FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **RDARS Inc.** (the "**Issuer**").

Trading Symbol: **RDRS**.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE "A": FINANCIAL STATEMENTS

A copy of the condensed interim consolidated financial statements for the three months ended February 28, 2023 and 2022 is attached hereto as Appendix "A" (the "**Financial Statements**").

SCHEDULE "B": SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule "A".

1. Related party transactions

Please refer to Note 14 on pages 20 of the Financial Statements for related party transaction disclosure.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Please refer to note 11(b) on page 17 of the Financial Statements for a summary of the securities issued during the period.

(b) summary of options granted during the period,

Please refer to note 11(c) on pages 17-18 of the Financial Statements for a summary of the options granted during the period.

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Please refer to note 11(a) on page 17 of the Financial Statements for a description of the authorized share capital.

(b) number and recorded value for shares issued and outstanding,

Please refer to the condensed annual consolidated statements of changes in equity on page 4 of the Financial Statements for the number and recorded value for shares issued and outstanding.

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Please refer to note 11(c) on pages 17-18 and note 11(d) on page 18 of the Financial Statements for a description of warrants and options, respectively.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Common Shares in Escrow: 29,290,867.
Contractual restrictions: 13,389,910

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

1. Charles Zwebner – Chief Executive Officer, Director

2. *Bennett Kurtz – Chief Financial Officer*
3. *Jason Braverman – Chief Technology Officer*
4. *Binyomin Posen -- Director*
5. *Anthony Heller – Director*

SCHEDULE “C”: MANAGEMENT DISCUSSION AND ANALYSIS

A copy of the management’s discussion and analysis for the three months ended February 28, 2023 is attached hereto as Appendix “B”.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: June 8, 2023.

Charles Zwebner
Name of Director or Senior Officer

"*Charles Zwebner*"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer RDARS Inc.	For the three months ended February 28, 2023.	Date of Report YY/MM/D 23/06/08
Issuer Address 2 Covington Road, Suite 507		
City/Province/Postal Code North York, ON M6A 3E2	Issuer Fax No. (N/A)	Issuer Telephone No. (786) 564-5602
Contact Name Charles Zwebner	Contact Position Chief Executive Officer	Contact Telephone No. (786) 564-5602
Contact Email Address Charles.zwebner@rdars.com	Web Site Address https://rdars.com	

APPENDIX “A”

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2023 AND 2022

(*See attached*)

RDARS Inc.

Condensed Interim Financial Statements

For the three months ended February 28, 2023, and 2022

The accompanying unaudited condensed interim financial statements of RDARS Inc. (the "Company") have been prepared by and are the responsibility of the management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

(Expressed in Canadian dollars, unless otherwise noted)

RDARS Inc.

Condensed Interim Statements of Financial Position

As at February 28, 2023

(Unaudited)

	Notes	February 28, 2023 $	November 30, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents		6,084	575,248
Harmonized sales tax recoverable		10,545	166,518
Prepaid expenses and deposits		166,385	185,228
Total current assets		183,014	926,994
Non-current assets			
Property and equipment	5	87,265	7,758
Intangible assets	6	1,364,392	1,252,532
Total non-current assets		1,451,657	1,260,290
Total assets		**1,634,671**	**2,187,284**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	7	1,040,977	829,854
Current portion of lease liability	10	30,864	-
Convertible debenture host liability	9	479,860	585,629
Accrued interest on convertible debentures	9	23,659	24,793
Total current liabilities		1,575,360	1,440,276
Non-current liabilities			
Promissory notes payable	8	496,101	595,535
Long-term portion of lease liability	10	30,322	-
Total non-current liabilities		526,423	595,535
Total liabilities		2,101,783	2,035,811
Shareholders' equity (deficiency)			
Share capital	11	5,123,774	5,123,774
Contributed surplus	11	159,825	110,527
Warrants reserve	11	926,422	926,422
Options reserve	11	829,484	829,484
Convertible debentures reserve		116,304	165,602
Deficit		(7,622,921)	(7,004,336)
Total shareholders' equity (deficiency)		(467,112)	151,473
Total liabilities and shareholders' equity (deficiency)		**1,634,671**	**2,187,284**

These condensed interim financial statements were approved for issuance on May 1, 2023 by the Board of Directors and signed on its behalf by:

/s/Anthony Heller (signed)
Director

/s/Binyomin Posen (signed)
Director

RDARS Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three months ended February 28, 2023 and 2022

(Unaudited)

