

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **July 31, 2019**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-31587

**Red Cat Holdings, Inc.**  
(Exact name of Registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

86-0490034  
(I.R.S. Employer Identification Number)

607 Ponce de Leon Ave, Suite 407  
San Juan, PR  
(Address of principal executive offices)

85251  
(Zip Code)

(833) 373-3228  
(Registrant's telephone number, including area code)

TimefireVR, Inc.  
7150 E. Camelback Rd., Suite 444, Scottsdale, AZ 85251  
Fiscal Year Ended December 31, 2018

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	Not applicable	None

As of September 13, 2019, there were 16,929,048 shares of the registrant's \$0.001 par value common stock issued and outstanding.



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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**RED CAT HOLDINGS, INC**  
**Condensed Consolidated Balance Sheets**  
(unaudited)

	July 31, 2019	April 30, 2019
<b>ASSETS</b>		
Current Assets		
Cash	\$ 330,227	\$ 503,438
Prepaid expenses	70,539	100,000
Total Current Assets	<u>400,766</u>	<u>603,438</u>
Property and Equipment	3,000	0
Goodwill	132,636	0
<b>TOTAL ASSETS</b>	<b><u>\$ 536,402</u></b>	<b><u>\$ 603,438</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 60,926	\$ 20,894
Payroll liabilities	20,801	13,316
Accrued Expense	89,196	0
Common shares to be issued	0	754,700
Capital to be returned	1,800	1,800
Total Current Liabilities	<u>172,723</u>	<u>790,710</u>
Total Liabilities	<u>172,723</u>	<u>790,710</u>
Commitments and contingencies		
Stockholders' Equity		
Series A Preferred Stock - shares authorized 2,200,000; outstanding 208,704 and 0	2,087	0
Series B Preferred Stock - shares authorized 4,300,000; outstanding 3,972,645 and 0	39,726	0
Common stock - shares authorized 500,000,000; outstanding 16,929,048 and 179,293	16,929	179
Additional paid-in capital	1,598,261	784,371
Accumulated deficit	(1,293,324)	(971,822)
Total Stockholders' Equity	<u>363,679</u>	<u>(187,272)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 536,402</u></b>	<b><u>\$ 603,438</u></b>

See accompanying notes.

**RED CAT PROPWARE, INC**  
**Condensed Consolidated Operations Statements**  
(unaudited)

	Three months ended July 31,	
	2019	2018
<b>REVENUES</b>		
Revenue	\$ 0	\$ 0
Total Revenue	<u>0</u>	<u>0</u>
<b>EXPENSES</b>		
Research and development	185,695	107,668
Payroll expense	7,137	33,546
Professional fees	105,696	3,973
General and administrative expenses	<u>22,974</u>	<u>1,264</u>
Loss before income taxes	(321,502)	(146,450)
Provision for income taxes	0	0
<b>NET LOSS</b>	<u>\$ (321,502)</u>	<u>\$ (146,450)</u>
<b>LOSS PER SHARE - basic and diluted</b>	<u>\$ (0.89)</u>	<u>\$ (0.82)</u>
Weighted average shares outstanding - basic and diluted	<u>359,715</u>	<u>179,110</u>

See accompanying notes.

**RED CAT PROPWARE, INC**  
**Condensed Consolidated Stockholders' Equity Statements**  
(unaudited)

	Series A		Series B		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Equity
	Preferred Stock		Preferred Stock		Shares	Amount			
	Shares	Amount	Shares	Amount					
<b>Balances, April 30, 2018</b>					177,611	\$ 178	\$ 734,372	\$ (220,490)	\$ 514,060
Issuance of common stock					1,682	2	49,998		50,000
Net Deficit								(146,450)	(146,450)
<b>Balances, July 31, 2018</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>179,293</u>	<u>\$ 179</u>	<u>\$ 784,371</u>	<u>\$ (366,940)</u>	<u>\$ 417,610</u>
<b>Balances, April 30, 2019</b>					179,292	\$ 179	\$ 784,371	\$ (971,822)	\$ (187,272)
Issuance of common stock					15,355	15	684,685		684,700
Shares Issued for Services					1,570	2	69,998		70,000
Share Exchange with Red Cat Propware	2,169,068	21,691	4,212,645	42,126	196,667	197	53,740		117,754
Conversion of Preferred Stock Upon									
Reverse Stock Split on August 1, 2019	(1,960,364)	(19,604)	(240,000)	(2,400)	16,536,164	16,536	5,467		(0)
Net Deficit								(321,502)	(321,502)
<b>Balances, July 31, 2019</b>	<u>208,704</u>	<u>\$ 2,087</u>	<u>3,972,645</u>	<u>\$ 39,726</u>	<u>16,929,048</u>	<u>\$ 16,929</u>	<u>\$ 1,598,261</u>	<u>\$ (1,293,324)</u>	<u>\$ 363,679</u>

