Alta Vista Ventures Ltd.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

ALTA VISTA VENTURES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
As at January 31, 2017 and October 31, 2016
(Unaudited - Expressed in Canadian Dollars)

		January 31, 2017		October 31, 2016
ASSETS				
Current				
Cash	$	14,231	$	313,980
Amounts receivable (Note 4)		85,266		47,511
Marketable securities (Note 5)		1,341		1,341
Prepaid expenses		32,957		40,249
		133,795		403,081
Non-current				
Prepaid expenses		1,500		1,500
Property, plant and equipment (Note 7 and 14)		202,214		14,238
Intangible assets (Note 8 and 14)		420,250		-
		623,964		15,738
TOTAL ASSETS	$	757,759	$	418,819
LIABILITIES				
Current				
Bank indebtedness		66,087		-
Accounts payable and accrued liabilities (Notes 10 and 15)		758,217		386,026
	$	824,304	$	386,026
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 11)		17,766,516		17,241,516
Reserves		2,126,427		2,126,427
Obligation to issue shares (Note 11)		150,000		-
Accumulated deficit		(20,109,488)		(19,335,150)
		(66,545)		32,793
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$	757,759	$	418,819

Approved by the Board:

"Jason Springett" (signed)
……………………………………...… Director

"Michael Burns" (signed)
…………………………………...…… Director

See notes to condensed consolidated interim financial statements.

ALTA VISTA VENTURES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the Three Months Ended January 31, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	January 31, 2017	**January 31, 2016**
Revenues		
Sales	$ 22,386	$ -
	22,386	-
Operating Expenses		
Exploration expenditures, net of recoveries (Note 9)	3,204	7,913
Consultants' fees (Note 15)	41,365	173,319
Accounting, audit and legal	7,904	6,000
Rent (Note 15)	-	4,500
Salaries and wages	2,394	-
Share-based compensation (Notes 11(e) and 15)	-	173,350
Subcontractor	1,017	-
Office and miscellaneous	2,025	570
Regulatory fees	12,220	6,375
Depreciation	2,693	504
Transfer agent and listing fees	-	1,606
Investor relations and promotion	6,205	-
Telephone	194	168
Travel	3,563	-
Transaction costs (Note 14)	740,178	-
	800,576	374,305
Gain on disposal of property, plant and equipment	-	(918)
Foreign exchange gain	(26,238)	(5,056)
Loss on sale of marketable securities	-	2,702
Impairment on investment of RedeCan Pharm	-	519,862
	774,338	890,895
Net Loss for the Period	774,338	890,895
Items of Comprehensive Income (Loss)		
Unrealized loss on marketable securities	-	(2,929)
Transfer on sale of marketable securities	-	3,202
Other Comprehensive Income	-	273
Comprehensive Loss for the Period	$ 774,338	$ 890,622
Loss per Share, Basic and Diluted	$ (0.02)	$ (0.05)
Weighted Average Number of Common Shares Outstanding	49,252,519	18,343,963

See notes to condensed consolidated interim financial statements.

ALTA VISTA VENTURES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Expressed in Canadian Dollars)

			Reserves						
	Number of Shares	**Share Capital**	**Equity Settled Share-based Payments**	**Warrants**	**Total**	**Obligation to Issue Shares**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Total Shareholders' Equity (Deficiency)**
Balance – October 31, 2016	**46,203,606**	**$ 17,241,516**	**$ 1,778,139**	**$ 348,288**	**$ 2,126,427**	**$ -**	**$ (19,335,150)**	**$ -**	**$ 32,793**
Net loss for the period	-	-	-	-	-	-	(774,338)	-	(774,338)
Common shares issued for asset acquisition of Pioneer Exploration Consultants (Note 11)	6,000,000	300,000	-	-	-	-	-	-	300,000
Common shares to be issued for asset acquisition of Pioneer Exploration Consultants (Note 11)	-	-	-	-	-	150,000	-	-	150,000
Common shares issued for acquisition in High Eye (Note 11)	4,500,000	225,000	-	-	-	-	-	-	225,000
Balance – January 31, 2017	**56,703,606**	**$ 17,766,516**	**$ 1,778,319**	**$ 348,288**	**$ 2,126,427**	**$ 150,000**	**$ (20,109,488)**	**$ -**	**$ (66,545)**
Balance – October 31, 2015	**12,841,958**	**$ 14,499,595**	**$ 1,224,086**	**$ 332,542**	**$ 1,556,628**	**$ -**	**$ (16,748,190)**	**$ 8,498**	**$ (683,469)**
Net loss for the period	-	-	-	-	-	-	(890,895)	-	(890,895)
Items of other comprehensive income	-	-	-	-	-	-	-	273	273
Common shares issued in private placement (Note 11(b))	3,330,000	166,500	-	(27,000)	(27,000)	-	-	-	139,500
Share issue costs	-	(33,352)	-	-	-	-	-	-	(33,352)
Exercise of warrants	2,870,000	215,250	-	27,000	27,000	-	-	-	242,250
Exercise of options	37,500	7,500	-	-	-	-	-	-	7,500
Common shares issued for purchase RedeCan Pharm (Notes 13)	2,000,000	400,000	-	-	-	-	-	-	400,000
Common shares issued for purchase of Thor Pharma (Notes 13)	5,000,000	900,000	-	-	-	-	-	-	900,000
Common shares issued for consulting services	500,000	95,000	-	-	-	-	-	-	95,000
Options issued for compensation	-	-	173,350	-	173,350	-	-	-	173,350
Balance – January 31, 2016	**26,579,458**	**$ 16,250,493**	**$ 1,397,436**	**$ 332,542**	**$ 1,729,978**	**$ -**	**$ (17,639,085)**	**$ 8,771**	**$ 350,157**