	Notes	2023	2022
		$	$
Revenue		-	-
Selling and marketing		(94,001)	-
Administration		(443,981)	(350,454)
Prototype engineering	6	(14,901)	-
Depreciation	5	(4,425)	-
Total expenses		**(557,308)**	**(350,454)**
Other income (expenses)			
Interest expense		(57,969)	(101,164)
Gain (Loss) on derivative liability		-	41,678
Foreign currency translation	3	(3,308)	25,502
Total other income (expenses)		(61,277)	(33,985)
Net loss and comprehensive loss		**(618,585)**	**(384,438)**
Weighted average shares outstanding		354,425,745	246,225,600
Net loss per share - Basic	12	(0.00)	(0.00)
Net loss per share - Diluted	12	(0.00)	(0.00)

RDARS Inc.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the three months ended February 28, 2023 and 2022

(Unaudited)

	# of shares	Share capital	Convertible debentures reserve	Warrants reserve	Options reserve	Deficit	Total
	#	$	$	$	$	$	$
Balance as at November 30, 2021	**246,225,600**	**1,249,937**	**13,596**	**275,098**	**-**	**(3,979,743)**	**(2,441,112)**
Net loss and comprehensive loss	-	-	-	-	-	(384,438)	(384,438)
Balance as at February 28, 2022	**246,225,600**	**1,249,937**	**13,596**	**275,098**	**-**	**(4,364,181)**	**(2,825,550)**

	Notes	# of shares	Share capital	Contributed surplus	Convertible debentures reserve	Warrants reserve	Options reserve	Deficit	Total
		#	$		$	$	$	$	$
Balance as at November 30, 2022		**354,425,745**	**5,123,774**	**110,527**	**165,602**	**926,422**	**829,484**	**(7,004,336)**	**151,473**
Repayment of debentures	9, 11	-	-	49,298	(49,298)	-	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	-	(618,585)	(618,585)
Balance as at February 28, 2023		**354,425,745**	**5,123,774**	**159,825**	**116,304**	**926,422**	**829,484**	**(7,622,921)**	**(467,112)**

RDARS Inc.

Condensed Interim Statements of Cash Flows

For the three months ended February 28, 2023 and 2022

(Unaudited)

	Notes	Three months ended February 28, 2023	Three months ended February 28, 2022
Cash flows from operating activities:			
Net loss		(618,585)	(384,438)
Non-cash foreign currency translation gain		(108,027)	(19,609)
Interest expense on lease	10	794	-
Change in fair value of derivative liability		-	(41,678)
Interest accrued on debentures	9	50,647	955,910
Interest accrued on promissory notes	8	6,530	-
Depreciation	5	4,425	-
		(664,216)	(349,814)
Changes in non-cash working capital items	13	530,726	(29,488)
Net cash used in operating activities		(133,490)	(379,302)
Cash flows from investing activities:			
Prototype development costs	6	(111,860)	(40,652)
Purchase of property and equipment	5	(83,932)	-
Net cash used in investing activities		(195,792)	(40,652)
Cash flows from financing activities:			
Proceeds from loan/borrowing		-	250,000
Repayment of promissory notes	8	(82,332)	-
Repayment of debentures	9	(157,550)	-
Proceeds from loan payable to director		-	80,720
Net cash provided by (used in) financing activities		(239,882)	330,720
Net decrease in cash and cash equivalents		(569,164)	(89,234)
Cash and cash equivalents, beginning of the period		575,248	90,892
Cash and cash equivalents, end of the period		**6,084**	**1,658**

NON-CASH ITEMS	**$**
Transfer of amortized discounted value of convertible debentures repayment to “contributed surplus”	49,228

Reconciliation of movement of liabilities to cash flows arising from financing activities, including changes arising from both cash and non-cash changes:

	Accrued interest on convertible debentures	Convertible debenture host liability	Contributed surplus	Convertible debenture reserve	Total
	$	$	$	$	$
Balance as of November 30, 2022	24,793	585,629	110,527	165,602	**886,551**
Repayment of debentures	(32,971)	(124,579)	49,298	(49,298)	**(157,550)**
Total changes from financing cash flows	(32,971)	(124,579)	49,298	(49,298)	**(157,550)**
<u>Other changes</u>					
Interest accrued on debentures	6,530	-	-	-	**6,530**
Amortization of discount on debentures	25,306	18,810	-	-	**44,116**
Balance as of February 28, 2023	**23,838**	**479,860**	**159,825**	**116,304**	**779,647**

1. Nature of Operations and Going Concern

RDARS Inc. ("RDARS" or the "Company") was incorporated under the Ontario Business Corporations Act on May 16, 2019. The Company's registered address is at 2 Covington Rd, Suite 507, North York, ON M6A 3E2. The name RDARS stands for Real-Time Drone Alarm Response System, which describes the Company's prototype development of a real time drone technology system for alarm response. On September 7, 2022, the Company commenced trading on the Canadian Securities Exchange (the "CSE") under the symbol "RDRS". On November 1, 2022, the Company also commenced trading on the OTCQB® Venture Market under the symbol "RDRSF".

