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 financing;
- 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.

Additional risk factors that can cause results to differ materially from those expressed in forward-looking statements in this MD&A are discussed in greater detail under the heading "Non-Exhaustive List of Risk Factors" in this MD&A, as such factors may be further updated from time to time in our periodic filings, available at www.sedar.com, which risk factors are incorporated herein by reference. 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.

Corporate Overview and Nature of Business

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 Real Time one 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 development has been deferred to Q3-2023. 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 under the Ontario *Business Corporations Act* 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 during 2023 .

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.

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

On November 1, 2022, the Company also commenced trading on the OTCQB® Venture Market under the symbol "RDRSF"

Overall Performance and Discussion of Operations

The key factors pertaining to the Company's overall performance for the fiscal years ended November 30, 2022 and 2021 are as follows:

At November 30, 2022, the Company had current assets of $926,994 and current liabilities of $1,440,276 resulting in a working capital deficiency of $513,282 as compared to current assets of $294,080 and current liabilities of $1,728,254 and a working capital deficiency of $1,434,174 at November 30, 2021. The Company had cash and cash equivalents of $575,248 and $90,892 as at years ended November 30, 2022 and 2021, respectively.

- 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 $1,252,532 and $793,416 at November 30, 2022 and November 30, 2021, respectively and can be categorized as follows:

	12 Month ended Nov 30, 2022 $	3 Month ended Nov 30, 2022 $	Inception to Nov 30, 2021 $
Engineering Costs	89,694	26,329	-
Hardware & Parts	154,723	112,044	503,034
Software – Flight Mission Control	214,699	82,456	290,382
Total expenses capitalized during the period	459,116	220,829	793,416
Capitalization as per Balance Sheet	1,252,532	1,252,532	793,416

- The Company has no revenue. Accordingly, its level of operations has been determined by the availability of capital resources. To date, issuance of common shares in the capital of the Company ("Common Shares") convertible debentures and other long-term debt have provided the sole source of funding. While cash used in operating activities for the years ended November 30, 2022 and 2021 was $2,617,167 and $1,330,234, respectively, cash used in the investing activities for the years ended November 30, 2022 and 2021 was $468,239 and $76,038 respectively. Cash provided by financing activities was $3,569,762 and $1,495,829 respectively for the years ended November 30, 2022 and 2021.

- The Company incurred net losses of $3,024,593 and $1,983,526 for the years ended November 30, 2022 and 2021, respectively. 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, non-cash expense of share-based compensation on options and warrants issued during the year 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.

Net loss consisted of the following operating expenses:

Operating expenses	3-month ended Nov 30, 2022 $	3-month ended Nov 30, 2021 $	Year ended Nov 30, 2022 $	Year ended Nov 30, 2021 $
Share-based compensation (i)	995,448	-	1,020,172	-
Legal, professional and consulting fees (ii)	575,281	33,214	1,282,318	182,668
Other General & Administrative (iii)	182,165	45,700	276,845	195,132
Compensation (iv)	173,834	-	352,739	-
Management fees (v)	33,500	100,500	335,000	402,000
Support services	12,334	90,532	20,061	361,568
Foreign exchange loss	40,812	10,373	81,830	(1,555)
Interest expense (net of income)	42,140	93,455	360,048	224,156
Rent	4,240	42,849	6,740	171,131
Depreciation	1,365	-	1,365	-
Gain on convertible debentures	-	557,233	(712,525)	448,426
Total expenses	**2,061,119**	**973,856**	**3,024,593**	**1,983,526**

Notes:

i. *Value of options and warrants that were recognized during the year.*

ii. *Consist of legal, accounting, audit fees and consulting fees related with Company going public incurred during the year.*

iii. *Other general and administrative services consist of marketing, website design, travel and office expenses*

iv. *Compensations are related to salary of the Company's personnel.*

v. *Management fees relate to payments made to Cipher Networks Inc., where Charles Zwebner holds position of Director. The services were provided until September 2022.*

Summary of Quarterly Results

Period Ended	Revenue $	Net Income/(Loss) $	Loss per Basic Share $	Loss per Diluted Share $
Nov 30 2022	-	(2,061,119)	(.005)	(.005)
Aug 31 2022	-	(207,198)	(.001)	(.001)
May 31 2022	-	(371,837)	(.001)	(.001)
Feb 28 2022	-	(384,438)	(.001)	(.001)
Nov 30 2021	-	(973,860)	(.003)	(.003)
Aug 31 2021	-	(408,416)	(.001)	(.001)
May 31 2021	-	(316,143)	n/m [1]	n/m [1]
Feb 28 2021	-	(285,107)	n/m [1]	n/m [1]

Nov 30 2020	-	n/a [2]	n/a [2]	n/a [2]

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, its level of operations has 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. Further, the Company booked $1,020,172 of non-cash expense of share-based compensation for the year ended November 30, 2022

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 Share and the issuance of convertible debentures.