ALTA VISTA VENTURES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended January 31, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	January 31, 2017	**January 31, 2016**
Operating Activities		
Net loss	$ (774,338)	$ (890,895)
Items not affecting cash		
Depreciation	2,693	504
Loss on sale of marketable securities	-	2,702
Share-based compensation	-	173,350
Impairment on investment in RedeCan Pharm	-	519,862
Gain on disposal of equipment	-	(918)
Share-based payment for consulting fees	-	95,000
Transaction costs - Pioneer (Note 14)	454,489	-
Transaction costs - High Eye (Note 14)	285,689	-
	(31,467)	(100,395)
Changes in non-cash working capital		
Amounts receivable	(24,946)	(12,398)
Prepaid expenses	8,049	2,374
Accounts payable and accrued liabilities	21,226	(86,864)
	4,329	(96,888)
Cash Used in Operating Activities	(27,138)	(197,283)
Investing Activities		
Purchase of property, plant and equipment	(186)	1,102
Acquisition of Pioneer Exploration Consultants	(300,000)	-
Acquisition of High Eye	27,576	-
Investment in Thor Pharma	-	(25,000)
Investment in RedeCan Pharma	-	(119,862)
Proceeds on sale of marketable securities	-	1,912
Cash Used in Investing Activities	(272,611)	(141,848)
Financing Activity		
Common shares issued for cash, net of share issue costs	-	355,898
Cash Provided by Financing Activity	-	355,898
Increase (Decrease) in Cash	(299,749)	16,767
Cash, Beginning of Period	313,980	2,534
Cash, End of Period	$ 14,231	$ 19,301

Supplemental Cash Flow Information – Note 12

See notes to condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Alta Vista Ventures Ltd. (the "Company") was incorporated under the laws of British Columbia. The Company's principal and registered place of business is located at 459 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company's stock is listed on the Canadian Securities Exchange under the symbol "UAV".

The Company has acquired interests in mineral properties in Mexico and over the years has spent significant funds exploring these properties. However, during the three months ended January 31, 2017, the Company acquired a 100% interest in High Eye Aerial Imaging Inc. ("High Eye") and acquired assets of Pioneer Explorations Consultants Inc. ("Pioneer") to enter into the unmanned aerial vehicle ("UAV") business. As a result, the Company no longer intends to use its resources on its mineral exploration properties. The Company's mineral property interests were written down to $nil in fiscal 2015.

The Company has sustained recurring losses and negative cash flows from operations. As at January 31, 2017, the Company had cash of $14,231 (October 31, 2016 - $313,980), working capital deficiency of $690,509 (October 31, 2016 - working capital of $17,055) and an accumulated deficit of $20,109,488 (October 31, 2016 - $19,335,150). The Company will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional funding through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

The ability of the Company to continue as a going concern and meet its commitments as they become due is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance the acquisition described above, operations and expected growth. If the Company is unable to obtain additional financing, the Company will be unable to continue operations. There can be no assurance that management's plans will be successful.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Condensed Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March *, 2017.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") or available-for-sale ("AFS"), which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (CONTINUED)

c) Foreign currencies

i) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

ii) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on foreign currency translations are included in net loss for the period.

d) Significant accounting judgments and estimates

The preparation of the condensed consolidated interim 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 three months ended January 31, 2017, the Company recognized share-based compensation from the issuance of options of $nil (2016 - $173,350).

2. BASIS OF PRESENTATION (CONTINUED)

d) Significant accounting judgments and estimates (continued)

Critical judgments used in applying accounting policies
In the preparation of these condensed consolidated interim 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 condensed consolidated interim 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. 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. Management has determined that there were indicators of impairment for its mineral property interests in the year ended October 31, 2015 and recorded a write-down of $44,002. For the year ended October 31, 2016, management has determined that there were indicators of impairment for its investments in RedeCan Pharm and Thor Pharma and recorded a write-down of $1,455,054.

Impairment of marketable securities
At each reporting date, the Company conducts a review to determine whether there are indications of impairment on its marketable securities. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. Factors include the financial health and short-term business outlook of the investee, industry and sector performance, and operational and financing cash flows. If the decline in fair value below cost is considered significant or prolonged, the Company recognizes an impairment, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired marketable securities, to profit or loss.

Income taxes
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 condensed consolidated interim 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, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Minera AltaVista, S.A. de C.V. ("MAV"), a company incorporated under the laws of Mexico, High Eye Aerial Imaging Ltd., and Pioneer Aerial Surveys Ltd. Subsidiaries are all entities over which the Company has control. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

All material intercompany transactions and balances, including unrealized income and expenses arising from intercompany transactions have been eliminated on consolidation.

b) Financial instruments

Financial assets and financial liabilities are recognized on the condensed consolidated interim statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period. Cash is included in this category of financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Other receivables are included in this category of financial assets.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss for the period. The Company has no assets classified as held-to-maturity.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in profit or loss for the period. The Company's marketable securities are classified as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, other than those at FVTPL, are subject to review for impairment at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets may not be recoverable. Different criteria to determine impairment are applied for each category of financial assets, which are disclosed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Other financial liabilities - This category includes accounts payable and accrued Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

c) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Material residual value estimates and estimates of useful life are updated annually.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of operations and comprehensive loss.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Depreciation is recorded on a declining basis at the following annual rates:

Vehicles	30%
Office equipment	20%
Computer software and equipment	45%
Unmanned Aerial Vehicles	20%

d) Mineral property interests

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis.