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether future financing efforts will be successful or if the Company will attain profitable levels of operations.

RDARS is a technology company in the development phase with no revenue. The Company incurred net losses for the three months ended February 28, 2023, and 2022 of $618,585 and $384,438, respectively. In addition, as at February 28, 2023, and 2022, the Company had an accumulated deficit of $7,622,921 and $4,364,181 respectively. The Company relies on equity and debt offerings for cash flow for its operations. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting of the International Financial Reporting Standards" ("IFRS") as issued by the International Accounting Standards Board ("IASB") and follow the same accounting policies and methods of application as the Company's November 30, 2022, annual audited financial statements, unless otherwise noted. Accordingly, they should be read in conjunction with the Company's most recent annual statements.

(b) Basis of Measurement

These condensed interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which are measured at fair value upon initial recognition.

(c) Functional and presentation currency

The Company's functional and presentational currency is Canadian dollars, and these condensed interim financial statements are presented in Canadian dollars, unless otherwise stated.

(d) 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 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.

3. Summary of significant accounting policies

(a) Property and equipment

Property and Equipment consists of computer hardware, office equipment and office furniture and right-of-use assets. These are recorded at cost less related accumulated depreciation and impairment losses. Cost includes all expenditures incurred to bring asset to the location and condition necessary for them to be operated in the manner intended by management. Depreciation is recognized based on the cost of the item less its estimated residual value, over its estimated useful life on a straight life basis.

Asset	Rate
Computer hardware	55%
Office equipment	55%
Office furniture	20%
Right-of-use assets	Term of lease

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively if appropriate.

(b) Financial instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

<u>Financial Assets</u>

The Company classifies its financial assets into two categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

Fair value through profit and loss (FVTPL) - Assets that do not meet the criteria for amortized cost or Fair value through other comprehensive income (FVOCI) are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets are reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial Liabilities

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Company's classification and measurements of financial assets and liabilities are summarized below:

Financial Instrument	Classification and measurement
Cash and cash equivalents	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable to shareholders	Amortized cost
Convertible debenture host liability	Amortized cost
Accrued interest on convertible debentures	Amortized cost
Promissory notes payable	Amortized cost
Current and long-term portion of lease liability	Amortized cost
Convertible debenture derivative liability	FVTPL

Fair value hierarchy - IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company currently has no level 1 financial instruments.

Level 2: Valuation techniques based on 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). The Company classifies the convertible debenture derivative liability as a level 2 financial instrument.

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company currently has no level 3 financial instruments.

No amounts were transferred between fair value levels during the two years ended November 30, 2022.

Risk Exposure

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, foreign currency risk and liquidity risk.

<u>Credit risk</u>

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.

<u>Interest rate risk</u>

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.

<u>Foreign Currency risk</u>

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.

<u>Liquidity risk</u>

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time.

(c) Right-of-use assets ("ROU")

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of ROU includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(d) Lease liabilities

Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate if the rate implicit in the lease is not readily determinable. The term of each lease includes its non-cancellable period. The term can also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the Company continually measures its lease liabilities to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to ROU.

Each lease payment is comprised of both a financing and principal component. Financing costs are charged to the consolidated statements of loss and comprehensive loss over each lease's term. Lease payments are applied against lease liabilities using the effective interest method.

Short-term leases with an initial lease term of less than 12 months are evaluated by class of the underlying asset whereas lease payments for low-value assets are evaluated on a lease-by-lease basis. Short-term and low-value leases are expensed.

(e) References to Audited financial statements

In addition to the significant accounting policies noted above, these Unaudited Interim Condensed Financial Statements and the accompanying notes were prepared using the accounting policies described in Note 3 of the Company's Audited Financial Statements for the year ended November 30, 2022.

4. Critical Accounting Estimates and Judgements

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements include going concern, intangible assets and the fair value of financial instruments.