As at November 30, 2022, current assets of $926,994 included cash and cash equivalents of $575,248, harmonized sales tax recoverable of $166,518 and prepaid expenses and deposits of $185,228. Current liabilities of $1,440,276 included accounts payable and accrued liabilities of $829,854, convertible debentures host liability classified as current of $585,629 and accrued interest on convertible debentures of $24,793.

As at November 30, 2021, current assets of $294,080 included cash and cash equivalents of $90,892, harmonized sales tax recoverable of $141,949 and prepaid expenses and deposits of $61,239. Current liabilities of $1,728,254 included accounts payable and accrued liabilities of $1,069,301, loans payable to shareholders of $279,149, convertible debentures host liability classified as current of $296,174 and accrued interest on convertible debentures of $83,630. The shareholder loans were unsecured, non-interest bearing and were issued payable on demand.

On December 30, 2021, the Company split its Common Share on the basis of sixty (60) Common Share for each one (1) Common Shares currently issued and outstanding (the "Split"). As a result of the Split, the Company has a total of 354,425,745 Common Shares outstanding as of the date of this MD&A. The effects of Split have been applied retroactively throughout this MD&A.

On December 30, 2021, the Company closed a non-brokered private placement of 42,100,000 subscription receipts (the "Subscription Receipts"), at a price of $0.05 per Subscription Receipt, for gross proceeds of $2,105,000. On March 31, 2022, the Company closed a second tranche of the non-brokered private placement of Subscription Receipts, issuing 11,550,000 Subscription Receipts, for additional gross proceeds of $577,500. The gross proceeds from the sale of the Subscription Receipts were delivered into escrow on behalf of the purchasers of Subscription Receipts at closing (the "Escrowed Funds"). Each Subscription Receipt was to automatically convert into, without additional payment therefor, one unit (each, a "Unit") with each Unit consisting of one common share, and one common share purchase warrant ("SR Warrant"), on satisfaction of the certain release conditions set forth in the agreement governing the

Subscription Receipts. On July 29, 2022, upon satisfaction of the release conditions, the Escrowed Funds were released from escrow to the Company and the Company issued the shares and warrants outlined above. Each SR Warrant entitles the holder thereof the right to purchase one common share, subject to certain adjustments, at an exercise price of $0.10 until July 22, 2024.

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 making 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.

Related Party Transactions

The Company has entered into transactions with related parties during both years.

The following tables present balances and transactions with related parties included in these financial statements

	2022	2021
Balances, due to companies related by common control		
Accounts payable and accrued liabilities [a]	16,497	847,976
Promissory note and accrued liability [b]	595,535	-
Loans payable	-	145,189
Convertible debenture host liability and accrued interest on convertible debentures [c]	132,358	150,164

Transactions for the period	**2022**	**2021**
Key management services [d]	335,500	402,000
Administration, selling and marketing expenses [e]	110,158	730,416
Share-based compensation [f]	868,144	-

(a) Accounts payable and accrued interest relates to Jason Braverman (Chief Technology Officer of RDARS).

(b) Promissory notes and accrued interest relate to agreements with Charles Zwebner and Plazacorp Investments Limited. (President of Plazacorp Investments Limited - Anthony Heller holds Director position in RDARS).