The recoverability of the carrying amount of mineral property interests is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment of assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations and comprehensive loss.

f) Share capital

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

Equity units
Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated on the residual value method; proceeds are allocated to the common shares up to their fair value, as determined by the current quoted trading price, and the balance, if any, to the reserve for warrants.

g) Share-based compensation

From time to time, the Company grants share-based awards to directors, officers, employees and consultants. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the option's grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. Options granted to non-employees are recorded at the fair value of goods or services received in the consolidated statement of operations and comprehensive loss. The fair value of the options granted to employees is measured using the Black- Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The fair value of each tranche of options granted, which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based compensation expense is credited to the equity-settled share-based payment reserve. Their fair value is transferred from the reserve to share capital when the options are later exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares; the effect of any anti-dilutive potential common shares are not taken into account in this calculation.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

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. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as a finance cost.

k) New accounting standards effective February 1, 2016

IAS 16 *Property, plant and equipment*

In May 2014, the IASB amended IAS 16, which is effective for annual periods beginning on or after January 1, 2016. The amendment clarifies that a depreciation method for property, plant and equipment that is based on revenue that is generated by an activity that includes the use of an asset is not allowed. The Company is evaluating the effect, if any, the amendment to IAS 16 will have on the Company’s financial statements.

IAS 38 *Intangible assets*

In May 2014, the IASB amended IAS 38, which is effective for annual periods beginning on or after January 1, 2016. The amendment clarifies that a depreciation method for intangible assets that is based on revenue that is generated by an activity that includes the use of an intangible asset is not allowed. Exceptions are allowed where the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The Company is evaluating the effect, if any, the amendment to IAS 38 will have on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) New accounting standards and interpretations not yet adopted

At the date of authorization of these consolidated financial statements, the IASB has issued a number of new and revised standards and interpretations, which are not yet effective as at January 31, 2017. Management is assessing the effects of these future standards on its consolidated financial statements. All of the new and revised standards described below may be early-adopted.

IFRS 9 ***Financial Instruments***

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and *IFRIC 9 Reassessment of Embedded Derivatives.* The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This standard is effective for the Company's annual periods beginning November 1, 2018.

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) New accounting standards and interpretations not yet adopted (continued)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*)

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This standard is effective for the Company's annual periods beginning November 1, 2018.

4. AMOUNTS RECEIVABLE

Amounts receivable are comprised of the following:

	January 31, 2017	October 31, 2016
Trade receivable	$ 36,387	$ -
Sales tax receivable	46,800	43,662
Other amounts receivable	2,079	3,849
Total amounts receivable	$ 85,266	$ 47,511

5. MARKETABLE SECURITIES

The Company holds marketable securities that are free-trading. Marketable securities are comprised of the following:

	January 31, 2017		October 31, 2016	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Sonora Resources Corp.	1,000,000	$ 1,341	1,000,000	$ 1,341
		$ 1,341		$ 1,341

6. INVESTMENT IN OIL AND GAS INTEREST

During the year ended October 31, 2006, the Company acquired, for investment purposes, a 2.78% (one-half unit) interest in an oil and gas joint venture for cash consideration of $52,598. The joint venture has an interest in two producing oil and gas wells located in Texas and Louisiana, United States. Subsequent to the Company's original investment, the interest was written down to $33,611, and then again to $9,000. Given the decline in oil prices and reduction in oil reserves, revenues received from its investment were $nil (October 31, 2016 - $nil). During the year ended October 31, 2015, the Company considered the prevalent market conditions and recorded an impairment loss of $9,000 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy. This reflects management's estimate of the recoverable amount.

(Unaudited - Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Unmanned Aerial Vehicles	Office Equipment	Computer Software and Equipment	Total
COST					
Balance, October 31, 2014	$ 14,472	$ -	$ 35,479	$ 25,759	$ 75,710
Disposals	(14,472)	-	(5,147)	-	(19,619)
Balance, October 31, 2015	-	-	30,332	25,759	56,091
Additions	-	10,263	-	-	10,263
Disposals	-	-	(131)	(2,597)	(2,728)
Balance, October 31, 2016	-	10,263	30,201	23,162	63,626
Additions	-	176,395	507	13,767	190,669
Balance, January 31, 2017	**$ -**	**$ 186,658**	**$ 30,708**	**$ 36,929**	**$ 254,295**
ACCUMULATED DEPRECIATION					
Balance, October 31, 2014	$ 10,350	$ -	$ 28,155	$ 21,427	$ 59,932
Depreciation	618	-	1,417	1,950	3,985
Disposals	(10,968)	-	(3,051)	-	(14,019)
Balance, October 31, 2015	-	-	26,521	23,377	49,898
Depreciation	-	-	914	989	1,903
Disposals	-	-	-	(2,413)	(2,413)
Balance, October 31, 2016	-	-	27,435	21,953	49,388
Depreciation	-	2,395	139	159	2,693
Balance, January 31, 2017	**$ -**	**$ 2,395**	**$ 27,574**	**$ 22,112**	**$ 52,081**
CARRYING AMOUNTS					
At October 31, 2015	$ -	$ -	$ 3,811	$ 2,382	$ 6,193
At October 31, 2016	$ -	$ 10,263	$ 2,766	$ 1,209	$ 14,238
At January 31, 2017	**$ -**	**$ 184,263**	**$ 3,134**	**$ 14,817**	**$ 202,214**

