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

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended July 31, 2017

[ ] **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 000-54851

DEFENSE TECHNOLOGIES INTERNATIONAL CORP.

(Formerly Canyon Gold Corp.)

(Exact name of registrant as specified in its charter)

Nevada	**Not Applicable**
(State or jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number

4730 South Fort Apache Road, Suite 300, Las Vegas, Nevada 89147
(Address of principal executive offices)

(800) 520-9485
(Registrant's telephone number, including area code)

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 past 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[X]

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 [X]

As of September 19, 2017, there were 199,365,345 shares of the registrant's common stock, and 3,225,369 Series A preferred and 500,000 Series B preferred; $0.0001 par value, outstanding

DEFENSE TECHNOLOGIES INTERNATIONAL CORP.
FORM 10-Q

FOR THE THREE MONTH PERIODS ENDED JULY 31, 2017 AND 2016
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Defense Technologies International Corp.
Condensed Consolidated Balance Sheets

	July 31, 2017 (Unaudited)	April 30, 2017 (Audited)
ASSETS		
Current assets:		
Cash	$ 971	$ 193
Prepaid	15,000	--
Total current assets	15,971	193
Investments	378,600	378,600
Total assets	$ 394,571	$ 378,793
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 263,129	$ 320,207
Accrued licenses agreement payable	7,500	25,000
Accrued interest and fees payable	84,960	74,181
Accrued interest payable – related parties	--	13,953
Convertible notes payable, net of discount	650,136	594,772
Convertible notes payable – related parties	--	57,050
Notes payable – related parties	--	34,426
Derivative liabilities	630,757	823,452
Payables – related parties	386,061	334,753
Total current liabilities	2,022,543	2,277,794
Total liabilities	2,022,543	2,277,794
Commitments and Contingencies	--	--
Stockholders' deficit:		
Preferred stock, $0.0001 par value; 20,000,000 shares authorized, Series A – 3,225,369 and 1,473,545 shares issued and outstanding, respectively	337	147
Series B – 500,000 shares issued and outstanding, respectively	50	50
Total mezzanine equity	387	197
Common stock, $0.0001 par value; 200,000,000 shares authorized, 199,365,345, net of treasury and 188,324,721 shares issued and outstanding, respectively	19,935	18,833
Additional paid-in capital	5,016,293	4,663,537
Accumulated deficit	(6,669,420)	(6,586,401)
Total	(1,632,805)	(1,904,031)
Non-controlling interest	4,833	4,833
Total stockholders' deficit	(1,627,972)	(1,899,198)
Total liabilities and stockholders' deficit	$ 394,571	$ 378,793

See notes to condensed consolidated financial statements

Defense Technologies International Corp.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016
Expenses:		
General and administrative	156,443	513,682
Research and development	-	3,277
Total expenses	156,443	516,959
Loss from operations	(156,443)	(516,959)
Other income (expense):		
Interest expense	(145,589)	(303,297)
Gain (loss) on derivative liability	219,013	1,498,059
Gain on extinguishment of debt	--	121,403
Total other income (expense)	73,424	1,316,165
Income (loss) before income taxes	(83,019)	799,206
Provision for income taxes	-	-
Net income (loss) before non-controlling interest	(83,019)	799,206
Non- controlling interest in net loss of the consolidated subsidiary	--	--
Net income (loss) attributed to the Company	$ (83,019)	$ 799,206
Net income (loss) per common share:		
Basic	$ (0.00)	$ 0.03
Diluted	$ (0.00)	$ 0.03
Weighted average common shares outstanding:		
Basic	192,421,109	23,097,363
Diluted	192,421,109	32,267,573