**RED CAT PROPWARE, INC**  
**Condensed Consolidated Cash Flows Statements**  
(unaudited)

	<b>Three months ended July 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>OPERATIONS</b>		
Net loss	\$ (321,502)	\$ (146,450)
Adjustments to reconcile net loss to net cash from operations:		
Prepaid expenses	29,461	0
Accounts payable	40,032	(1,788)
Accrued expense	89,195	0
Payroll liabilities	7,485	7,260
Net cash from operations	<u>(155,329)</u>	<u>(140,978)</u>
<b>FINANCING</b>		
Common stock to be issued	(754,700)	0
Common stock issued	872,454	50,000
Net cash from financing	<u>117,754</u>	<u>50,000</u>
<b>INVESTING</b>		
Property & Equipment	(3,000)	0
Goodwill	(132,636)	0
Net Cash from investing	<u>(135,636)</u>	<u>0</u>
Net increase (use) of cash	(173,211)	(90,978)
Cash, beginning of period	503,438	570,326
Cash, end of period	<u>\$ 330,227</u>	<u>\$ 479,348</u>
Cash paid for interest and taxes	<u>\$ 0</u>	<u>\$ 0</u>
<b>NONCASH</b>		
Common stock issued for services	<u>\$ 70,000</u>	<u>\$ 0</u>
Shares exchanged in acquisition	<u>\$ 117,754</u>	<u>\$ 0</u>

See accompanying notes.

**RED CAT HOLDINGS, INC**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**July 31, 2019 and 2018**  
**(unaudited)**

Our unaudited interim condensed consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with the information included in the Red Cat Holdings, Inc. (the “Company”), Form 8-K/A filed with the U.S. Securities and Exchange Commission (“SEC”) on July 31, 2019.

**Note 1 - The Business**

**Our Operations**

Red Cat Propware, Inc., (“Red Cat”), offers secure, cloud-based analytics, storage, and services for drones. Red Cat was incorporated in April 2016 in the State of Nevada. Our primary products are Black Box by Red Cat. Black Box by Red Cat analysis drone flight data and performs detailed flight reply and analytics. This data is also encrypted using our proprietary systems utilizing blockchain architecture.

We are based in Puerto Rico, a location which offers important tax incentives, certain cost advantages, and access to the top blockchain companies in the world.

**The Share Exchange Agreement**

Effective May 15, 2019, we closed a Share Exchange Agreement (the “SEA”) with TimeFireVR, Inc., (“TimeFire”), a Nevada corporation. Under the SEA, we acquired approximately 83.33% of TimeFire’s outstanding share capital on a fully-diluted basis. We issued: (i) 196,667 shares of our common stock, (ii) 2,169,068 shares of our newly-designated Series A Preferred Stock, and (iii) 4,212,645 shares of our newly-designated Series B Preferred Stock.

Our new Series A Preferred Stock is convertible to common stock at a ratio of 8.33 shares of common stock for each share of preferred stock held, and votes together with the common stock on an as-converted basis. The new Series A Preferred Stock will convert automatically to common stock upon the effectiveness of any future reverse split of our common stock. This common stock and Series A Preferred Stock issued under the SEA will constitute approximately 83.33% of our issued an outstanding share capital on a fully-diluted basis.

Our new Series B Preferred Stock is convertible to common stock at a ratio of 0.83 shares of common stock for each share of preferred stock held, and votes together with the common stock on an as-converted basis. This Series B Preferred Stock issued under the SEA will constitute approximately 15.64% of our issued an outstanding share capital on a fully-diluted basis.

In total, the common stock, Series A Preferred Stock, and Series B Preferred Stock issued under the SEA are valued at \$117,754.

**Red Cat Propware, Inc.**

On May 15, 2019, we acquired TimeFireVR, Inc., in a \$117,754 stock transaction classified as a reverse-merger transaction. The acquisition is expected to provide access to the public markets to assist our rapid growth through acquisitions and continued development of our Saas platform. In this reverse merger, the financial results of Red Cat Propware, Inc., (the accounting acquirer), have been presented as the continuing operations of the Company since inception.

The purchase price allocation as of the date of the acquisition was based on a preliminary valuation and is subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available. The major classes of assets and liabilities to which we have preliminarily allocated the purchase price were as follows:

Cash	\$	24,704
Prepaid expenses		14,470
Equipment		3,000
Goodwill		132,636
Accounts payable		<u>(57,056)</u>
<b>Total</b>		<b><u>117,754</u></b>

The goodwill recognized in connection with the acquisition is primarily attributable to anticipated synergies from future growth and is expected to be deductible for tax purposes.

**Reverse Stock Split**

On August 1, 2019, the Company effected a reverse stock split of its outstanding shares of common stock at a ratio of one-for-twelve hundred (1 for 1,200). All references in this report to shares of the Company’s common stock, including prices per share of its common stock, reflect the Reverse Stock Split.