Valuation of Convertible Debentures Derivative Liability

Company-specific information is considered when determining whether the fair value of a derivative should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly traded companies when valuing equity investments. Use of this valuation approach may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable. Adjustment to the fair value of equity investments will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded equity investments may differ from values that would be realized if a ready market existed.

Estimated useful lives, impairment considerations and amortization of intangible assets

Amortization of intangible assets is dependent upon estimates of useful lives based on management's judgment.

Determination of whether and when costs require capitalization for research and development activities requires significant judgement on the part of management. To do so, management must distinguish costs associated with the internally developed intangible asset and the cost of maintaining or enhancing the Company's goodwill. Management must also determine at what point in time the asset crosses from the research to the development phase to trigger capitalization.

Impairment of definite long-lived assets is influenced by judgment in determining the indicators of impairment and estimates used to measure impairment losses.

Ability to continue as a going concern

In order to assess whether it is appropriate for the Company to continue as a going concern, management is required to apply judgement and make estimates with respect to future cash flow projections.

In arriving at this judgement, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing of raising additional financing.

Share-based compensation

The fair value of share-based compensation expenses is estimated using the Black-Scholes pricing model and rely on a number of estimates, such as the expected life of the warrants, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture of warrants granted. Due to the emerging nature of the industry, volatility estimates require significant estimates. The Company estimated volatility based on historical share prices of companies operating in emerging industries.

5. Property and Equipment

Property and Equipment as of February 28, 2023 and November 30, 2022 were as follows:

	Computer	Office furniture	Office equipment	Right-of-use asset	Total
Cost at:					
December 1, 2021	-	-	-	-	-
Additions	4,539	-	4,584	-	9,123
November 30, 2022	4,539	-	4,584	-	9,123
Accumulated depreciation at:					
December 1, 2021	-	-	-	-	-
Additions	687	-	678	-	1,365
November 30, 2022	687	-	678	-	1,365
Cost at:					
December 1, 2022	4,539	-	4,584	-	9,123
Additions	4,235	6,826	9,329	63,542	83,932
February 28, 2023	**8,774**	**6,826**	**13,913**	**63,542**	**93,055**
Accumulated depreciation at:					
December 1, 2022	687	-	678	-	1,365
Additions	642	132	888	2,763	4,425
February 28, 2023	**1,329**	**132**	**1,566**	**2,763**	**5,790**
Net book value at:					
November 30, 2022	3,852	-	3,906	-	7,758
February 28, 2023	**7,445**	**6,694**	**12,347**	**60,779**	**87,265**

6. Intangible assets

Intangible assets as of February 28, 2023, and November 30, 2022, were as follows:

Prototype	**$**
Balance as of December 1, 2021	793,416
Additions	459,116
Balance as of November 30, 2022	**1,252,532**
Balance, as of December 1, 2022	1,252,532
Additions	111,860
Balance as of February 28, 2023	**1,364,392**

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of February 28, 2023 and November 30, 2022 were as follows:

	February 28, 2023	**November 30, 2022**
	$	$
Prototype development	82,161	65,366
Accounting and administrative services	958,816	764,488
Total accounts payable and accrued liabilities	**1,040,977**	**829,854**

8. Promissory notes payable

Balances and activities for the three months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	$
Balance as of December 1, 2021	-
Conversion from loan payable	501,241
Accrued interest	9,724
Effect of foreign exchange	84,570
Balance as of November 30, 2022	595,535
Balance as of December 1, 2022	595,535
Accrued interest	6,530
Repayment *(a)*	(82,332)
Effect of foreign exchange	(23,632)
Balance as of February 28, 2023	**496,101**

Promissory note worth $501,241 was issued to the Chief Executive Officer and a corporation controlled by a director of RDARS on July 31, 2022, with an interest rate of 5% per annum to be repaid on or before October 1, 2023.

(a) During the three months ended February 28, 2023, $82,332 was repaid towards the promissory note issued to the Chief Executive Officer.