See notes to condensed consolidated financial statements

Defense Technologies International Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016
Cash flows from operating activities:		
Net income (loss)	$ (83,019)	$ 799,206
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Common shares issued for services	28,000	303,800
Imputed interest on convertible notes payable	-	563
Amortization of debt discount to interest expense	115,050	285,994
Debt extension penalty added to note principal	--	5,000
(Gain) loss on derivative liability	(219,013)	(1,498,059)
(Gain) on extinguishment of debt	--	(121,403)
Change in operating assets and liabilities:		
Increase in inventory		(4,955)
Increase in prepaid expenses	--	(6,000)
Increase (decrease) in accounts payable	(50,500)	64,403
Increase (decrease) in accrued interest and fees payable	--	(17,578)
Increase in accrued interest payable – related parties	--	1,675
Increase in payables – related parties	113,760	13,385
Net cash provided by (used in) operating activities	(95,722)	(173,969)
Cash flows from investing activities:		
Cash acquired in acquisition	--	18,409
Purchase of property and equipment	--	(356)
Net cash provided by investing activities	-	18,053
Cash flows from financing activities:		
Proceeds from convertible notes payable	96,500	253,650
Repayment of convertible notes payable	--	(76,895)
Payment of debt issuance costs	--	(7,500)
Net cash provided by (used in) financing activities	96,500	169,255
Net increase (decrease) in cash	778	13,339
Cash at beginning of period	193	23
Cash at end of period	$ 971	$ 13,362
Supplement Disclosures		
Interest Paid	$ --	$ 85,057
Income tax Paid	$ --	$ --
Noncash financing and investing activities		
Common stock issued for convertible debt	$ 13,890	$ 72,605
Common stock issued for accrued interest and fees	$ --	$ 21,969
Preferred shares issued for conversion of debt	$ 190,383	$ --
Common stock retired to treasury	$ 1,178	$ --

Derivative liability on debt conversion	$ 121,779	$ --

See notes to condensed consolidated financial statements

NOTE 1. BASIS OF PRESENTATION AND ORGANIZATION

Defense Technologies International Corp. (the "Company ") was incorporated in the State of Delaware on May 27, 1998. Effective June 15, 2016, the Company changed its name to Defense Technologies International Corp. from Canyon Gold Corp. to more fully represent the Company's expansion goals into the advanced technology sector.

Effective July 15, 2016, the Company executed documents intended to finalize the acquisition of 100% of Defense Technology Corporation, a privately held Colorado company ("DTC"), a developer of defense, detection and protection products to improve security for Anchor schools and other public facilities. DTC has informed us that it is unable to complete the required audited financial statements. Accordingly, the Company will not be able to consolidate DTC's financial statements into its audited financial statements. After a thorough review of the situation and discussions with DTC, we have mutually agreed to rescind the acquisition of DTC and entered into a Rescission Agreement and Mutual Release (the "Rescission Agreement"), effective October 17, 2016.

In connection with the Rescission Agreement with the Company, DTC rescinded its agreement with the inventor and developer of the technology and assets that were subject to the original agreement between the Company and DTC. On October 19, 2016, the Company entered into a new Definitive Agreement with Controlled Capture Systems, LLC ("CCS"), representing the inventor of the technology and assets previously acquired by DTC, that included a new exclusive Patent License Agreement and Independent Contractor agreement. Under the license agreement with CCS, the Company acquired the world-wide exclusive rights and privileges to the CCS security technology, patents, products and improvements. The Company agreed to pay CCS an initial licensing fee of $25,000 and to pay ongoing royalties as defined in the Definitive Agreement.

Effective January 12, 2017, Passive Security Scan, Inc. ("PSSI") was incorporated in the state of Utah as subsidiary controlled by the Company. The Company transferred to PSSI its exclusive world-wide license to the defense, detection and protection security products previously acquired by the Company. The Company currently owns 79.8% of PSSI with 20.2% acquired by several individuals and entities. The Company plans to continue the development of the technology and conduct all sales and marketing activities in PSSI
Basis of Presentation

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The Company's fiscal year end is April 30.

The interim condensed consolidated financial statements have been prepared without audit in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission ("SEC") Form 10-Q. They do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended April 30, 2017 included in its Annual Report on Form 10-K filed with the SEC.

The interim condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company's consolidated financial position as of July 31, 2017, the consolidated results of its operations and its consolidated cash flows for the three months ended July 31, 2017 and 2016. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full fiscal year.

Consolidation and Non-Controlling Interest

These consolidated financial statements include the accounts of the Company, and its majority-owned subsidiary, PSSI, from its formation on January 15, 2017 to date. All inter-company transactions and balances have been eliminated.

The non-controlling interest in PSSI, representing 7,941,436 common shares, or 20.2%, was acquired by several individuals and entities, including related parties, in exchange for services and accrued expenses totaling $15,935.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Exploration Costs

All sampling, metallurgical, engineering, contractor costs, and efforts to obtain mineral rights have been charged to expense as incurred.

Over Commitment of Shares

The number of shares issuable under convertible debt with variable exercise prices is undeterminable. Currently, the Company does not have a sufficient number of authorized common shares to allow for conversion of all outstanding convertible debt and convertible preferred stock or exercise of stock options and warrants, and will need to restructure its equity.