## Note 2 - Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in our accompanying financial statements, for the three months ended July 31, 2019, Red Cat had a net loss of \$321,502 and used cash in operating activities of \$155,329. Additionally, Red Cat had an accumulated deficit of \$1,293,324 and does not yet generate revenues. Management believes that these matters raise substantial doubt about Red Cat's ability to continue as a going concern for twelve months from the issuance date of this report. These financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management believes Red Cat is well positioned after two-and-a-half years of drone research and software development. Our expertise in encryption, drone flights logs, and producing easy to use analytics will differentiate our soon to be released storage and analytics product. The Company was founded in April 2016 and has operated by using funds raised from accredited investors to build our software platform. Now a public entity with the reverse merger completed in May 2019, investors have gained public market liquidity which should allow us to raise additional funds. We believe that the going concern previously mentioned will be alleviated with the following steps listed:

- We are currently working with investment banks to raise our first institutional financing.
- We are working on acquisitions that will expedite our software platform revenue
- We believe the acquisitions we are pursuing will be accretive once closed
- We believe we will complete 2 or 3 acquisitions by our year end
- Our commercial software product is launching in fourth quarter of calendar 2019

## Note 3 - Summary of Significant Accounting Policies

**Basis of Accounting** - The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Principles of Consolidation** - The condensed consolidated financial statements include the accounts of Red Cat Holdings, Inc., and its subsidiary, Red Cat Propware, Inc. Intercompany transactions and balances have been eliminated.

**Use of Estimates** - The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates for the three months ended July 31, 2019 and 2018, include estimates of current and deferred income taxes and deferred tax valuation allowances.

**Cash** - At July 31, 2019 and April 30, 2019, cash is \$330,227 and \$503,438 deposited in one commercial bank account. Red Cat has not experienced any loss on such account and believes it is not exposed to any significant credit risk regarding its cash balance.

**Prepaid Expenses** - At July 31, 2019, prepaid expenses comprised principally of one consulting contract for market research and analysis services. This contract will end at January 6, 2020, unless terminated by the parties.

**Goodwill** - The measurement periods for the valuation of assets acquired and liabilities assumed end as soon as information on the facts and circumstances that existed as of the acquisition dates becomes available, but do not exceed 12 months. Adjustments in purchase price allocations may require a change in the amounts allocated to goodwill during the periods in which the adjustments are determined.

**Capital to be Returned** - At July 31, 2019, \$1,800 represents an amount received in excess of shares issued to one investor.

**Common Stock** - Red Cat's common stock has a par value of \$0.001 per share.

**Warrants** - In connection with our Series B Preferred Stock issuance, Red Cat issued warrants to purchase shares of our common stock. Outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity. We measured the fair value of the warrants using the Black-Scholes option pricing model.

**Research and Development** - Research and development expenses include payroll, employee benefits, and other headcount-related expenses associated with product development. Research and development expenses also include third-party development and programming costs. Such costs related to software development are included in research and development expense until the point that technological feasibility is reached, which for our software products, is generally shortly before the products are released to production. Once technological feasibility is reached, such costs are capitalized and amortized to cost of revenue over the estimated lives of the products.

**Income Taxes** - Deferred taxes are provided on the liability method, whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

**Related Parties** - Parties are considered to be related to Red Cat if the party, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with Red Cat. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of Red Cat and its management and other parties with which Red Cat may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

**Recent Accounting Pronouncements** - Management does not believe that recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying condensed consolidated financial statements.

**Note 4 - Warrants**

On May 15, 2019, as part of the Share Exchange Agreement, Red Cat issued 469,874 five-year warrants to purchase 469,874 shares of common stock at \$0.324 per share. The value of these warrants were considered to be a nominal amount at the time of issuance.

**Note 5 - Income Taxes**

At July 31, 2019 and 2018, income tax benefits consisted of the following:

	2019	2018
Current Provision:		
Federal	\$ (67,515)	\$ (30,755)
State	(64,300)	(29,290)
	(131,816)	(60,045)
Valuation Allowance	131,816	60,045
	—	—
	2019	2018
Deferred Provision:		
Federal	—	—
State	—	—
	\$ —	\$ —

The deferred tax asset comprises of the recognition of net operating losses for tax purposes.

	July 31, 2019	April 30, 2019
Deferred Tax Asset	\$ 530,263	\$ 398,447
Valuation Allowance	(530,263)	(398,447)
	\$ —	\$ —

**Note 5 - Income Taxes (continued)**

The valuation allowance at July 31, 2019, is \$530,263. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to assess the application of a valuation allowance as of July 31, 2019, and December 31, 2018.

Red Cat, Inc., has not filed corporate income tax returns for Federal or state purposes.

**Note 6 - Related-Party Transactions**

**Shares Issued for Services** - On May 7, 2019, the Company issued 1,570 shares of common stock valued at \$70,000 to a consultant for legal services provided.

**Office Space Rental** – Red Cat rented office space from Red Cat’s CEO for the 2019 and 2018 years for \$8,100 and \$7,200. This office space arrangement ended March 31, 2019. Rent expense is classified within general and administrative expenses.

**Note 7 - Commitments and Contingencies**

**Office Lease** – In December 2018, Red Cat entered into a lease arrangement for its office space located in San Juan, Puerto Rico, for \$26,638 per annum. Red Cat pays \$2,220 per month for this space. There are no renewal terms. Rent expense is classified within general and administrative expenses.