(Unaudited - Expressed in Canadian Dollars)

8. INTANGIBLE ASSETS

	Trademark	Intellectual Property	Total
COST			
Balance, October 31, 2016	$ -	$ -	$ -
Additions	250	420,000	
Balance, January 31, 2017	**$ 250**	**$ 420,000**	**$ 420,250**
ACCUMULATED DEPRECIATION			
Balance, October 31, 2016	**$ -**	**$ -**	**$ -**
Depreciation	-	-	-
Balance, January 31, 2017	**$ -**	**$ -**	**$ -**
CARRYING AMOUNTS			
At October 31, 2016	$ -	$ -	$ -
At January 31, 2017	**$ 250**	**$ 420,000**	**$ 420,250**

9. MINERAL PROPERTY INTERESTS

The Company has accumulated the following acquisition expenditures:

	Carol-Balde	La Verde Grande	Dos Naciones	Total
Balance, October 31, 2014	$ 46,000	$ 1	$ 1	$ 46,002
Recoveries	(2,000)	-	-	(2,000)
Write-down	(44,000)	(1)	(1)	(44,002)
Balance October 31, 2015 and 2016 and January 31, 2017	$ -	$ -	$ -	$ -

The Company incurred the following exploration expenditures, which were recognized in the consolidated statement of operations and comprehensive loss for the three months ended January 31, 2017:

	Carol-Balde	Orofino	Total
Camp and exploration support	$ 1,602	$ 1,602	$ 3,204
Net expenditures for the period	$ 1,602	$ 1,602	$ 3,204

The Company incurred the following exploration expenditures, which were recognized in the consolidated statement of operations and comprehensive loss for the three months ended January 31, 2016:

	Carol-Balde	Orofino	Total
Camp and exploration support	$ 3,956	$ 3,957	$ 7,913
Net expenditures for the period	$ 3,956	$ 3,957	$ 7,913

9. MINERAL PROPERTY INTERESTS (CONTINUED)

a) Carol-Balde Property, Mexico

On September 25, 2006, the Company entered into an assignment of option agreement with Minera Canamex S.A. de C.V. to acquire a 100% interest in the mineral claims. By an agreement dated January 31, 2008, the Company renegotiated the remaining commitments and acquired 100% ownership and property rights, subject to the 3% net smelter return ("NSR") royalty to the optionor, by making a cash payment of US$70,000 (paid) and issuing 28,000 common shares (issued).

During the year ended October 31, 2015, the Company considered the prevalent market conditions and recorded an impairment loss of $44,000 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy.

b) Orofino Property, Mexico

The Company entered into an assignment of option agreement on nine concessions dated July 24, 2009. Under the terms of the option agreement, the Company acquired a 100% interest for cash payments totaling $200,000 ($40,000 paid), issuing 100,000 common shares (30,000 issued) and paying taxes totaling Mexican pesos ("MXN") MXN 114,232 (paid). The Company paid an additional $10,000 for the extension of one payment.

The Company entered into an assignment of option agreement on an additional two concessions in 2009. The agreement gave the Company the option to acquire a 100% interest for cash payments of $200,000 ($80,000 paid) and issuing 100,000 common shares (640,000 issued).

As of February 2013, the Company and the owners of the concessions have agreed to suspend all consideration requirements until a mutually agreed upon future point in time. As such, the agreement is still in good standing.

During the year ended October 31, 2013, the Company considered the prevalent market conditions and recorded an impairment loss of $132,265 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy.

c) Realization of assets

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

d) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on a property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Unaudited - Expressed in Canadian Dollars)

9. MINERAL PROPERTY INTERESTS (CONTINUED)

e) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements of transfers and title may be affected by undetected defects.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were comprised of the following:

	January 31, 2017	October 31, 2016
Trade payables *	$ 652,671	$ 297,526
Accrued liabilities	76,000	76,000
Due to directors	25,500	12,500
Taxes payable	4,046	-
Total accounts payable and accrued liabilities	$ 758,217	$ 386,026

*Included in trade payables is $110,016 (October 31, 2016 - $125,117) owed to the Mexican Government for withholding taxes on salaries that were not remitted in prior years.

11. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

Three Months Ended January 31, 2017

On January 3, 2017, the Company has formally closed the asset purchase agreement for the UAV (unmanned aerial vehicle) assets of Pioneer Exploration Consultants. On closing, the Company combined the first two payments as contemplated in the asset purchase agreement by making payments totaling $300,000 and issuing 6,000,000 shares to Pioneer Exploration at a deemed price of $0.05 per share. In connection to the agreement, the Company has 3,000,000 outstanding shares to be issued at a deemed price of $0.05 per share totaling to $150,000.

On January 6, 2017, the Company has formally closed the share purchase agreement for a 100-per-cent interest in High Eye Aerial Imaging Inc. On closing, the Company issued 4,500,000 million shares to the underlying owners of High Eye at a deemed price of $0.05 per share.

Year Ended October 31, 2016

On November 4, 2015, the Company completed a private placement comprised of 3,330,000 units at a price of $0.05 per unit totalling $166,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 per unit for ten consecutive days, the Company may give

11. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

Year Ended October 31, 2016 **(continued)**

notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued a total of 251,000 agent warrants with a fair value of $17,093 and paid cash finder's fees of $33,954.

Between the dates of November 12, 2015 and November 25, 2015, 720,000 warrants were exercised at $0.075 per unit to various warrant holders for proceeds of $54,000.