Impairment of Long-Lived Assets

We continually monitor events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Net Income (Loss) per Common Share

Basic net income or loss per common share is calculated by dividing the Company's net income or loss by the weighted average number of common shares outstanding during the period. Diluted net income or loss per common share is calculated by dividing the Company's net income or loss by sum of the weighted average number of common shares outstanding and the dilutive potential common share equivalents then outstanding. Potential dilutive common share equivalents consist of shares issuable upon exercise of outstanding stock options and warrants, using the treasury stock method and the average market price per share during the period, and conversion of convertible debt, using the if converted method. As of July 31, 2017, the Company had 87,264,841 potential shares issuable under outstanding options, warrants and convertible debt. With a loss in operations for the three month period ended July 31, 2017, the additional shares were determined to be antidilutive.

Reclassifications

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform with the current year presentation.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)". The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for public companies for fiscal years beginning after December 15, 2018 and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

In March 2016, the FASB issued ASU No. 2016-09, "Stock Compensation (Topic 718)", which is intended to simplify several aspects of the accounting for share-based payment award transactions, including the income tax impacts, the classification on the statement of cash flows, and forfeitures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

NOTE 2. GOING CONCERN

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern. Through July 31, 2017, the Company has no revenues, has accumulated deficit of $6,669,420 and a working capital deficit of $2,006,572 and expects to incur further losses in the development of its business, all of which cast substantial doubt about the Company's ability to continue as a going concern. Management plans to continue to provide for the Company's capital needs during the year ending April 30, 2017 by issuing debt and equity securities and by the continued support of its related parties. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. There is no assurance that funding will be available to continue the Company's business operations.

NOTE 3. INVESTMENTS

Effective January 12, 2017, Passive Security Scan, Inc. ("PSSI") was incorporated in the state of Utah as subsidiary controlled by the Company. The Company transferred to PSSI its exclusive world-wide license to the defense, detection and protection security products previously acquired by the Company for 15,000,000 shares of PSSI valued at $378,600 for 79.8% of PSSI. The balance of PSSI was acquired by several individuals and entities. The Company plans to continue the development of the technology and conduct all sales and marketing activities in PSSI.

NOTE 4. RELATED PARTY TRANSACTIONS

Management and administrative services are currently compensated as per a Service Agreement between the Company and its Chief Executive Officer and Director executed on April 25, 2016, a Service Agreement between the Company and a Director executed on May 20, 2016, and an Administration Agreement with a related party executed on March 15, 2011 and renewed on May 1, 2015, whereby the fee is based on services provided and invoiced by the related parties on a monthly basis and the fees are paid in cash when possible or with common stock. The Company also, from time to time, has some of its expenses paid by related parties with the intent to repay. These types of transactions, when incurred, result in payables to related parties in the Company's consolidated financial statements as a necessary part of funding the Company's operations.

As of July 31, 2017 and April 30, 2017, the Company had payable balances due to related parties totaling $401,261 and $440,182, respectively, which resulted from transactions with these related parties and other significant shareholders.

During the three month period ended July 31, 2017 the Company issued 1,750,824 series A preferred shares to a related parties with a value of $175,182 for the retirement of convertible debt of $57,050, notes payable of $34,426, interest of $23,487 and payables of $37,719, accounts payable of $7,500 and prepaid of $15,000.

During the three month period ended July 31, 2017 the Company issued 152,000 shares of series A preferred to a related party for $15,200 in accounts payable.

On May 1, 2016 the Company issued 350,000 of its common shares, valued at $105,000, to its Chief Executive Officer pursuant to his Service Agreement.

NOTE 5. CONVERTIBLE DEBT

On April 30, 2016, the convertible notes payable with principal balances of $11,000, $9,000, $141,150, $14,500 and $20,000 were amended to establish a conversion price of $0.05 per share, interest at 6% retroactive to the original issuance date of the notes, and a conversion date of 90 days from demand of the lender. The amendments were determined to be extinguishments of the prior debt and the issuance of new debt in accordance with ASC 470-50, *Debt – Modifications and Extinguishments*, resulting in a loss on extinguishment of debt totaling $33,237. In addition, the Company recorded a debt discount and a beneficial conversion feature totaling $195,650 at the inception of the new debt.

On March 10, 2016, the Company entered into a convertible promissory note for $17,000, which bears interest at an annual rate of 6% and is convertible into shares of the Company's common stock at $0.05 per share. The Company recorded a debt discount and a beneficial conversion feature of $17,000 at the inception of the note.