**Note 8 - Subsequent Events**

**Letter of Intent** - On June 4, 2019, we executed a Letter of Intent with Rotor Riot, LLC. The LOI, which is non-binding, sets forth the terms for our contemplated acquisition of Rotor Riot, a drone technology and media company. Any acquisition of Rotor Riot will be subject to the completion of due diligence, the negotiation of a definitive agreement, and other conditions.

End of Condensed Consolidated Financial Statements

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and other financial data included elsewhere in this 10-Q. See also the audited financial statements and notes thereto for our recently-acquired operating subsidiary, Red Cat Propware, Inc., filed July 31, 2019 on Form 8-K/A. The Management's Discussion and Analysis contains forward-looking statements that involve risks and uncertainties, such as statements relating to our liquidity, and our plans in for our business focusing on cloud-based analytics, storage, and services for drones. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," and the like, and/or future-tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this Report on Form 10-Q. The Company's actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. Investors should review the Risk Factors in the Company's Current Report on Form 8-K filed May 16, 2019. Except as required by U.S. securities laws, the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Report on Form 10-Q.

### OVERVIEW

We are a Nevada corporation incorporated on April 10, 2002. Effective July 24, 2019, we changed our name to Red Cat Holdings, Inc. On May 15, 2019, we acquired Red Cat Propware, Inc. ("Red Cat"), a company offering secure, cloud-based analytics, storage, and services for drones. We are focusing primarily on the business of Red Cat going forward.

#### Acquisition of Red Cat Propware, Inc.

We acquired Red Cat under a Share Exchange Agreement (the "SEA") with Red Cat and each of the shareholders of Red Cat. Under the SEA, we acquired all of the issued and outstanding capital stock of Red Cat, in exchange for our issuance to the Red Cat shareholders of: (i) 236,000,000 shares of our common stock, and (ii) 2,169,068.0554 shares of our newly-designated Series A Preferred Stock. In total, the common stock and Series A Preferred Stock issued Red Cat Propware's shareholders under the SEA constituted approximately 83.33% of our issued an outstanding share capital on a fully-diluted basis. These numbers do not give effect to our reverse stock split effective August 1, 2019.

With the exception of shares held by the President of Red Cat and our current CEO, Jeffrey Thompson, the convertibility of shares of Series A Preferred Stock is limited such that a holder of Series A Preferred Stock may not convert Series A Preferred Stock to our common stock to the extent that the number of shares of common stock to be issued pursuant to such conversion, when aggregated with all other shares of common stock owned by the holder at such time, would result in the holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934) more than 4.99% of all of our common stock outstanding. Effective August 1, 2019, we conducted a 1 for 1,200 reverse split of our common stock. The effectiveness of the reverse split resulted in the automatic conversion of all Series A Preferred Stock to common stock, with exception of certain Series A Preferred shares affected by the 4.99% conversion blocker. Following the reverse split, our remaining shares of Series A Preferred Stock are convertible to common stock at a ratio of approximately 8.33 shares of common stock for each share of Series A Preferred Stock.

#### Exchange Agreements with Holders of Series E Convertible Preferred Stock, Promissory Notes, Options, and Warrants

Immediately prior to the closing of the SEA, we entered into Securities Exchange Agreements (the "Exchange Agreements") with each of the holders of our outstanding Series E Convertible Preferred Stock, Promissory Notes, Options, and Warrants (collectively, the "Exchange Securities"). The holders of the Exchange Securities were issued, in exchange for their Exchange Securities, a total of 4,212,645.28 shares of our newly-designated Series B Preferred Stock. In total, the Series B Preferred Stock issued under the Exchange Agreements constituted approximately 15.64% of our issued an outstanding share capital on a fully-diluted basis. Following the reverse split, our new Series B Preferred Stock is convertible to common stock at a ratio of approximately 0.833 shares of common stock for each share of Series B Preferred Stock. The convertibility of shares of Series B Preferred Stock is also limited such that a holder of Series B Preferred Stock may not convert Series B Preferred Stock to our common stock to the extent that the number of shares of common stock to be issued pursuant to such conversion, when aggregated with all other shares of common stock owned by the holder at such time, would result in the holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934) more than 4.99% of all of our common stock outstanding. Series B Preferred Stock does not have an automatic conversion feature.

### Business of Red Cat Propware, Inc.

Through our recently-acquired operating subsidiary, Red Cat, we are in the business of providing secure, cloud-based analytics, storage, and services for drones. Our primary product is Black Box by Red Cat. Black Box by Red Cat is a blockchain technology that records all information from a drone much like a traditional airliner black box. Red Cat sends the information directly to the cloud and clones the drone in real time. This information can then be viewed using Red Cat's analytics platform with a secure login.

Effective August 6, 2019, our Board of Directors approved a change in our fiscal year end to April 30, which is the accounting year-end for our operating subsidiary Red Cat. Following this Quarterly Report, an additional report on Form 10-Q will be filed covering the transition period.

### **Results of Operations**

The following discussion analyzes our results of operations for the three months ended July 31, 2019. The following information should be considered together with our financial statements for such periods and the accompanying notes thereto.