On November 27, 2015, the Company issued 5,000,000 shares at a fair market value of $0.18 per share totaling $900,000 to satisfy the first purchase requirement on Thor Pharma (Note 13).

On November 30, 2015, the Company issued 2,000,000 shares at a fair market value of $0.20 per share totaling $400,000 to satisfy the first requirement on RedeCan Pharm (Note 13).

Between the dates of December 7, 2015 and January 12, 2016, 2,100,000 warrants were exercised at $0.075 per share to various warrant holders for total proceeds of $157,500.

On January 18, 2016, 37,500 options were exercised at $0.20 per unit for total proceeds of $7,500.

On January 25, 2016, 50,000 warrants were exercised by shareholders at $0.075 per unit for total proceeds of $3,750.

On January 25, 2016, 500,000 shares were issued to Jacob Capital Management Inc. at a fair market value of $0.19 per unit totalling $95,000 to reimburse them for consulting services provided in connection with the Company's purchase of RedeCan Pharm.

On February 4, 2016, 75,000 options were exercised by a shareholder at $0.105 per share for total proceeds of $7,875.

On March 11, 2016, 50,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $3,750.

On March 16, 2016, 200,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $15,000.

On April 8, 2016, 1,000,000 shares were issued for services rendered by Jacob Capital Management Inc. at a fair market value of $0.05 per share totaling $50,000 to reimburse them for consulting services provided.

On April 14, 2016, 100,000 warrants were exercised by a shareholder at $0.075 per share for total proceeds of $7,500.

On May 20, 2016, the Company completed a private placement comprised of 2,250,000 at a price of $0.05 per unit totalling $112,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. There were no finders' fees incurred on this private placement.

On May 20, 2016, the Company completed a share-for-debt transaction comprised of 2,320,000 units with a fair value of $116,000 to settle total accounts payable outstanding of $116,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrants. There was no gain or loss recognized on the consolidated statements of loss and comprehensive loss from this transaction.

(Unaudited - Expressed in Canadian Dollars)

On August 2, 2016, the Company completed a shares-for-debt transaction comprised of 3,909,148 units with a fair value of $234,549 to settle total accounts payable outstanding of $394,091. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the

11. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

Year Ended October 31, 2016 **(continued)**

Company at a price of $0.10 for a period of twelve months from the date of issuance of the warrant. There was a gain of $159,542 recognized on the consolidated statements of loss and comprehensive loss from this transaction.

On September 28, 2016, the Company completed a private placement comprised of 9,720,000 units at a price of $0.05 per unit for proceeds of $486,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.10 for a period of twelve months from the date of issuance of the warrant. The Company issued a total of 90,000 agent warrants with a fair value of $2,653 and paid cash finder's fees of $35,000.

Year Ended October 31, 2015

On October 22, 2015, the Company completed a private placement comprised of 1,620,000 units at a price of $0.05 per unit totalling $81,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 per unit for ten consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued 162,000 agent warrants to Foremost Capital Inc. with a fair value of $5,710.

c) Share purchase warrants

A continuity schedule of outstanding common share purchase warrants for the three months ended January 31, 2017 and year ended October 31, 2016 is as follows:

	January 31, 2017		October 31, 2016	
	Number outstanding	**Weighted average exercise price**	**Number outstanding**	**Weighted average exercise price**
Outstanding, beginning of year	23,652,148	$ 0.090	8,547,000	$ 0.085
Issued	-	$ -	21,870,148	$ 0.091
Exercised	-	$ -	(3,220,000)	$ 0.075
Expired	-	$ -	(3,545,000)	$ 0.075
Outstanding, end of period	23,652,148	$ 0.090	23,652,148	$ 0.090

At January 31, 2017 and October 31, 2016, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	**Outstanding at January 31, 2017**	**Outstanding at October 31, 2016**
$0.075	May 27, 2017	4,570,000	4,570,000
$ 0.10	August 2, 2017	3,909,148	3,909,148
$ 0.10	September 28, 2017	9,810,000	9,810,000
$0.075	October 22, 2017*	1,782,000	1,782,000
$0.075	November 3, 2017*	3,581,000	3,581,000

(Unaudited - Expressed in Canadian Dollars)

	23,652,148	23,652,148

11. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants (continued)

* During the year ended October 31, 2016, the expiry dates of these warrants were extended by one year. Expiry dates shown on the table reflect this one-year extension.

d) Share options

A continuity schedule of outstanding share options for the three months ended January 31, 2017 and year ended October 31, 2016 is as follows:

	January 31, 2017		October 31, 2016	
	Number outstanding	**Weighted average exercise price**	**Number outstanding**	**Weighted average exercise price**
Outstanding, beginning of year	7,610,000	$ 0.107	2,222,500	$ 0.110
Granted	-	$ -	6,500,000	$ 0.115
Expired	-	$ -	(1,000,000)	$ 0.169
Cancelled	-	$ -	(112,500)	$ 0.137
Outstanding, end of period	7,610,000	$ 0.107	7,610,000	$ 0.107

As at January 31, 2017 and October 31, 2016, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