On February 4, 2016, the Company entered into a convertible promissory note with an institutional investor for $41,000, which matures on February 4, 2017. The Company may repay the note at any time on or before the date that is 120 days after the date of the note. If the Company does not repay the note during the first 120 days, a one-time interest charge of 12% will be charged. After the first 120 days, the note may be prepaid by the Company with the prior written consent of the investor at 125% of the principal owed. The investor has the right, after the first 180 days of the note, to convert the note and accrued interest in whole or in part into shares of the common stock of the Company at a price per share equal to 60% (representing a discount rate of 40%) of the lowest bid price of the Company's common stock during the 60 consecutive trading days immediately preceding the date of the conversion notice. At the inception of the convertible note to institutional investor, the Company paid debt issuance costs of $2,500, and recorded a debt discount of $41,000, including an original issue discount of $3,500, a derivative liability of $78,034 related to the conversion feature, and a loss on derivative liability of $40,534. Interest expense for the amortization of the debt discount is calculated on a straight-line basis over the life of the convertible note.

On July 31, 2016, the Company entered into a convertible promissory note for $53,650, which has no defined maturity date. The note bears interest at an annual rate of 6% and is payable only on conversion into shares of the Company's common stock at $0.10 per share.

On June 8, 2016, the Company entered into a convertible promissory note with an institutional investor for $25,000, which bears interest at an annual rate of 10% and matures on December 9, 2016. The note holder has the right, after a period of 180 days of the note, to convert the note and accrued interest into shares of the common stock of the Company at a discounted price per share equal to 50% to 65% of the market price of the Company's common stock, depending upon the stock's liquidity as determined by the note holder's broker. At the inception of the convertible note, the Company paid debt issuance costs of $2,500, recorded a debt discount of $22,500, and recorded a derivative liability of $51,553 related to the conversion feature, and a loss on derivative liability of $29,053. Interest expense for the amortization of the debt discount is calculated on a straight-line basis over the life of the convertible note.

On July 18, 2016, the Company entered into a Senior Secured Convertible Promissory Note with an institutional investor for $189,000, with net proceeds to the Company of $175,000. The note bears interest at an annual rate of 8%, matures on January 17, 2017 and is convertible into common shares of the Company after six months at a fixed conversion price of $0.25 per share. In the event of default, the conversion price changes to a variable price based on a defined discount to the market price of the Company's common stock. The net proceeds were used to retire two outstanding convertible promissory notes and to provide working capital.
On May 25, 2017, the Company entered into a Convertible Promissory Note with an institutional investor for $56,500, with net proceeds to the Company of $52,000. The note bears interest at an annual rate of 2%, matures on May 25, 2018 and is convertible into common shares of the Company after twelve months at a variable conversion price equal to 55% multiplied by the lowest one-day trading price of the Company's common stock during the twenty trading days prior to the conversion date. At the inception of the convertible note, the Company paid debt issuance costs of $4,500, recorded a debt discount of $47,500, and recorded a derivative liability of $98,459 related to the conversion feature, and a loss on note issuance of $50,959. Interest expense for the amortization of the debt discount is calculated on a straight-line basis over the life of the convertible note.

On July 17, 2017, the Company entered into a Convertible Promissory Note amendment with an institutional investor for $ $25,000. The note bears interest at an annual rate of 15%, as part of th note that is in default. The note is convertible into common shares of the Company at a variable conversion price equal to 60% multiplied by the lowest one-day trading price of the Company's common stock during the twenty one trading days prior to the conversion date. At the inception of the convertible note, the recorded a debt discount of $22,920, and recorded a derivative liability of $22,920 related to the conversion feature.

On July 24, 2017, the Company entered into a Convertible Promissory Note with an institutional investor for $15,000. The note bears interest at an annual rate of 2%, matures on May 25, 2018 and is convertible into common shares of the Company after twelve months at a variable conversion price equal to 55% multiplied by the lowest one-day trading price of the Company's common stock during the twenty trading days prior to the conversion date. At the inception of the convertible note, the Company recorded a debt discount of $15,000, and recorded a derivative liability of $26,717 related to the conversion feature, and a loss on note issuance of $11,717. Interest expense for the amortization of the debt discount is calculated on a straight-line basis over the life of the convertible note.