We generated no revenues during the three months ended July 31, 2019, and have not generated revenue to date from our current operations. During the three months ended July 31, 2019, we incurred \$321,502 in total expenses from continuing operations, consisting of \$185,695 in research and development, \$105,696 in professional fees, \$29,974 in general and administrative expenses, and \$7,137 in payroll expenses. By comparison, during the three months ended July 31, 2018, we incurred \$146,450 in expenses from continuing operations, consisting of \$107,668 in research and development, \$3,973 in professional fees, \$1,264 in general and administrative expenses, and \$33,546 in payroll expenses.

Our expenses and our net loss for the three months ended July 31, 2019 are greater than those experienced during the same period last year due to costs associated with Red Cat becoming a public company through the SEA, and increased costs associated with the expansion of the company. As we continue to develop our business, we expect that costs and net losses will continue to increase until such time as we begin generating material revenue from sales of our is Black Box by Red Cat product.

### ***Liquidity and Capital Resources***

As of July 31, 2019, we had current assets in the amount of \$400,766, consisting of cash in the amount of \$330,227 and prepaid expenses of \$70,539. Our current liabilities as of July 31, 2019 totaled \$172,723, and consisted of accounts payable of \$60,926, accrued expenses of \$89,196, payroll liabilities of \$20,801, and capital to be returned in the amount of \$1,800. Our net working capital as of July 31, 2019 was \$228,043. During the three months ended July 31, 2019, our operations used \$155,329 in cash, investing activities used \$135,636 in cash, and financing activities provided \$117,754 in cash, resulting in a net decrease of \$173,211 over the period.

We do not have any long term liabilities and, to date, the business of Red Cat has been funded through private offerings of common stock sourced primarily from individual private investors. We will require additional capital in order to execute on our business plan and begin generating net revenue from the Red Cat business. We do not have sufficient cash resources to meet our working capital needs for the next 12 months. Until we are able to sustain our ongoing operations through sales revenue, we intend to fund operations through equity and/or debt financing arrangements, which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

### ***Going Concern***

We have experienced losses from operations since inception. To date, the Red Cat business not been able to produce sales or to become cash flow positive and profitable. The success of our business plan during the next 12 months and beyond will be contingent upon generating sufficient revenue to cover our costs of operations and/or upon obtaining additional financing. For these reasons, our auditor has raised substantial doubt about our ability to continue as a going concern.

### ***Critical Accounting Policies and Estimates***

Our financial statements and accompanying notes have been prepared in accordance with GAAP applied on a consistent basis. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

### ***Off-Balance Sheet Arrangements***

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### ***Recently Issued Accounting Pronouncements***

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 (the "Exchange Act") and are not required to provide the information under this item.

## **ITEM 4. CONTROLS AND PROCEDURES**

### ***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management carried out an evaluation under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective as of July 31, 2019.

For the quarter ended July 31, 2019, we have identified the following material weaknesses in our internal controls over financial reporting:

- We did not maintain effective controls to identify and maintain segregation of duties in identifying, authorizing, approving, accounting for, and disclosing significant estimates, related-party transactions, significant unusual transactions, and other non-routine events and transactions. Specifically, one individual, our CEO, initiates non-routine transactions, reviews, evaluates, approves, and records non-routine transactions. In addition, this individual initiates journal entries, approves journal entries, and posts journal entries to the general ledger. There is no independent review of any financial duties performed by this individual.
- Our management and/or other suitably qualified personnel did not perform an independent review of the financial statements and all related disclosures for completeness, consistency, and compliance with GAAP and our accounting and disclosure policies. Specifically, one individual, our CEO, reviews and approves the financial statements (including disclosures).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

### ***Changes in Internal Control over Financial Reporting***

Our management has also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of our last evaluation.

The Company is not required by current SEC rules to include, and does not include, an auditor's attestation report. The Company's registered public accounting firm has not attested to Management's reports on the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, the Company may become subject to various legal proceedings that are incidental to the ordinary conduct of its business. Although the Company cannot accurately predict the amount of any liability that may ultimately arise with respect to any of these matters, it makes provision for potential liabilities when it deems them probable and reasonably estimable. These provisions are based on current information and legal advice and may be adjusted from time to time according to developments.

### **ITEM 1A. RISK FACTORS**

None applicable.

### **ITEM 2. RECENT UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

We have previously disclosed all sales of securities without registration under the Securities Act of 1933.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

N/A.

### **ITEM 5. OTHER INFORMATION**

None.