9. Convertible Debentures

Balances and activities for the three months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	$
Balance as of December 1, 2021	1,237,447
Conversion to stock	(1,169,194)
Conversion from loans payable	329,657
Issuance of convertible debentures	45,150
Interest on debentures	10,998
Amortization of discount	237,144
Effect of foreign exchange	11,956
Fair value attributed to equity	(158,933)
Fair value attributed to warrants	41,404
Balance as of November 30, 2022	585,629
Balance as of December 1, 2022	585,629
Interest on debentures	115
Amortization of discount	18,810
Repayment of debenture	(150,000)
Fair value attributed to equity	25,306
Balance as of February 28, 2023	**479,860**

Terms and face value of the debentures outstanding as at February 28, 2023 are as follows:

Issue date	Maturity date	Number of units	Face value	Debentures value	Interest rate
		#	$	$	%
November 22, 2021	October 1, 2023	200.00	1,000	200,000	5
June 30, 2022	October 1, 2023	329.66	1,000	329,657	5
		529.66		**529,657**	

These debentures satisfy the criteria of a financial instrument that will acquire a fixed number of the Company's own equity instruments in terms of fixed number of shares. This feature entails the calculation of an equity conversion feature for these debentures. Thus, a market effective rate of 15% per annum was assumed by the management to calculate the discounted value of these debentures as well as the fair value of equity component of these debentures.

Total Interest accrued on the debentures for the three months ended February 28, 2023 was $6,530 and interest paid on the repayment of debentures was $7,664.

10. Lease liability

The lease liability was measured at the present value of the remaining lease payments, at the effective interest rate of 15% per annum.

As of February 28, 2023, and November 30, 2022, the Company's lease liabilities were as follows:

Lease liability	**2023**	**2022**
	$	$
Current portion	30,864	-
Long-term portion	30,322	-
Total lease liability	**61,186**	**-**

Balances and activities for the three months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	2023	**2022**
	$	$
Balance, beginning of the period	-	-
Additions	63,542	-
Lease payments	(3,150)	-
Interest on lease liability	794	-
Balance, end of the period	**61,186**	**-**

11. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value. The holders of the common shares are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

(b) Issued and outstanding

There were no shares issued during the three months ended February 28, 2023.

(c) Stock options

No stock options were granted or exercised during the three months ended February 28, 2023.

Number of options outstanding at February 28, 2023 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**

Changes in options outstanding for the three months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	For the three months ended February 28, 2023		For the year ended November 30, 2022	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	#	$	#	$
Balance at the beginning of the period	29,000,000	0.05	-	-
Options granted	-	-	29,000,000	0.05
Balance at the end of the period	**29,000,000**	**0.05**	**29,000,000**	**0.05**

(d) Warrants

Warrants reserve as of February 28, 2023 and November 30, 2022 were as follows:

	For the three months ended February 28, 2023	For the year ended November 30, 2022
	$	$
Balance at the beginning of the period	926,422	275,098
Warrants issued	-	735,733
Fair value attributed to warrants	-	(41,404)
Warrants expired	-	(103,600)
Warrants exercised	-	(130,093)
Share-based compensation	-	190,688
Balance at the end of the period	**926,422**	**926,422**

The following table is a summary of the Company's warrants issuance and outstanding as of February 28, 2023 and November 30, 2022:

February 28, 2023			November 30, 2022		
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	7,496,137	0.10	June 30, 2024
53,650,000	0.10	July 29, 2024	53,650,000	0.10	July 29, 2024
1,418,000	0.10	July 29, 2024	1,418,000	0.10	July 29, 2024
69,564,137	**0.10**		**69,564,137**	**0.10**	

Changes in warrants outstanding for the three-months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	Three months ended February 28, 2023		Year ended November 30, 2022	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	#	$	#	$
Balance, beginning of the period	69,564,137	0.10	38,867,200	0.03
Warrants exercised	-	-	(17,740,000)	(0.02)
Warrants expired	-	-	(14,127,200)	(0.02)
Warrants granted	-	-	62,564,137	0.10
Balance, end of the period	**69,564,137**	**0.10**	**69,564,137**	**0.10**

No warrants were granted, exercised or expired during the three months ended February 28, 2023.

(e) Contributed Surplus

Convertible debentures of 52,500 (including accrued interest of $2,500) and $105,050 (including accrued interest of $5,050) both issued in November 2021 were repaid in full on December 2, 2022. Equity conversion feature of $49,298 initially recognized towards these debentures were transferred to contributed surplus.

12. Loss per share

For the three months ended February 28, 2023, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $618,585 (November 30, 2022- $384,438) and the weighted average number of common shares outstanding of 354,425,745 (November 30, 2022 – 246,225,600) for basic and diluted loss per share. All warrants and convertible debentures were determined to be antidilutive. As such, diluted loss per share equals basic loss per share.

13. Additional disclosures for statement of cash flows

Changes in working capital items for the three months ended February 28, 2023 and 2022 are as follows:

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $
Decrease/(increase) in Harmonized sales tax recoverable	155,973	(15,283)
Decrease/(increase) in prepaid expenses and deposits	19,349	(2,429)
Increase in current portion of lease liability	60,392	-
Increase/(decrease) in accounts payable and accrued liabilities	295,012	(11,776)
	530,726	**(29,488)**

14. Related party balances and transactions

The Company has entered into transactions with related parties during the period.