On July 24, 2017, the Company entered into a Funding Agreement with RAB Investments AG, a current lender and stockholder located in Zug, Switzerland, which is intended to provide necessary funding towards the initial production of our Offender Alert Passive Scan. The Funding Agreement calls for RAB to fund a minimum of $50,000 to a maximum of $150,000 on a "best efforts basis," with a first tranche of $25,000 to be completed during August 2017. In exchange for the funds, DTIC will issue convertible notes that may be converted into common stock of the Company at a discount of 25%, based on the 10-day average trading value of Company shares at the time of the initial conversion. The notes may be converted at any time, in whole or partially, but all conversions must be at the same rate as the initial conversion. No funding has been provided as of the date of this filing and there is no assurance that funds will be provided by the anticipated initial first tranche during August 2017, or thereafter.

Pursuant to a Securities Purchase Agreement dated July 18, 2016 (the "July 2016 SPA", the Company entered into a Senior Secured Convertible Promissory Note (the "July 2016 Note") with Firstfire Global Opportunities Fund, LLC ("Firstfire) for $189,000. The July 2016 Note was in default with respect to the maturity date, and the Company was in default on certain terms of the July 2016 SPA, including calculation of exercise prices on Firstfire debt conversions and limitations on the Company entering into subsequent "Variable Rate Transactions." On August 9, 2017, the Company and Firstfire entered into a Waiver and Settlement Agreement whereby the Company will issue an additional 13,000,000 shares of its common stock to Firstfire to cure the deficiency of shares previously issued in the debt conversions. Further, Firstfire agreed to waive any default with respect to the subsequent variable rate transactions.

During the three months ended July 31, 2017, the Company issued a total of 8,815,624 shares of its common stock in the conversion of $8,090 in convertible notes principal and $5,800 in accrued interest payable and fees.

As of July 31, 2017 and April 30, 2017, the convertible debt outstanding, net of discount, was $650,136 and $594,772, respectively.

NOTE 6. FAIR VALUE MEASUREMENTS AND DERIVATIVE LIABILITIES

As defined in (Financial Accounting Standards Board ASC 820), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilized the market data of similar entities in its industry or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are as follows:

Level 1 –	Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.
Level 2 –	Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date and includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.
Level 3 –	Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

As of July 31, 2017, the Company believes the amounts reported for cash, payables, accrued liabilities and amounts due to related parties approximate their fair values due to the nature or duration of these instruments.

The following table represents the change in the fair value of the derivative liabilities during the year ended July 31, 2017:

Fair value of derivative liability as of April 30, 2017	$ 823,452
Debt discount related to new debt	98,459
Day one measurement of new debt	49,637
Change in fair value of the derivative	(219,011)
Conversion of debt to shares of common stock and repayment of debt	(121,778)
Balance at July 31, 2017	$ 630,757

The estimated fair value of the derivative liabilities at July 31, 2017 was calculated using the Black-Scholes pricing model with the following assumptions:

Risk-free interest rate	0.10%
Expected life in years	0.01 - 0.71
Dividend yield	0%
Expected volatility	475.00% - 493.00%

NOTE 7. EQUITY

Common Stock

During the three months ended July 31, 2016, the Company issued a total of 3,246,380 shares of its common stock: 1,400,000 shares for services valued at $303,800; 16,500 shares in payment of accrued fees payable of $10,325, recognizing a gain on extinguishment of debt of $4,550; and a total of 1,829,880 shares in the conversion of debt principal of $72,605 and accrued interest payable of $11,644.

Effective July 5, 2017, EMAC returned 11,775,000 common shares of the Company that were previously issued in payment for certain mineral lease properties in Nevada.

In June 2017, the Company entered into a ninety-day Business Consulting Agreement with Mark Taggatz ("Taggatz") for the development and commercialization of the Company's progressive scan technology. The Company is to pay Taggatz fees totaling $37,500, payable in common stock of the Company. The Company issued 14,000,000 shares of its common stock in July 2017 in for payment of $28,000 of this obligation.

During the three month period ended July 31, 2017, the Company issued 8,815,624 shares of its common stock in the conversion of debt and interest of $13,890.

Preferred Stock

The Company has 20,000,000 shares of $0.0001 par value preferred stock authorized and has designated Series A and Series B preferred stock. Each share of the Series A preferred stock is convertible into ten common shares and carries voting rights on the basis of 100 votes per share. Each share of the Series B preferred stock is convertible into ten common shares and carries no voting rights.