### **ITEM 6. EXHIBITS**

#### **EXHIBIT INDEX**

<b>Exhibit #</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>			<b>Filed or Furnished Herewith</b>
		<b>Form</b>	<b>Date</b>	<b>Number</b>	
2.1	Agreement and Plan of Merger**	8-K	9/13/16	2.1	
2.2	Articles of Merger - Nevada	8-K	9/13/16	2.2	
2.3	Statement of Merger - Arizona	8-K	9/13/16	2.3	
3.1	Articles of Incorporation, as amended	S-1	2/8/17	3.1	
3.1(a)	Amended and Restated Articles of Incorporation				Filed
3.2	Bylaws, as amended	S-1	2/8/17	3.2	
3.3	Certificate of Designation of Series A	8-K	12/12/18	3.1	
3.4	Certificate of Designation of Series E Convertible Preferred Stock of TimefireVR Inc.	8-K	1/4/18	3.1	
3.5	Amendment No. 1 to the Certificate of Designations of Series E Convertible Preferred Stock of TimefireVR Inc.	8-K	1/4/18	3.2	
3.6	Certificate of Withdrawal of Certificate of Designation	8-K	5/16/19	3.1	
3.7	Certificate of Designation for Series A Preferred Stock	8-K	5/16/19	3.2	
3.8	Certificate of Designation for Series B Preferred Stock	8-K	5/16/19	3.3	
10.1	Share Exchange Agreement with Red Cat Propware, Inc.	8-K	5/16/19	10.1	
10.2	Warrant issued to Cavalry Fund I LP	8-K	5/16/19	10.2	
10.3	Restricted Stock Unit Agreement with Jonathan Read	8-K	5/16/19	10.3	
10.4	Securities Exchange Agreement with Jonathan Read	8-K	5/16/19	10.4	
10.5	Securities Exchange Agreement with Cavalry Fund I LP	8-K	5/16/19	10.5	
10.6	Securities Exchange Agreement with L1 Capital Global Opportunities Master Fund Ltd.	8-K	5/16/19	10.6	
10.7	Securities Exchange Agreement with Digital Power Lending, LLC	8-K	5/16/19	10.7	
10.8	Securities Exchange Agreement with Edward Slade Mead	8-K	5/16/19	10.8	
10.9	Letter Agreement with Jonathan Read	8-K	5/16/19	10.9	
10.10	Form of Note	8-K	5/6/19	10.1	
10.11	Promissory Note dated November 21, 2018	8-K	11/21/18	10.2	
10.12	Promissory Note dated October 12, 2018	8-K	10/18/18	10.1	
10.13	Form of Note dated August 21, 2018	8-K	8/27/18	10.1	
10.14	Form of Warrant dated August 21, 2018	8-K	8/27/18	10.2	
10.15	Advisor Agreement dated March 16, 2018	10-Q	8/14/18	10.10	
10.16	Form of Note dated August 7, 2018	8-K	8/9/18	10.1	
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive and Principal Financial Officer (906)				Furnished*
101.INS	XBRL Instance Document				Filed
101.SCH	XBRL Taxonomy Extension Schema Document				Filed
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				Filed

- \* This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.
- \*\* Certain schedules, appendices and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission staff upon request.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to Red Cat Holdings, Inc., at the address on the cover page of this report, Attention: Corporate Secretary.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, this 23<sup>rd</sup> day of September, 2019.

Red Cat Holdings, Inc.

Signature

Title

/s/ Jeffrey Thompson  
Jeffrey Thompson

Chief Executive Officer, Chief Financial Officer, and Director



**BARBARA K. CEGAVSKE**  
 Secretary of State  
 202 North Carson Street  
 Carson City, Nevada 89701-4201  
 (775) 684-5708  
 Website: www.nvsos.gov

Filed in the Office of <i>Barbara K. Cegavske</i>	Business Number C6791-2001
Secretary State Of Nevada	Filing Number 20190059571
	Filed On 7/17/2019 9:46:00 AM
	Number of Pages 5

**Certificate to Accompany  
 Restated Articles or  
 Amended and Restated Articles**  
 (PURSUANT TO NRS)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

**This Form is to Accompany Restated Articles or Amended and Restated Articles of Incorporation**

(Pursuant to NRS 78.403, 82.371, 86.221, 87A, 88.355 or 88A.250)

(This form is also to be used to accompany Restated Articles or Amended and Restated Articles for Limited-Liability Companies, Certificates of Limited Partnership, Limited-Liability Limited Partnerships and Business Trusts)

1. Name of Nevada entity as last recorded in this office:

TimeFireVR, Inc.

2. The articles are: (mark only one box)  Restated  Amended and Restated

Please entitle your attached articles "Restated" or "Amended and Restated," accordingly.

3. Indicate what changes have been made by checking the appropriate box:\*

- No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: \_\_\_\_\_  
 The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.
- The entity name has been amended.
- The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- The purpose of the entity has been amended.
- The authorized shares have been amended.
- The directors, managers or general partners have been amended.
- IRS tax language has been added.
- Articles have been added.
- Articles have been deleted.
- Other. The articles or certificate have been amended as follows: (provide article numbers, if available)

See attached

4. Effective date and time of filing: (optional) Date: \_\_\_\_\_ Time: \_\_\_\_\_

(must not be later than 90 days after the certificate is filed)

\* This form is to accompany Restated Articles or Amended and Restated Articles which contain newly altered or amended articles. The Restated Articles must contain all of the requirements as set forth in the statutes for amending or altering the articles for certificates.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

*This form must be accompanied by appropriate fees.*

Nevada Secretary of State Restated Articles  
 Revised: 1-5-15

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
AFTER ISSUANCE OF STOCK

OF

RED CAT HOLDINGS, INC.