The following table represents balances with related parties as of February 28, 2023 and November 30, 2022 included in these condensed interim financial statements:

	February 28, 2023	November 30, 2022
Balances, due to related parties		
Accounts payable and accrued liabilities [(a)]	28,222	16,497
Promissory note and accrued interest (See Note 8) [(b)]	496,101	595,535
Convertible debenture host liability and accrued interest on convertible debentures [(c)]	133,415	132,358

The following table represents transactions with related parties for the three months ended February 28, 2023 and 2022 included in these condensed interim financial statements:

	Three months ended February 28, 2023	Three months ended February 28, 2022
Transactions for the period		
Key management services [(d)]	-	100,500
Administration expenses [(e)]	67,524	-

(a) Accounts payable and accrued liabilities relate to the Chief Technology Officer ("CTO") and the Chief Finance Officer ("CFO").

(b) Promissory notes and accrued interest relate to agreements with the CEO and a corporation controlled by a director.

(c) Convertible debenture host liability and accrued interest on debentures relate to the debentures held by a corporation controlled by a director.

(d) Key management services relate to payments made to a corporation controlled by the CEO.

(e) Administration expenses relate to the CEO's and CTO's consulting, travel and office expenses.

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.

15. Management of Capital

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 three months ended February 28, 2023. 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.

16. Financial instruments and risk management

The Company has classified its financial instruments as follows:

	February 28, 2023 $	November 30, 2022 $
Financial assets, measured at amortized cost		
Cash and cash equivalents	6,084	575,248
Financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	1,040,977	829,854
Convertible debenture host liability	479,860	585,629
Accrued interest on convertible debentures	23,659	24,793
Lease liability	61,186	-
Promissory notes payable	496,101	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 February 28, 2023 under its financial instruments is approximately $6,084.

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 February 28, 2023, the Company had cash of $ 6,084

The following obligations existed as of February 28, 2023 and November 30, 2022:

February 28, 2023	**Total**	**Less than 1 year**	**1-5 years**
	$	$	$
Accounts payable and accrued liabilities	1,040,977	1,040,977	-
Lease liability	61,186	30,864	30,322
Promissory notes payable	496,101	496,101	-
Convertible debenture host liability and accrued interest on convertible debentures	503,519	503,519	-
	2,101,783	**2,071,461**	**30,322**

November 30, 2022	**Total**	**Less than 1 year**	**1-5 years**
	$	$	$
Accounts payable and accrued liabilities	829,854	829,854	-
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**

(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.

With all other variables remaining constant, had the United States dollar strengthened or weakened by 1% in relation to all currencies as of February 28, 2023, there is no impact on the net loss and comprehensive loss for the three months ended February 28, 2023 (year ended November 30, 2022- $385).

APPENDIX "B"

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS AND YEAR ENDED FEBRUARY 28, 2023

(*See attached*)

RDARS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended February 28, 2023

Dated May 1, 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 ended February 28, 2023. This MD&A should be read in conjunction with the unaudited interim condensed financial statements of the Company for the three months ended February 28, 2023 and the related notes contained there in (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 May 1, 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;
- the Company’s existing and planned command centers will allow the Company in achieving its stated goals;
- the Company will seek waivers and certification from all necessary regulatory bodies through the rigorous BVLOS testing of its products as the Company’s applications progress during 2023; and
- the 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
- the Company’s ability to carry out its plans for its existing and planned command centers and allow the Company in achieving its stated goals;
- the Company’s ability in 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; 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;
- the Company's inability to complete additional financing;
- adverse market forces;
- the Company's inability to carry out its plans for its existing and planned command centers and allow the Company in achieving its stated goals;
- the Company's inability in 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; 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 .

On December 1, 2022, the Company announced its finalization of development and testing of its unique and patent pending Eagle Watch Mesh Mod V1.0. This advancement enables remote Eagle Nest stations and Eagle Eye drones to communicate with each other locally and offer a remote Command and Control Centre option for enhanced operations.

On December 21, 2022, the Company obtained approval from Depository Trust & Clearing Corp. ("DTCC") full service eligibility in the United States of America. The Company's shares are now qualified to be held at the Depository Trust Company ("DTC") and traded and serviced through DTC's electronic book-entry system. DTC is a subsidiary of the DTCC, an American company that provides clearing and settlement services for the financial markets and settles the majority of securities transactions in the United States.