(c) *Convertible debenture host liability and accrued interest liability relate to debenture holding by Plazacorp Investments Limited.*

(d) *Key management services relate to payments made to Cipher Networks Inc.'s director and largest stakeholder, Charles Zwebner, who holds position in Cipher Networks Inc. that provided support services to the Company until September 2022.*

(e) *Administration, selling and marketing expenses relate to Charles Zwebner, Jason Braverman and professional services provided by Kurtz Financial Group (CEO of Kurts Financial Group – Bennett Kurtz is the CEO of RDARS).*

(f) *Share-based compensation expenses relate to stock options granted to directors and officers of the Company and warrants granted to Plazacorp Investments Limited.*

The transactions above are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Disclosure of Issued and Outstanding Security Data

- At November 30, 2022 the Company had a total of 354,425,745 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 Share 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 the Provinces of 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 Share of the Company (the "Subscription Receipt Shares") and warrants to purchase Common Share (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 Share 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 Share 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 Share 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) 20,000 warrants (“November Warrants”) to purchase 20,000 Common Share in the capital of the Company exercisable at a price of $0.10 per common share expiring November 22, 2023. The November Debentures maturity was extended to 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 on the November Debenture Maturity Date. The November Debentures together with any unpaid interest, may be convertible into Common Share at the option of the holder, in whole or in part, at a conversion price per common share of $0.05 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) 20,000 warrants to purchase 20,000 common share 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 on the June Debenture Maturity Date. The June Debenture together with any unpaid interest, may be convertible into Common Share 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,

iii. $45,150 of principal amount of June Debentures, and
iv. 903,000 common share purchase warrants exercisable at a price of $0.10 per common share until June 30, 2024

- On August 26, 2022, March Debentures' principal and accrued interest were converted to 34,380,817 Common Share at $0.04 per share.

- On August 29, 2022, the Company issued 1,418,000 shares at $0.05 per share in lieu of agents' commission

- 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

- On November 10, 2022, June Debenture's principal and accrued interest were converted to 919,328 Common Share at $0.05 per share

- On November 24, 2022, 13,740,000 warrants were converted to 13,740,000 Common Share at $0.02 per share

- All release conditions related to the Escrowed Funds were met as of November 30, 2022.

Stock Options

- On April 1, 2022, the Company granted 21,500,000 stock options to directors and officers of the Company. The options vest immediately. Each option entitles the holder to purchase one Common Share at a price of $0.05, expiring April 1, 2025. The fair value of the options was determined to be $578,469. For purposes of calculating the fair value using the Black Scholes model, management made the following assumptions on April 1, 2022; 3 years term of contract; 82% volatility; risk-free interest rate of 2.35%; expected dividends – Nil; Expected forfeiture rate - Nil.

- On September 1, 2022, the Company granted 7,500,000 stock options to a director of the Company. The options vest immediately. Each option entitles the holder to purchase one Common Share at a price of $0.05, expiring September 1, 2027. The fair value of the options was determined to be $251,015. For purposes of calculating the fair value using the Black Scholes model, management made the following assumptions on September 1, 2022; 5 years term of contract; 82% volatility; risk-free interest rate of 3.37%; expected dividends – Nil; Expected forfeiture rate - Nil.

Number of options outstanding at November 30, 2022 were as follows:

Granted	Exercisable	Expiration Date	Weighted Average Exercise Price
21,500,000	21,500,000	April 1, 2025	0.05
7,500,000	7,500,000	September 1, 2027	0.05
29,000,000			**0.05**

No options were granted or outstanding during the year ended November 30, 2021.

Changes in options outstanding for the two years ended November 30, 2022 and 2021 were as follows:

	2022		2021	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	#	$	#	$
Balance at the beginning of the year	-	-	-	-
Options granted	29,000,000	0.05	-	-
Balance at the end of the year	**29,000,000**	**0.05**	**-**	**-**

Warrants

Warrants reserve as of November 30, 2022 and 2021 were as follows:

	2022	2021
	$	$
Balance at the beginning of the year	275,098	233,693
Warrants issued [c]	735,733	-
Fair value attributed to warrants[c]	(41,404)	41,404
Warrants expired [a]	(103,600)	
Warrants exercised	(130,093)	-
Share-based compensation [c]	190,688	-
Modification of warrants	-	1
Balance at the end of the year	**926,422**	**275,098**

The following table is a summary of the Company's warrants issuance as of November 30, 2022 and 2021:

2022			2021		
Outstanding	Exercise price	Expiry date	Outstanding	Exercise price	Expiry date
#	$		#	$	
7,000,000	0.10	November 22, 2023	7,000,000	0.10	November 22, 2023
7,496,137	0.10	June 30, 2024	31,867,200	0.02	November 27, 2022
53,650,000	0.10	July 29, 2024			
1,418,000	0.10	July 29, 2024			

69,564,137	**0.10**	**38,867,200**	**0.03**

Changes in warrants outstanding for the two years ended November 30, 2022 and 2021 were as follows:

	2022		**2021**	
	Outstanding	**Weighted average exercise price**	**Outstanding**	**Weighted average exercise price**
	#	$	#	$
Balance at the beginning of the year	38,867,200	0.03	-	-
Warrants exercised	(17,740,000)	(0.02)	-	-
Warrants expired [(a)]	(14,127,200)	(0.02)	-	-
Warrants granted [(b)]	62,564,137	0.10	38,867,200	0.03
Balance at the end of the year[(c)]	**69,564,137**	**0.10**	**38,867,200**	**0.03**

a) 14,127,200 warrants expired on November 27, 2022.

b) During the year 2022, the Company granted a total of 62,564,137 warrants.

c) On November 22, 2021, 7,000,000 warrants were granted along with units of debentures issued in November 2021. Out of 7,000,000, warrants granted to related party Plazacorp Investments Limited were 3,000,000. Fair value of these warrants was determined at $90,206 in share-based compensation. As these warrants were revalued, $41,404 that was recognized in warrants reserve previously was reversed.

- On June 30, 2022, 6,593,137 warrants were granted along with units of debentures issued in June 2022. Fair value of these warrants was determined at $88,378 in share-based compensation.
- On June 30, 2022, 903,000 warrants were granted along with units of debentures issued in June 2022. Fair value of these warrants was determined at $12,104 in share-based compensation.
- 53,650,000 warrants were granted to the existing shareholders on July 29, 2022. Fair value of these warrants was determined at $717,309 in capital stock.
- 1,418,000 broker warrants were issued on August 29, 2022. Fair value of these warrants was determined at $18,424 in capital stock.

During the year, the Company valued total outstanding warrants of 69,564,137. For the purposes of calculating the fair value, using the Black Scholes model, management made the following assumptions; 2 years term of contract; 82% volatility; expected dividends – Nil; Expected forfeiture rate – Nil; risk-free interest rate of 1.04% for warrants issued on November 22, 2021; risk-free interest rate of 3.10% for warrants issued on June 30, 2022; risk-free interest rate of 2.96% for warrants issued on July 29, 2022; risk-free interest rate of 3.59% for warrants issued on August 29, 2022. The fair value of the warrants was determined to be $926,421 of which $735,733 that pertained to warrants issued as part of subscription receipts to share holders was recognized against capital stock and remaining $190,688 was recorded as share-based compensation.

Share issuance cost (shares issued in lieu of commission)

- 1,418,000 shares at $0.05 per share in lieu of agents' commission is recognized with share issuance costs of $70,900.
- 92,000 common shares issued to a broker at a deemed price of $0.05 per share is recognized with share issuance costs of $4,600.

Contributed surplus

- On November 10, 2022, $45,150 of June debenture with accrued interest were converted to 919,328 number of common shares. $6,927 of equity conversion feature recognized towards these debentures was transferred to contributed surplus.
- 14,127,200 warrants expired on November 27, 2022. Fair value of $103,600 recognized under warrants reserve was transferred to contributed surplus.

Capital Management

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company and in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended November 30, 2022. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity (deficiency), which is comprised of capital stock, equity reserves, accumulated other comprehensive and deficit, supplemented by convertible debentures payable.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

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.

Financial Instruments

The Company has classified its financial instruments as follows:

	2022 $	2021 $
Financial assets, measured at amortized cost		
Cash and cash equivalents	575,248	90,892
FVTPL, measured at fair value:		
Liabilities		
Convertible debenture derivative liability	-	859,081
Financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	829,854	1,069,301
Loans payable	-	279,149
Accrued interest on convertible debentures	24,793	83,630
Convertible debenture host liability	585,629	1,237,447
Promissory notes payable	595,535	-

The carrying amount of the Company’s financial instruments approximates their fair value.

Risk Exposure and Management

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, interest rate risks, liquidity and funding risk and foreign currency risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The company’s maximum exposure to credit risk at November 30, 2022 under its financial instruments is approximately $575,248.

All of the Company’s cash and cash equivalents are held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant.