ARTICLE I  
NAME

The name of the corporation shall be Red Cat Holdings, Inc. (hereinafter, the "Corporation").

ARTICLE II  
REGISTERED OFFICE

The registered office of the Corporation shall be 701 S. Carson Street, Suite 200, Carson City, NV 89701. The registered agent of the Corporation shall be VCorp Services, LLC, 701 S. Carson Street, Suite 200, Carson City, NV 89701. The Corporation may, from time to time, in the manner provided by law, change the resident agent and the registered office within the State of Nevada. The Corporation may also maintain an office or offices for the conduct of its business, either within or without the State of Nevada.

ARTICLE III  
CAPITAL STOCK

Section 1. *Authorized Shares.* The aggregate number of shares which the Corporation shall have authority to issue is five hundred ten million (500,000,000) shares, consisting of two classes to be designated, respectively, "Common Stock" and "Preferred Stock," with all of such shares having a par value of \$0.001 per share. The total number of shares of Common Stock that the Corporation shall have authority to issue is five hundred million (500,000,000) shares. The total number of shares of Preferred Stock that the Corporation shall have authority to issue is ten million (10,000,000) shares. The Preferred Stock may be issued in one or more series, each series to be appropriately designated by a distinguishing letter or title, prior to the issuance of any shares thereof. The voting powers, designations, preferences, limitations, restrictions, and relative, participating, optional and other rights, and the qualifications, limitations, or restrictions thereof, of the Preferred Stock shall hereinafter be prescribed by resolution of the board of directors pursuant to Section 3 of this Article III.

Section 2. *Common Stock.*

(a) *Dividend Rate.* Subject to the rights of holders of any Preferred Stock having preference as to dividends and except as otherwise provided by these Articles of Incorporation, as amended from time to time (hereinafter, the "Articles") or the Nevada Revised Statutes (hereinafter, the "NRS"), the holders of Common Stock shall be entitled to receive dividends when, as and if declared by the board of directors out of assets legally available therefor.

(b) *Voting Rights.* Except as otherwise provided by the NRS, the holders of the issued and outstanding shares of Common Stock shall be entitled to one vote for each share of Common Stock. No holder of shares of Common Stock shall have the right to cumulate votes.

(c) *Liquidation Rights.* In the event of liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, subject to the prior rights of holders of Preferred Stock to share ratably in the Corporation's assets, the Common Stock and any shares

of Preferred Stock which are not entitled to any preference in liquidation shall share equally and ratably in the Corporation's assets available for distribution after giving effect to any liquidation preference of any shares of Preferred Stock. A merger, conversion, exchange or consolidation of the Corporation with or into any other person or sale or transfer of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to stockholders) shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(d) *No Conversion, Redemption, or Preemptive Rights.* The holders of Common Stock shall not have any conversion, redemption, or preemptive rights.

(e) *Consideration for Shares.* The Common Stock authorized by this Article shall be issued for such consideration as shall be fixed, from time to time, by the board of directors.

### Section 3. *Preferred Stock.*

(a) *Designation.* The board of directors is hereby vested with the authority from time to time to provide by resolution for the issuance of shares of Preferred Stock in one or more series not exceeding the aggregate number of shares of Preferred Stock authorized by these Articles, and to prescribe with respect to each such series the voting powers, if any, designations, preferences, and relative, participating, optional, or other special rights, and the qualifications, limitations, or restrictions relating thereto, including, without limiting the generality of the foregoing: the voting rights relating to the shares of Preferred Stock of any series (which voting rights, if any, may be full or limited, may vary over time, and may be applicable generally or only upon any stated fact or event); the rate of dividends (which may be cumulative or noncumulative), the condition or time for payment of dividends and the preference or relation of such dividends to dividends payable on any other class or series of capital stock; the rights of holders of Preferred Stock of any series in the event of liquidation, dissolution, or winding up of the affairs of the Corporation; the rights, if any, of holders of Preferred Stock of any series to convert or exchange such shares of Preferred Stock of such series for shares of any other class or series of capital stock or for any other securities, property, or assets of the Corporation or any subsidiary (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable, and the time or times during which a particular price or rate shall be applicable); whether the shares of any series of Preferred Stock shall be subject to redemption by the Corporation and if subject to redemption, the times, prices, rates, adjustments and other terms and conditions of such redemption. The powers, designations, preferences, limitations, restrictions and relative rights may be made dependent upon any fact or event which may be ascertained outside the Articles or the resolution if the manner in which the fact or event may operate on such series is stated in the Articles or resolution. As used in this section "fact or event" includes, without limitation, the existence of a fact or occurrence of an event, including, without limitation, a determination or action by a person, government, governmental agency or political subdivision of a government. The board of directors is further authorized to increase or decrease (but not below the number of such shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. Unless the board of directors provides to the contrary in the resolution which fixes the characteristics of a series of Preferred Stock, neither the consent by series, or otherwise, of the holders of any outstanding Preferred Stock nor the consent of the holders of any outstanding Common Stock shall be required for the issuance of any new series of Preferred Stock regardless of whether the rights and preferences of the new series of Preferred Stock are senior or superior, in any way, to the outstanding series of Preferred Stock or the Common Stock.