Exercise Price	Expiry Date	Outstanding at January 31, 2017	Outstanding at October 31, 2016
$ 0.11	June 3, 2017	475,000	475,000
$ 0.11	January 8, 2018	150,000	150,000
$ 0.20	July 25, 2018	145,000	145,000
$ 0.10	August 6, 2018	1,000,000	1,000,000
$ 0.10	October 2, 2018	190,000	190,000
$ 0.10	November 2, 2018	500,000	500,000
$ 0.12	December 10, 2018	500,000	500,000
$ 0.14	December 29, 2018	550,000	550,000
$ 0.10	July 15, 2019	500,000	500,000
$ 0.10	August 4, 2019	2,350,000	2,350,000
$ 0.10	August 29, 2019	700,000	700,000
$ 0.10	September 21, 2019	200,000	200,000
$ 0.10	October 14, 2019	100,000	100,000
$ 0.10	October 28, 2019	250,000	250,000
		7,610,000	7,610,000
Weighted average remaining contractual life (in years)		1.77	2.03

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL (CONTINUED)

e) Share-based compensation

The fair value of share options granted and vested during the three months ended January 31, 2017 and 2016 was recognized as share-based compensation in the consolidated statements of operations and comprehensive loss, and was allocated as follows:

	January 31, 2017	January 31, 2016
Consultants' fees	$ -	$ 173,350
Total share-based compensation	$ -	$ 173,350

The fair value of the options granted and agent warrants issued during the years ended October 31, 2016 and 2015 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2016	2015
Risk free interest rate	1.72%	0.69%
Expected annual volatility*	265.39%	249.94%
Expected life	3 years	3 years
Expected dividend yield	0.00%	0.00%
Exercise price	$0.115	$0.101
Share price	$0.137	$0.05

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended January 31, 2017, the Company entered into the following non-cash transactions.

i) The Company issued shares to close the Asset Purchase Agreement for the UAV (unmanned aerial vehicle) assets of Pioneer Exploration Consultants totaling $300,000 (2016 - $nil).

ii) The Company issued shares to close the Share Purchase Agreement for a 100 per-cent interest in High Eye Aerial Imaging Inc. totaling $225,000 (2016 - $nil).

13. INVESTMENTS IN THOR PHARMA AND REDECAN PHARM

Thor Pharma

The Company signed a formal agreement to purchase Thor Pharma. Thor Pharma has a license application with Health Canada for the production and sale of up to 10,000,000 grams of dried marijuana per year. The Company had the right to purchase Thor Pharma via an Assignment and Novation Agreement from Shaxon Enterprises by paying $1,000,000 and issuing 10,000,000 shares on a graduated basis as the Thor Pharma application moves through the licensing process with Health Canada. The Company had until December 18, 2015 to make a $100,000 payment ($25,000 paid) and issue 5,000,000 shares (issued). Shaxon Enterprises would have had a 10% royalty on profits from Thor Pharma. The shares issued had a fair value of $900,000.

This investment was to be accounted for on a cost basis until such time as the Company completed its acquisition and controlled Thor Pharma. During the year ended October 31, 2016, the Company decided to terminate the agreement for the purchase of Thor Pharma so that it can concentrate on its new business venture in the UAV sector.

As a result, an impairment of $925,000 (2015 - $nil), determined in accordance with Level 3 of the fair value hierarchy, has been recorded during the year ended October 31, 2016.

13. INVESTMENTS IN THOR PHARMA AND REDECAN PHARM (CONTINUED)

RedeCan Pharm

On January 28, 2016, the Company signed an amended LOI to purchase 90% of issued and outstanding shares of RedeCan Pharm, one of Canada's MMPR cultivation and sales licensees. The terms of the LOI required the Company to pay RedeCan Pharm an aggregate $8,000,000 in cash and issue 9,000,000 shares. Upon signing the LOI, the Company paid a non-refundable deposit of $100,000 and issued 2,000,000 shares to RedeCan Pharm. The 2,000,000 shares issued had a fair value of $400,000.

The remaining payments were to be made in three stages:

1) The Company would purchase a minority interest of 20% on or before March 1, 2016 by paying $1,900,000 and issuing 2,000,000 shares;
2) The Company would purchase an additional 20% interest (for a total 40% interest) on or before September 1, 2016 by paying $2,000,000 and issuing 2,000,000 shares; and
3) The Company would purchase an additional 50% (for a total 90% interest) on or before March 1, 2017 by paying $4,000,000 and issuing 3,000,000 shares.

In addition to the purchase price, the Company would pay a 2% royalty of the gross revenues to RedeCan Pharm on a quarterly basis to be paid 50% in cash and 50% in shares of the Company. The Company agreed to pay a finders' fee to Shaxon Enterprises upon successful completion of this transaction. Legal and professional fees incurred total $30,054.

On January 25, 2016, the Company signed an engagement letter with Jacob Capital Management Inc. ("JCMI") for the purpose of completing the acquisition of RedeCan Pharm and expanding its operations. In consideration for acting as strategic advisor, the Company issued JCMI 500,000 shares. An additional 1,000,000 shares were issued March 6, 2016 and 2,500,000 shares were to be issued to JCMI upon successful completion of the acquisition of RedeCan Pharm.

During the year ended October 31, 2016, the Company failed to make the $1,900,000 payment due to RedeCan Pharm under the terms of the LOI, and the LOI was terminated. As a result, an impairment of $530,054, determined in accordance with Level 3 of the fair value hierarchy, was recorded on the investment during the year ended October 31, 2016.

14. ACQUISITIONS

Pioneer Exploration Consultants

On January 3, 2017, the Company closed the asset purchase agreement to own 100-per-cent interest in the UAV (Unmanned aerial vehicle) assets of Pioneer Exploration Consultants, in exchange for a cash payment of $500,000 and the issuance of 6,000,000 common shares at a deemed price of $0.05 per share of the Company. In connection to the agreement, the Company has 3,000,000 outstanding shares to be issued at a deemed price of $0.05 per share totaling to $150,000.