(b) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due to at any point in time. The Company’s objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

As at November 30, 2022, the Company had cash of $575,248

The following obligations existed as at November 30, 2022 and November 30, 2021:

November 30, 2022	Total	Less than 1 year	1-5 years
	$	$	$
Accounts payable and accrued liabilities	829,854	829,854	-
Loans payable	-	-	-
Promissory notes payable	595,535	-	595,535
Convertible debenture host liability and accrued interest on convertible debentures	610,422	610,422	-
	2,035,811	**1,440,276**	**595,535**

November 30, 2021	Total	Less than 1 year	1-5 years
	$	$	$
Accounts payable and accrued liabilities	1,069,301	1,069,301	-
Loans payable	279,149	279,149	-
Convertible debenture host liability and accrued interest on convertible debentures	2,180,158	379,804	1,800,354
	3,528,608	**1,728,254**	**1,800,354**

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments its makes and is satisfied with credit ratings of its banks. Management believes the exposure to interest rate risk is not significant.

(d) Foreign Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of the changes in foreign exchange rates. The Company holds a bank account in US dollars. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets.

Had the United States dollar strengthened or weakened by 1% in relation to all currencies as at November 30, 2022, with all other variables remaining constant, net loss and comprehensive loss for the period would have increased or decreased by $385 (November 30, 2021 - $152).

Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the years ended November 30, 2022 and 2021.

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.

Subsequent Events

a) Convertible debentures of $52,500 (including accrued interest of $2,500) issued in November 2021 to a related party were repaid in full on December 2, 2022
b) Additionally, convertible debentures of $105,050 (including accrued interest of $5,050) issued in November 2021 to a debenture holder were repaid in full on December 2, 2022

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 deploy its technology in operational fields, and continue to pursue regulatory approvals to commence commercial 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.

Risk Factors

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition, results of operations and/or reputation of the Company. The following section describes specific and general risks that could affect the Company. The following descriptions of risk do not include all possible risks as there may be other risks of which management is currently unaware.

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.

Financing

The Company does not currently have any operations generating cash. The Company is therefore dependent upon debt and equity financing to carry out its plans. There can be no assurance that such financing will be available to the Company.

Dilution

The Company has limited financial resources and may need to rely on the sale of its securities for future financing, resulting in potential dilution to the Company's existing shareholders.

Competition

To remain competitive, the Company must effectively manage product introductions, product transitions, product pricing and marketing.

We believe that we must continually develop and enhance our existing products, and effectively stimulate consumer demand for new and upgraded products and services to increase our revenue. The markets for our products and services are characterized by intense competition, evolving distribution models, disruptive technology developments, short product life cycles, customer price sensitivity and frequent product introductions.

Security and data breaches and cyberattacks

The Company is increasingly dependent on information systems to process transactions, manage our supply chain and inventory, ship goods on a timely basis, maintain cost-efficient operations, complete timely and accurate financial reporting, and respond to customer inquiries.

Our products services may contain unknown security vulnerabilities. If malicious actors compromise our products and services, *our platform, products, services, internal operations, or information technology systems, could be disrupted and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation, and cause our stock price to decline significantly.*

Key and qualified personnel

If we are unable to attract, engage and retain qualified personnel, our ability to develop, transform and successfully operate our business could be harmed.

We believe that our future success is highly dependent on the contributions of our management team, as well as our ability to attract and retain highly skilled and experienced research and development, and other personnel in Canada and abroad. All of our employees, including our executive officers, are free to terminate their employment relationship with us at any time, and their knowledge of our business and industry may be difficult to replace.

Governmental export and import controls

Canadian and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of some technologies. Our products are subject to Canadian export controls, and exports of our products must be made in compliance with various economic and trade sanctions laws. Furthermore, Candian export control laws and economic sanctions prohibit the provision of products and services to countries, governments and persons targeted by sanctions. Even though we take precautions to prevent our products from being provided to sanctioned countries, our products, could be provided to those targets or provided by our customers. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. Our failure to obtain required import or export approval for our products could harm our international and domestic sales and adversely affect our revenue.

We could be subject to future enforcement action with respect to compliance with governmental export and import controls and economic sanctions laws that result in penalties, costs, and restrictions on export privileges that could have a material effect on our business and operating results.

Injury

Consumers use our products which may carry the risk of injury or death to the operator or other indivudals. We may be subject to claims that users have been injured or harmed by or while using our products, including false claims or erroneous reports relating to safety, security or privacy issues. In addition, if lawmakers or governmental agencies were to determine that the use of our products increased the risk of injury or harm to certain users or other individuals or should otherwise be restricted to protect consumers, they may pass laws or adopt regulations that limit the use of our products or increase our liability associated with the use of our products. Any of these events could adversely affect our brand, operating results and financial condition.