(b) *Certificate.* Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate of designation setting forth a copy of the resolution or resolutions of the board of directors, and establishing the voting powers, designations, preferences, the relative,

participating, optional, or other rights, if any, and the qualifications, limitations, and restrictions, if any, relating to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the board of directors to be issued shall be made and signed by an officer of the corporation and filed in the manner prescribed by the NRS.

Section 4. *Non-Assessment of Stock*. The capital stock of the Corporation, after the amount of the subscription price has been fully paid, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed, and the Articles shall not be amended in this particular. No stockholder of the Corporation is individually liable for the debts or liabilities of the Corporation.

#### ARTICLE IV DIRECTORS AND OFFICERS

Section 1. *Number of Directors*. The members of the governing board of the Corporation are styled as directors. The board of directors of the Corporation shall be elected in such manner as shall be provided in the bylaws of the Corporation. The board of directors shall consist of at least one (1) individual and not more than thirteen (13) individuals. The number of directors may be changed from time to time in such manner as shall be provided in the bylaws of the Corporation.

Section 2. *Initial Directors*. The names of the directors constituting the board of directors at the time of the adoption of these Amended and Restated Articles of Incorporation are:

Jeffrey M. Thompson  
Jonathan Read

Section 3. *Limitation of Liability*. The liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS. If the NRS is amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS, as so amended from time to time.

Section 4. *Payment of Expenses*. In addition to any other rights of indemnification permitted by the laws of the State of Nevada or as may be provided for by the Corporation in its bylaws or by agreement, the expenses of officers and directors incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, involving alleged acts or omissions of such officer or director in his or her capacity as an officer or director of the Corporation or member, manager, or managing member of a predecessor limited liability company or affiliate of such limited liability company or while serving in any capacity at the request of the Corporation as a director, officer, employee, agent, member, manager, managing member, partner, or fiduciary of, or in any other capacity for, another corporation or any partnership, joint venture, trust, or other enterprise, shall be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the officer or director to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that an officer or director is successful on the merits in defense of any such action, suit or proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense. Notwithstanding anything to the contrary contained herein or in the bylaws, no director or officer may be indemnified for expenses incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, that such director or officer incurred in his or her capacity as a stockholder.

Section 5. *Repeal And Conflicts.* Any repeal or modification of Sections 3 or 4 above approved by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer of the Corporation existing as of the time of such repeal or modification. In the event of any conflict between Sections 3 or 4 above and any other Article of the Articles, the terms and provisions of Sections 3 or 4 above shall control.

**ARTICLE VI  
TRANSACTIONS WITH STOCKHOLDERS**

Section 1. *Control Share Acquisition Exemption.* The corporation elects not to be governed by the provisions of NRS,§78.378 through NRS,§78.3793, inclusive, generally known as the "Control Share Acquisition Statute."

Section 2. *Combinations With Interested Stockholders.* The corporation elects not to be governed by the provisions of NRS §78.411 through NRS §78.444, inclusive.

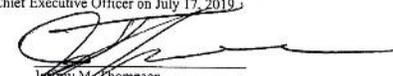
**ARTICLE VII  
BYLAWS**

The board of directors is expressly granted the exclusive power to make, amend, alter, or repeal the bylaws of the Corporation pursuant to NRS 78.120.

**ARTICLE VIII  
CHOICE OF LAW; FORUM**

The state or federal courts located in Washoe County, Nevada shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the Nevada Revised Statutes, the Articles of Incorporation, or the Bylaws of the Corporation; or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article V. Any and all such actions shall be governed by and construed in accordance with the internal laws of the State of Nevada without reference to principles of conflicts of laws.

IN WITNESS WHEREOF, the Corporation has caused these Amended and Restated Articles of Incorporation to be executed in its name by its Chief Executive Officer on July 17, 2019.

  
Jeffrey M. Thompson

These Amended and Restated Articles of Incorporation for Red Cat Holdings, Inc. have been approved by the written consent of shareholders holding 236,000,000 shares of common stock, and 1,433,007,8398 shares of Series A Preferred Stock, which represents approximately 55.23% of the voting power held by shareholders entitled to vote.

## CERTIFICATIONS

I, Jeffrey Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended July 31, 2019 of Red Cat Holdings, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 23, 2019

/s/ Jeffrey Thompson  
By: Jeffrey Thompson  
Title: Chief Executive Officer

## CERTIFICATIONS

I, Jeffrey Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended July 31, 2019 of Red Cat Holdings, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 23, 2019

/s/ Jeffrey Thompson

By: Jeffrey Thompson

Title: Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly Report of Red Cat Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended July \_\_, 2019 filed with the Securities and Exchange Commission (the "Report"), I, Jeffrey Thompson, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ Jeffrey Thompson  
Name: Jeffrey Thompson  
Title: Principal Executive Officer and Principal Financial Officer  
Date: September 23, 2019

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.