Effective June 12, 2017, the Company issued 1,309,380 shares of Series A preferred stock to EMAC for consideration totaling $130,938: convertible note payable of $25,000; three notes payable totaling $34,426; accrued interest payable of $18,718; payables – related parties of $22,794 and prepayment of services of $30,000 for the months of May 2017 through October 2017. The accrued interest payable included interest on the $25,000 convertible note payable compounded at 6% per annum retroactive to January 1, 2012, as negotiated between the parties.

Effective June 12, 2017, the Company issued 442,444 shares of Series A preferred stock to a related party lender in payment of Company indebtedness totaling $44,244: convertible note payable of $32,050; accrued interest payable of $4,694 and repayment of accounts payable of $7,500.

Effective June 12, 2017, the Company issued 152,000 shares of Series A preferred stock to a related party in repayment of accrued services of $15,200.

As of July 31, 2017 the Company had 3,377,365 Series A and 500,000 Series B preferred share issued and outstanding. Due to lack of authorized common shares available, the Series A and Series B preferred stock has been classified as mezzanine equity in our consolidated balance sheets. Once the common shares are increased to meet the shares required, the preferred shares will become permanent equity.

NOTE 8. STOCK OPTIONS AND WARRANTS

During the year ended April 30, 2016, the Company issued options to a consultant to purchase a total of 1,000,000 shares of the Company's common stock and warrants to a lender to purchase 68,333 shares of the Company's common stock.

During the three months ended July 31, 2016, the Company issued warrants to a lender to purchase 250,000 shares of the Company's common stock at an exercise price of $0.60 per share. The warrants vested upon grant and expire on July 17, 2018. The Company estimated the grant date fair value of the warrants at $14,365 using the Black-Scholes option-pricing model and charged the amount to debt discount.

The following assumptions were used in estimating the value of the warrants:

Risk free interest rate	.68%
Expected life in years	2.0
Dividend yield	0%
Expected volatility	137.99%

A summary of the Company's stock options and warrants as of July 31, 2017, and changes during the three months then ended is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding at April 30, 2017	1,300.000	$ 1.385	1.07	$ --
Granted	--	$ --		
Exercised	-	$ -		
Forfeited or expired	-	$ -		
Outstanding and exercisable at July 31, 2017	1,300,000	$ 1.385	0.82	$ --

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on our closing stock price of $0.0038 as of July 31, 2017, which would have been received by the holders of in-the-money options had the option holders exercised their options as of that date.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Company has the following material commitments as of July 31, 2017:

a) Administration Agreement with EMAC Handels AG, renewed effective May 1, 2014 for a period of three years. Monthly fee for administration services of $5,000, office rent of $250 and office supplies of $125. Extraordinary expenses are invoiced by EMAC on a quarterly basis. The fee may be paid in cash and or with common stock.

b) Service Agreement signed April 25, 2016 with Merrill W. Moses, President, Director and CEO, for services of $7,500 per month beginning May 2016 and the issuance of 350,000 restricted common shares of the Company. The fees may be paid in cash and or with common stock.

c) Service Agreement signed May 20, 2016 with Charles C. Hooper, Director, for services of $5,000 per month beginning May 2016 and the issuance of 250,000 restricted common shares of the Company. The fees may be paid in cash and or with common stock.

d) Administration and Management Agreement of PSSI signed January 12, 2017 for a three-year term, with RAB Investments AG, for general fees of $5,000 per month, office rent of $250 and telephone of $125 beginning January 2017, the issuance of 3,000,000 common shares of PSSI and a 12% royalty calculated on defines sales revenues payable within 10 days after the monthly sales.

e) Service Agreement of PSSI signed January 12, 2017 with Merrill W. Moses, President, Director and CEO, for services of $2,500 per month beginning February 2017 and the issuance of 500,000 common shares of PSSI. No term of the agreement is specified.

f) Business Development and Consulting Agreement of PSSI signed January 15, 2017 for a twelve-month term, with WSMG Advisors, Inc., for finder's fees of 10% of funding raised for PSSI and the issuance of 1,500,000 common shares of PSSI.

NOTE 10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events to determine events occurring after July 31, 2017 through September 19, 2017 that would have a material impact on the Company's financial results or require disclosure except as follows:

On August 10, 2017, a shareholder return to the Company 4,750,000 share of common stock to be cancelled. Subsequent to the returning of the share 4,750,000 shares were issued to Mark Taggatz for service.