The tangible and intangible assets included in the asset purchase agreement include:

(i) 1 infinite jib UAV surveyor 630;

(ii) 1 UAV-MAG sensor Gem Systems GSMP 35A;

(iii) UAV-MAGTM Trademark;

(iv) client list, contacts, and sensor development plans;

(v) all inventories relating directly to the Vendor's UAV survey equipment (the "Inventories");

(Unaudited - Expressed in Canadian Dollars)

14. ACQUISITIONS (CONTINUED)

(vi) the accounts receivable from UAV surveys completed after the closing date of this agreement, trade accounts, notes receivable and other debts owing to the Vendor in connection with the Vendor's UAV surveys, and the full benefit of all securities for cash accounts, notes or debts (the "Receivables");

(vii) the benefit of all unfilled orders received by the Vendor in connection with the Vendor's UAV surveys, and all other contracts, engagements or commitments, whether written or oral, to which the Vendor is entitled in connection with the Vendor's UAV surveys (the "Material Contracts");

(viii) all right and interest of the Vendor to all registered and unregistered trademarks, trade or brand names, copyrights, designs, restrictive covenants and, including the right to use the name "Pioneer UAV", "Pioneer Unmanned", or any variation thereof, used in connection with the Vendor's UAV surveys and equipment (the "naming rights") and;

(ix) all intangible assets of the Vendor's UAV surveys including, but not limited to, other industrial or intellectual property and all customer lists and the right of the Purchaser to carrying on the Vendor's quoted or contracted UAV surveys, if they exist at the time of closing, in the future (the "intangible assets").

The following table summarizes the consideration paid, the fair value of the identifiable assets acquired and intangible assets assumed as the date of acquisition:

Cash paid	$	500,000
Common shares issued		300,000
Common shares to be issued		150,000
Total consideration paid	**$**	**950,000**
Identifiable assets	$	75,261
Intangible assets		420,250
Total value of the assets	**$**	**495,511**
Transaction costs	**$**	**454,489**

High Eye Aerial Imaging Inc.
On January 6, 2017, the Company closed the share purchase agreement to own 100-per-cent interest in High Eye Aerial Imaging Inc., in exchange for a cash payment of $100,000 and the issuance of 4,500,000 common shares at a deemed price of $0.05 per share of the Company.

For accounting purposes, the acquisition of High Eye Aerial Imaging Inc. was considered a business combination and accounted for using the acquisition method. The results of operations from High Eye Aerial Imaging Inc. are included in the consolidated financial statements since the date of acquisition.

The following table summarizes the consideration paid, the fair value of the identifiable assets acquired and liabilities assumed as the date of acquisition:

Cash paid	$	100,000
Common shares issued		225,000
Total consideration paid	**$**	**325,000**
Identifiable assets	$	156,363
Liabilities		(117,052)
Total value	**$**	**39,311**
Transaction costs	**$**	**285,689**

(Unaudited - Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

a) Management transactions

Management transactions with related parties during the three months ended January 31, 2017 and 2016 were as follows:

	2017			2016		
	Short-term employee benefits	**Share-based payments**	**Total**	**Short-term employee benefits**	**Share-based payments**	**Total**
Ian Foreman(i)	$ -	$ -	$ -	$ 22,500	$ -	$ 22,500
Timeline Filing Services Ltd(ii)	$ 150	$ -	$ 150	$ -	$ -	$ -
Schindler & Company (iii)	$ -	$ -	$ -	$ 1,500	$ -	$ 1,500
Shaxon Enterprises Ltd(iv)	$ -	$ -	$ -	$ 11,865	$ -	$ 11,865
Don Shaxon(v)	$ -	$ -	$ -	$ -	$ -	$ -
Catalyst X Media Corporation(vi)	$ -	$ -	$ -	$ -	$ -	$ -

i) Ian Foreman was the Company's President until March 2, 2016, and accordingly, amounts described above are up until this date, after which he was no longer a related party. The amounts shown represent amounts paid to two companies controlled by Mr. Foreman: Foremost Management Services Inc. and Foremost Geological Consulting.
ii) Timeline Filing Services Ltd. is a private enterprise controlled by the Company's Corporate Secretary, Laara Shaffer.
iii) Schindler & Company is a private enterprise controlled by the Company's previous CFO, Jennifer Schindler.
iv) Shaxon Enterprises Ltd is a private enterprise controlled by the Company's Director, Don Shaxon.(v)
vi) Catalyst X Media Corporation is a private enterprise controlled by the Company's CEO, Jason Springett.

Accounts payable to related parties
Foremost Management Services Inc. is a private enterprise controlled by the Company's former president and CEO, Ian Foreman. Included in accounts payable and accrued liabilities is $19,059 (October 31, 2016 - $9,609). Foremost Management Services Inc. is no longer a related party as of March 2, 2016.

Timeline Filing Services Ltd. is a private enterprise controlled by the Company's corporate secretary, Laara Shaffer. Included in accounts payable and accrued liabilities is $4,422 (October 31, 2016 - $3,950).

Schindler & Company is a private enterprise controlled by the Company's previous CFO, Jennifer Schindler. Included in accounts payable and accrued liabilities is $9,802 (October 31, 2016 - $9,803). Schindler & Company is no longer a related party as of

Shaxon Enterprises Ltd is a private enterprise controlled by the Company's Director, Don Shaxon. Included in accounts payable and accrued liabilities is $23,730 (October 31, 2016 - $11,865).