On January 1, 2023, the Company hired Daniel Kaufler, as Executive Team Lead for Sales, Marketing, and Business Development to further develop RDARS' growing position in drone security solutions

On February 20, 2023, the Company had planned to hold its inaugural deployment event on George Washington's birthday on Monday, February 20, 2023 in Miami, Florida. This event was to be the first post-pandemic grand meet and greet for all RDARS' executives, employees, professionals, vendors, and shareholders to get together and celebrate the Company's achievements and to showcase the live deployment of its innovative technology that is revolutionizing the security industry. Due to technical and logistical reasons the event was canceleld and will be re-scheduled to a later date that has not yet been determined by the Company.

On March 9, 2023, the Company announced that after conducting significant research and testing of various UTM products, the Company had now formed a working relationship with Aloft Technologies, Inc. ("Aloft") (www.aloft.ai) and has integrated its advanced Unmanned Aircraft System Traffic Management (UTM) applications and features into the Eagle Watch V1.5 RC1. This update enabled the Company's Eagle Watch software platform ("Eagle Watch") with advanced airspace management and near instant response from the Federal Aviation Administration (FAA) for flight clearance."

Overall Performance and Discussion of Operations

The key factors pertaining to the Company's overall performance for the three months ended February 28, 2023 and the year ended November 30, 2022 are as follows:

- At February 28, 2023, the Company had current assets of $183,014 and current liabilities of $1,575,360 resulting in a working capital deficiency of $1,392,346 as compared to current assets of $926,994 and current liabilities of $1,440,276 and a working capital deficiency of $513,282 as at November 30, 2022. The Company had cash and cash equivalents of $6,084 and $575,248 as at February 28, 2023 and November 30, 2022, 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.

  Categorization of aggregate capitalized expenses are as follows:

	3-month ended Feb 28, 2023 $	Inception to Nov 30, 2022 $
Engineering Costs	41,880	89,694
Hardware & Parts	22,612	657,757
Software – Flight Mission Control	47,368	505,081
Total expenses capitalized during the period	111,860	1,252,532
Capitalization as per Balance Sheet	1,364,392	1,252,532

- 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 been the source of funding.

- The Company incurred net losses of $618,585 and $384,438 for the three months ended February 28, 2023 and 2022, respectively. 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:

3-months ended	**Feb 28, 2023**	**Feb 28, 2022**
	$	$
Legal, professional and consulting fees (i)	225,480	196,758
Other General & Administrative (ii)	141,587	9,554
Compensation (iii)	175,868	45,666
Management fees (iv)	-	100,500
Support services	11,870	-
Foreign exchange loss	3,308	(25,502)
Interest expense (net of income)	50,646	99,140
Rent	5,401	-
Depreciation	4,425	-
Gain on convertible debentures	-	(41,678)
Total expenses	**618,585**	**384,438**

Notes:

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

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

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

iv. *Management fees relate to payments made to a corporation controlled by the Chief Executive Officer. 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
	$	$	$	$
Feb 28, 2023	-	(618,585)	(.002)	(.002)
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.

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 February 28, 2023, current assets of $183,014 included cash and cash equivalents of $6,084, harmonized sales tax recoverable of $10,545 and prepaid expenses and deposits of $166,385. Current liabilities of $1,575,360 included accounts payable and accrued liabilities of $1,040,977, convertible debenture host liability classified as current of $479,860, current portion of lease liability of $30,864 and accrued interest on convertible debentures of $23,659.

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.

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.

For the period from December 1, 2022 to February 28, 2023, the Company experienced cash outflow of $133,490 from operating activities, cash outflow of $195,792 from investing activities and cash outflow of $239,882 from financing activities.

For the period from December 1, 2021 to February 28, 2022, the Company experienced cash outflow of $379,303 from operating activities, cash outflow of $40,652 from investing activities and cash inflow of $330,720 from financing activities.