On August 31, 2017 the Company issued a $5,000 convertible note to RAB Investments. The note bears interest at 6% per annum and is convertible by the investor into common shares of the Company at $0.01 per share after March 31, 2018.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following information should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q.

Defense Technologies International Corp. (the "Company ") was incorporated in the State of Delaware on May 27, 1998. Effective June 15, 2016, the Company changed its name to Defense Technologies International Corp. from Canyon Gold Corp. to more fully represent the Company's expansion goals into the advanced technology sector.

Effective July 15, 2016, the Company executed documents intended to finalize the acquisition of 100% of Defense Technology Corporation, a privately held Colorado company ("DTC"), a developer of defense, detection, and protection products to improve security for Anchor schools and other public facilities. DTC has informed us that it is unable to complete the required audited financial statements. Accordingly, the Company will not be able to consolidate DTC's financial statements into its audited financial statements. After a thorough review of the situation and discussions with DTC, we have mutually agreed to rescind the acquisition of DTC and entered into a Rescission Agreement and Mutual Release (the "Rescission Agreement"), effective October 17, 2016.

In connection with the Rescission Agreement with the Company, DTC rescinded its agreement with the inventor and developer of the technology and assets that were subject to the original agreement between the Company and DTC. On October 19, 2016, the Company entered into a new Definitive Agreement with Controlled Capture Systems, LLC ("CCS"), representing the inventor of the technology and assets previously acquired by DTC, that included a new exclusive Patent License Agreement and Independent Contractor agreement. Under the license agreement with CCS, the Company acquired the world-wide exclusive rights and privileges to the CCS security technology, patents, products and improvements. The Company agreed to pay CCS an initial licensing fee of $25,000 and to pay ongoing royalties as defined in the Definitive Agreement.

Effective January 12, 2017, Passive Security Scan, Inc. ("PSSI") was incorporated in the state of Utah as subsidiary controlled by the Company. The Company transferred to PSSI its exclusive world-wide license to the defense, detection and protection security products previously acquired by the Company. The Company owns 79.8% of PSSI with 20.2% acquired by several individuals and entities. The Company plans to continue the development of the technology and conduct all sales and marketing activities in PSSI.

Forward Looking and Cautionary Statements

This report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or similar terms, variations of such terms or the negative of such terms. These statements are only predictions and involve known and unknown risks, uncertainties and other factors. Although forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment, actual results could differ materially from those anticipated in such statements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Results of Operations

We currently have no sources of operating revenues. Accordingly, no revenues were recorded for the three months ended July 31, 2017 and 2016.

Our general and administrative expenses increased $156,443 for the three months ended July 31, 2017 compared to $513,682 for the same period ended July 31, 2016. The decrease was due primarily lower cost of legal accounting and professional fees.

The Company did not incur research and development costs in the three months ended July 31, 2017 compared to research and development costs of $3,277 in the three months ended July 31, 2016.

Interest expenses incurred in the three months ended July 31, 2017 $145,589 compared to $303,297 for the three months ended July 31, 2016. The decrease was attributable to lower cost of debt discounts and loan conversion for equity.

A gain on derivative liability of $219,013 was incurred in the three months ended July 31, 2017 and compared to a gain of $1,498,059 for the three months ended July 31, 2016. We estimate the fair value of the derivative for the conversion feature of our convertible notes payable using the Black-Scholes pricing model at the inception of the debt, at the date of conversions to equity, cash payments and at each reporting date, recording a derivative liability, debt discount and a gain or loss on change in derivative liability as applicable. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price volatility, and variable conversion prices based on market prices as defined in the respective loan agreements. These inputs are subject to significant changes from period to period; therefore, the estimated fair value of the derivative liability will fluctuate from period to period and the fluctuation may be material.

We recognized a gain on extinguishment of debt of zero for the three months ended July 31, 2017 and $121,403 for the same period in 2016. The gain on extinguishment of debt resulted primarily as a result of the elimination of derivative liabilities upon debt extinguishment.

The Company incurred a net loss of $83,019 during the three month period ended July 31, 2017 compared to net income of $799,206 in the three months ended July 31, 2016. The variance is primarily due to the gain in derivative liability of $1,498,059 in 2016 compared to the gain of $219,013 in 2017.

Liquidity and Capital Resources

At July 31, 2017, we had total current assets of $15,971, including cash of $971 and prepaid expenses of $15,000, and total current liabilities of $2,022,543, resulting in a working capital deficit of $2,006,572. Included in our current liabilities and working capital deficit are derivative liabilities totaling $630,757 related to the conversion features of certain of our convertible notes payable and convertible notes of $650,136, net of discount.