Don Shaxon is the Company's Director. Included in accounts payable and accrued liabilities is $12,500 (October 31, 2016 - $nil).

Catalyst X Media Corporation is a private enterprise controlled by the Company's CEO, Jason Springett. Included in accounts payable and accrued liabilities is $9,040 (October 31, 2016 - $nil).

(Unaudited - Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Management transactions (continued)

Rent expense of $nil (2016 - $4,500) was also charged by Foremost Management Services Inc., for the leasing of office premises up until his replacement on March 2, 2016, after which he was no longer a related party.

During the three months ended January 31, 2017, the Company settled $nil (October 31, 2016 - $423,991) of accounts payable owing to related parties with units (Note 11(b)).

b) Loans payable

During the three months ended January 31, 2017, the Company settled $nil (October 31, 2016 - $65,100) of loans payable to related parties with units (Note 11(b)).

Also included in accounts payable and accrued liabilities are loans of $25,500 (October 31, 2016 - $12,500) borrowed from the current president of the Company. The loans are non-interest-bearing and without fixed terms of repayment.

16. SEGMENTED INFORMATION

The Company previously operated in one reportable operating segment, mineral exploration and development.

The Company's non-current assets, excluding financial instruments, located in its geographic segments of Canada and Mexico, were as follows:

	January 31, 2017	October 31, 2016
Canada	$ 200,524	$ 12,379
Mexico	1,690	1,859
	$ 202,214	$ 14,238

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	January 31, 2017	October 31, 2016
Financial assets		
Fair value through profit or loss		
Cash	$ 14,231	$ 313,980
Loans and receivables		
Amounts receivable*	38,466	3,849
Available-for-sale		
Marketable securities	1,341	1,341
Total financial assets	$ 54,038	$ 319,170
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 758,217	$ 386,026
Total financial liabilities	$ 758,217	$ 386,026

*Excluding sales tax receivable

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The fair values of the Company’s amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. Marketable securities are recorded at market value based on quoted market prices. The Company’s investment in oil and gas interest is valued at cost, as it does not have a quoted market price in an active market and the fair value cannot be reliably determined.

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 Company 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 Company manages liquidity risk through the management of its capital structure.

At January 31, 2017, the Company had cash in the amount of $14,231 (October 31, 2016 - $313,980) and accounts payable and accrued liabilities of $758,217 (October 31, 2016 - $386,026). Trade payables are due within twelve months of the financial position date.

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

c) Market risk

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

Interest rate risk
Interest rate risk consists of two components:

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

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

The Company 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 Company 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:

(Unaudited - Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Market risk (continued)

	January 31, 2017		October 31, 2016	
	MXN	US	MXN	US
Cash	-	-	-	$ -
Accounts payable and accrued liabilities	(3,029,764)	-	(3,013,108)	$ -
Rate to convert $1 CAD	0.063	1.303	0.071	1.338

Based on the Company's net exposure, a 22% change (October 31, 2016 - 22%) in the Canadian/Mexican peso exchange rate and a 15% change (October 31, 2016 - 15%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk related to the fluctuation in the market price of its marketable securities. The Company's marketable securities are carried at market value and are directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests a 24% (October 31, 2016 - 24%) change in the market prices would impact the Company's earnings by approximately $310 (October 31, 2016 - $310).

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. The Company had no Level 2 or 3 financial assets at January 31, 2017 or October 31, 2016. 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.

18. MANAGEMENT OF CAPITAL

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

The Company's capital consists of shareholders' equity.

The Company 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 Company may issue new shares or debt or acquire or dispose of assets.

To effectively manage its resources and minimize risk, the Company maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Company 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 Company does not pay dividends.

The Company'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 Company's approach to capital management during the three months ended January 31, 2017.

19. SUBSEQUENT EVENTS

On March 1, 2017, the Company has received subscription agreements for a total of $253,500, or for 5.07 million units at a price of five cents per unit, and has closed a first tranche of its continuing financing, subject to filings with the Canadian Securities Exchange. The Company is undertaking a non-brokered private placement of up to 10 million units at a price of five cents per unit to raise total proceeds of up to $500,000. Each unit will consist of one previously unissued common share and one purchase warrant of the Company. Each warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months from the date of issue of the warrant. The warrants will be exercisable at a price of 10 cents per share. In connection to the financing, a finders' fees were paid to PI Financial ($4,000 and 80,000 broker warrants) and Foremost Capital ($1,750 and 35,000 broker warrants). The broker warrants have the same terms as the warrants as per above.

On March 22, 2017, the Company has completed the final cash payment to High Eye Aerial Imaging, finalizing the acquisition of its 100-per-cent interest. The cash payment of $100,000 paid off a promissory note that was part of the purchase arrangement for High Eye Aerial Imaging. The Company is the owner of both Pioneer Aerial Surveys and High Eye Aerial Imaging. Management is also actively pursuing additional acquisitions in the UAV (unmanned aerial vehicle) sector that will complement the Company's growing portfolio of well-positioned and undervalued UAV technology leaders.

On March 24, 2017, the Company has closed tranche 2 financing, issuing 5.81 million common shares at a price of five cents and 5.81 million share purchase warrants. Net proceeds from the two tranches total $541,450. In connection to the financing, a finder's fees were paid to PI Financial ($2,800 and 56,000 broker warrants). The broker warrants have the same terms as the warrants as per above.

In connection to the financing, the Company has also announced a grants of 2.05 million stock options to certain directors, officers and consultants of the Company and its subsidiaries at a value of 10 cents that will expire on March 24, 2020.