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 as of three months ended February 28, 2023 and the year ended November 30, 2022:

	February 28, 2023	November 30, 2022
Balances, due to companies related by common control		
Accounts payable and accrued liabilities [a]	28,222	16,497
Promissory note and accrued interest [b]	496,101	595,535
Convertible debenture host liability and accrued interest on convertible debentures [c]	133,415	132,358

The following table represents transactions with related parties for the three months ended February 28, 2023 and 2022:

Transactions for the period	Three months ended February 28, 2023	Three months ended February 28, 2022
Key management services [d]	-	100,500
Administration expenses [e]	67,524	-

(a) *Accounts payable and accrued liabilities relate to the Chief Technology Officer ("CTO") and the Chief Finance Officer("CFO").*

(b) *Promissory notes and accrued interest relate to agreements with the CEO and a corporation controlled by a director.*

(c) *Convertible debenture host liability and accrued interest on debentures relate to the debentures held by a corporation controlled by a director.*

(d) *Key management services relate to payments made to a corporation controlled by the CEO..*

(e) *Administration expenses relate to the CEO's and CTO's consulting, travel and office expenses.*

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

- On February 28, 2023 the Company had a total of 354,425,745 Common Shares outstanding.
- There were no shares issued during the three months ended February 28, 2023.

Stock Options

No stock options were granted or exercise during the three months ended February 28, 2023.

Number of options outstanding at February 28, 2023 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**

Changes in options outstanding for the three months period ended February 28, 2023 and year ended November 30, 2022 were as follows:

	For the three months ended February 28, 2023		For the year ended November 30, 2022	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	#	$	#	$
Balance at the beginning of the year	29,000,000	0.05	-	-
Options granted	-	-	29,000,000	0.05
Balance at the end of the period	**29,000,000**	**0.05**	**29,000,000**	**0.05**

Warrants

Warrants reserve as of February 28, 2023 and November 30, 2022 were as follows:

	For the three months ended February 28, 2023	For the year ended November 30, 2022
	$	$
Balance at the beginning of the period	926,422	275,098
Warrants issued	-	735,733
Fair value attributed to warrants	-	(41,404)
Warrants expired	-	(103,600)
Warrants exercised	-	(130,093)
Share-based compensation	-	190,688
Balance at the end of the period	**926,422**	**926,422**

The following table is a summary of the Company's warrants issuance and outstanding as of February 28, 2023 and November 30, 2022:

February 28, 2023			November 30, 2022		
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 three-months ended February 28, 2023 and year ended November 30, 2022 were as follows:

	February 28, 2023		November 30, 2022	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
	#	$	#	$
Balance at the beginning of the year	69,564,137	0.10	38,867,200	0.03
Warrants exercised	-	-	(17,740,000)	(0.02)
Warrants expired	-	-	(14,127,200)	(0.02)
Warrants granted	-	-	62,564,137	0.10
Balance at the end of the period	**69,564,137**	**0.10**	**69,564,137**	**0.10**

No warrants were granted, exercised or expired during the three months ended February 28, 2023.

Contributed Surplus

Convertible debentures of 52,500 (including accrued interest of $2,500) and $105,050 (including accrued interest of $5,050) both issued in November 2021 were repaid in full on December 2, 2022. Equity conversion feature of $49,298 initially recognized towards these debentures were 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 February 28, 2023. 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:

	February 28, 2023 $	November 30, 2022 $
Financial assets, measured at amortized cost		
Cash and cash equivalents	6,084	575,248
Financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	1,040,977	829,854
Convertible debenture host liability	479,860	585,629
Accrued interest on convertible debentures	23,659	24,793
Lease liability	61,186	-
Promissory notes payable	496,101	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 February 28, 2023 under its financial instruments is approximately $6,084.

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 February 28, 2023, the Company had cash of $ 6,084

The following obligations existed as at February 28, 2023 and November 30, 2022:

February 28, 2023	**Total**	**Less than 1 year**	**1-5 years**
	$	$	$
Accounts payable and accrued liabilities	1,040,977	1,040,977	-
Lease liability	61,186	30,864	30,322
Promissory notes payable	496,101	496,101	-
Convertible debenture host liability and accrued interest on convertible debentures	503,519	503,519	-
	2,101,783	**2,071,461**	**30,322**

November 30, 2022	**Total**	**Less than 1 year**	**1-5 years**
	$	$	$
Accounts payable and accrued liabilities	829,854	829,854	-
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**

(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.

With all other variables remaining constant, had the United States dollar strengthened or weakened by 1% in relation to all currencies as of February 28, 2023, there is no impact on the net loss and comprehensive loss for the period ended February 28, 2023 (November 30, 2022 - $385).

Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the unaudited condensed interim financial statements for the three months ended February 28, 2023 and 2022.

Use of Judgments, Estimates and Assumptions

Preparing of condensed interim 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.

A detailed summary of the Company's critical accounting estimates and judgements is included in Note 4 to the unaudited condensed interim financial statements for the three months ended February 28, 2023 and the year ended November 30, 2022.

Outlook

For the current 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.