Our current liabilities as of July 31, 2017 is comprised of amounts due to related parties of $386,061. We anticipate that in the short-term, operating funds will continue to be provided by related parties and other lenders.

At July 31, 2017, we had total convertible notes payable of $650,136, net of discount of $71,457. Several of the note agreements require repayment through conversion of principal and interest into shares of the Company's common stock. We anticipate, therefore, converting these notes payable into shares of our common stock without the need for replacement financing; however, there can be no assurance that we will be successful in accomplishing this.

During the three months ended July 31, 2017, net cash used in operating activities was $95,722 compared to net cash used of $173,969 for the same period in 2016. The decrease in 2017 over 2016 was due to lower amortization of debt discount, lower gain on derivative liability offset by a loss lower in 2017 than the gain offset by the derivative in 2016.

During the three months ended July 31, 2017, net cash provided by financing activities was $96,500, comprised of proceeds from convertible notes payable of $96,500, This compares to net cash provided in the same period in 2016 of $169,255 consisting of $253,650 in proceeds from convertible notes, partially offset by repayment of convertible notes payable of $76,895 and payment of debt issuance costs of $7,500.

We have not realized any revenues since inception and paid expenses and costs with proceeds from the issuance of securities as well as by loans from investor, stockholders and other related parties.

Our immediate goal is to provide funding for the completion of the initial production of the Offender Alert Passive Scan licensed from CCS. The Offender Alert Passive Scan is an advanced passive scanning system for detecting and identifying concealed threats.

We believe a related party and other lenders will provide sufficient funds to carry on general operations in the near term and fund DTC's production and sales. We expect to raise additional funds from the sale of securities, stockholder loans and convertible debt. However, we may not be successful in our efforts to obtain financing to carry out our business plan.

As of July 31, 2017, we did not have sufficient cash to fund our operations for the next twelve months.

See the notes to our condensed consolidated financial statements for a discussion of recently issued accounting pronouncements that we have either implemented or that may have a material future impact on our financial position or results of operations.

Off-Balance Sheet Arrangements

We have no 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 is material to stockholders.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

This item is not required for a smaller reporting company.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our management including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) ("Exchange Act"). Based on this evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, in a manner that allows timely decisions regarding required disclosures.

We operate with a limited number of accounting and financial personnel. Although we retain the services of an experienced certified public accountant, we have been unable to implement proper segregation of duties over certain accounting and financial reporting processes, including timely and proper documentation of material transactions and agreements. We believe these control deficiencies represent material weaknesses in internal control over financial reporting.

Despite the material weaknesses in financial reporting noted above, we believe that our consolidated financial statements included in this report fairly present our financial position, results of operations and cash flows as of and for the periods presented in all material respects.

Changes in Internal Control over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings to which we are a party or to which any of our property is subject and, to the best of our knowledge, no such actions against us are contemplated or threatened.

Item 1A. Risk Factors

This item is not required for a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three month period ended July 31, 2017 the Company issued 14,000,000 shares of its common stock to one individual with a value of $28,000 for accounts payable and stock based compensation.

During the three month period ended July 31, 2017, the Company issued 8,815,624 shares of its common stock in the conversion of debt and interest of $13,890.

Effective July 5, 2017, EMAC returned 11,775,000 common shares of the Company that were previously issued in payment for certain mineral lease properties in Nevada.

Item 3. Defaults Upon Senior Securities

This item is not applicable.

Item 4. Mine Safety Disclosure

This item is not applicable.

Item 5. Other Information

Not applicable

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit No.	Description of Exhibit
31.1	Section 302 Certification of Chief Executive Officer and Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101 INS*	XBRL Instance Document
101SCH*	XBRL Taxonomy Extension Schema
101 CAL*	XBRL Taxonomy Extension Calculation Linkbase
101 DEF*	XBRL Taxonomy Extension Definition Linkbase
101 LAB*	XBRL Taxonomy Extension Label Linkbase
101 PRE*	XBRL Taxonomy Extension Presentation Linkbase

* The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Exchange Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEFENSE TECHNOLOGIES INTERNATIONAL CORP.

Date: September 19, 2017

By: /S/ MERRILL W. MOSES
Merrill W. Moses
Chief Executive Officer
Acting Chief Financial Officer