

DRAGONFLY CAPITAL CORP.

Condensed Interim Financial Statements

October 31, 2018

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

DRAGONFLY CAPITAL CORP.Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	October 31, 2018 \$ (Unaudited)	April 30, 2018 \$ (Audited)
Assets		
Current assets		
Cash	424,972	525,920
Total assets	424,972	525,920
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	26,585	5,425
Total liabilities	26,585	5,425
Shareholders' deficit		
Share capital (Note 4)	1,317,283	1,317,283
Share-based payment reserve	55,735	55,735
Deficit	(974,631)	(852,523)
Total shareholders' deficit	398,387	520,495
Total liabilities and shareholders' deficit	424,972	525,920

Nature of operations (Note 1)

Approved and authorized for issuance by the Board of Directors on December 19, 2018:

/s/ "Anthony Kent Deuters"

Anthony Kent Deuters, Director

/s/ "Martin Bajic"

Martin Bajic, Director

The accompanying notes are an integral part of these condensed interim financial statements

DRAGONFLY CAPITAL CORP.Condensed Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended October 31, 2018 \$	Three months ended October 31, 2017 \$	Six months ended October 31, 2018 \$	Six months ended October 31, 2017 \$
Expenses				
Office and miscellaneous	2,806	453	4,289	657
Professional fees	20,991	9,215	20,991	9,235
Rent and administrative fees (Note 3)	22,500	4,725	45,000	9,450
Transfer agent and regulatory fees	4,365	1,538	7,810	6,554
Travel and promotion	44,018	5,213	44,018	12,915
Recovery of expenses	-	(113,950)	-	(113,950)
Total expenses	94,680	(92,806)	122,108	(75,139)
Net income (loss) and comprehensive income (loss) for the period	(94,680)	92,806	(122,108)	75,139
Income (Loss) per share, basic and diluted	(0.01)	0.01	(0.01)	0.00
Weighted average shares outstanding	16,311,000	6,311,000	16,311,000	6,311,000

The accompanying notes are an integral part of these condensed interim financial statements

DRAGONFLY CAPITAL CORP.Condensed Statement of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Share subscriptions received \$	Deficit \$	Total shareholders' deficit \$
	Number of shares	Amount \$				
Balance, May 1, 2018	16,311,000	1,317,283	55,735	–	(852,523)	520,495
Net loss for the period	–	–	–	–	(122,108)	(122,108)
Balance, October 31, 2018	16,311,000	1,317,283	55,735	–	(974,631)	398,387

	Share capital		Share-based payment reserve \$	Share subscriptions received \$	Deficit \$	Total shareholders' deficit \$
	Number of shares	Amount \$				
Balance, May 1, 2017	6,311,000	567,283	55,735	–	(923,134)	(300,116)
Net income for the period	–	–	–	–	75,139	75,139
Balance, October 31, 2017	6,311,000	567,283	55,735	–	(847,995)	(224,977)

The accompanying notes are an integral part of these condensed interim financial statements

DRAGONFLY CAPITAL CORP.Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended October 31, 2018 \$	Six months ended October 31, 2017 \$
Operating activities		
Net loss for the period	(122,108)	75,139
Changes in non-cash operating working capital:		
Prepaid expenses	-	(523)
Accounts payable and accrued liabilities	21,160	3,442
Due to related parties	-	(106,357)
Net cash used in operating activities	(100,948)	(28,299)
Financing activities		
Advances from related parties	-	38,300
Repayments to related parties	-	(10,000)
Net cash provided by financing activities	-	28,300
Decrease in cash	(100,948)	1
Cash, beginning of period	525,920	126
Cash, end of period	424,972	127
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these condensed interim financial statements

DRAGONFLY CAPITAL CORP.

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

Dragonfly Capital Corp. (the "Company") was incorporated on March 19, 2010 under the Business Corporations Act (BC). On October 15, 2010, the Company completed its initial public offering and is now trading on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company. The Company is in the development stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined by the rules of the Exchange. The Company's head office is located at Suite 918, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at October 31, 2018, the Company has not generated any revenues and has an accumulated deficit of \$974,631. The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate a Qualifying Transaction. If a Qualifying Transaction is identified or completed, additional funding may be required and there is no assurance that the Company will be able to obtain such financing, if any, on reasonable terms. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements and do not include all disclosures normally provided in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended April 30, 2018, which were prepared in accordance with IFRS as issued by the IASB.

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

DRAGONFLY CAPITAL CORP.

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value to be cash equivalents.

(d) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

DRAGONFLY CAPITAL CORP.

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any assets classified as loans and receivables.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

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

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at October 31, 2018 and 2017, the Company has no potentially dilutive shares outstanding.

(h) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(i) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

DRAGONFLY CAPITAL CORP.

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(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended October 31, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Related Party Transactions

(a) For the six months ended October 31, 2018, the Company incurred rent and administrative fees of \$Nil (2017 – \$9,450) to a company controlled by two former directors of the Company.

(b) For the six months ended October 31, 2018, the Company recovered management fees in the amount of \$99,225 that were previously incurred to a company controlled by the former President of the Company.

(c) For the six months ended October 31, 2018, the Company recovered consulting fees in the amount of \$14,725 that were previously incurred to a company with common former directors.

4. Share Capital

Authorized: Unlimited common shares without par value

On May 26, 2015, the Company issued 1,300,000 common shares of the Company for proceeds of \$130,000, of which \$19,000 had been received as at April 30, 2015.

On March 21, 2018, the Company issued 10,000,000 common shares at \$0.075 per share for proceeds of \$750,000.

DRAGONFLY CAPITAL CORP.

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

5. Stock Options

The Company has implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares of the Company. The exercise price of each stock option will be equal to the market price at the date of grant but can be discounted as permissible by TSX Venture Exchange policy. Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

As at October 31, 2018, there were no stock options outstanding.

6. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at October 31, 2018 as follows:

	Fair value measurements using			Balance, October 31, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	424,972	–	–	424,972

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

DRAGONFLY CAPITAL CORP.

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2018

(Unaudited - Expressed in Canadian dollars)

7. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended April 30, 2018.