

DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended October 31, 2019

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2019

This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of December 30, 2019, should be read in conjunction with the financial statements and the notes thereto for the six months ended October 31, 2019 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on March 19, 2010.

The Company is a Capital Pool Company as its principal business is the identification and evaluation of companies, assets or business with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange"). Such a transaction will be subject to shareholder and regulatory approval.

On October 14, 2010, the Company completed its initial public offering consisting of a new issue of 2,000,000 common shares priced at \$0.10 per share, for gross proceeds of \$200,000. The Company's common shares commenced trading on the Exchange under the symbol "DRC.P" at market opening on October 15, 2010. The Company's prospectus dated July 12, 2010 was accepted effective July 14, 2010 by the regulatory authorities of British Columbia and Alberta and constituted an offering to the public of 2,000,000 common shares of the Company at \$0.10 per share for gross proceeds of \$200,000.

On February 5, 2013, the Company announced the transfer of its listing to the NEX board ("NEX") of the Exchange effective at market open on February 6, 2013. The trading symbol of Dragonfly changed from "DRC.P" to "DRC.H".

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

RESULTS OF OPERATIONS

For the three months ended October 31, 2019, the Company had a net loss of \$62,008 compared to \$94,680 for the three months ended October 31, 2018. The decrease of \$32,672 is a result of the Company not incurring travel expenditures during the three months ended October 31, 2019 whereas there was \$44,108 incurred in the comparative period. This decrease in travel was offset by an increase of professional fees resulting from the expenses incurred in relation to the proposed transaction with 2591046 Ontario Corp. (dba Future Fertility).

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For the six months ended October 31, 2019, the Company had a net loss of \$91,567 compared to \$122,108 for the six months ended October 31, 2018. The decrease of \$30,541 is a result of the Company not incurring travel expenditures during the six months ended October 31, 2019 whereas there was \$44,108 incurred in the comparative period. This decrease in travel was offset by an increase of professional fees resulting from the expenses incurred in relation to the proposed transaction with 2591046 Ontario Corp. (dba Future Fertility).

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters.

	October 31, 2019 \$	July 31, 2019 \$	April 30, 2019 \$	January 31, 2019 \$
Total revenues	–	–	–	–
Net income (loss)	(62,008)	(29,559)	(49,837)	(74,101)
Net earnings (loss) per share, basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)

	October 31, 2018 \$	July 31, 2018 \$	April 30, 2018 \$	January 31, 2018 \$
Total revenues	–	–	–	–
Net loss	(94,680)	(27,428)	18,147	(22,675)
Net loss per share, basic and diluted	(0.01)	(0.00)	0.00	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2019, the Company had cash of \$215,504 compared to cash of \$291,556 as at April 30, 2019. As at October 31, 2019, the Company had working capital of \$182,882 compared to \$274,449 as at April 30, 2019.

On March 21, 2018, the Company announced that it had closed its previously announced non-brokered private placement (the "Private Placement") by issuing 10,000,000 common shares (the "Shares") of the Company at a price of \$0.075 per Share and raising gross aggregate proceeds of \$750,000.

The Company has capital requirements in excess of its currently available resources. The Company requires additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Six months ended October 31, 2019 compared to the three months ended October 31, 2018:

Operating Activities

For the six months ended October 31, 2019, the Company's operating activities used cash of \$76,092 compared to cash of \$100,948 used for the six months ended October 31, 2018. The decrease was mainly a result the Company reducing its loss in the current period when compared to the comparative period.

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Financing and Investing Activities

During the six months ended October 31, 2019 and 2018, the Company did not have any financing and investing activities.

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 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 remains unchanged from the year ended April 30, 2019.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the six months ended October 31, 2019, the Company had no transactions with related parties.

PROPOSED TRANSACTIONS

None.

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, 2019 as follows:

	Fair Value Measurements Using			Balance, October 31, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	215,504	–	–	215,504

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amounts due to/from 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.

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(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.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company adopted the following new accounting standard and interpretation:

IFRS 16, Leases (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed consolidated statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's financial statements.

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the financial statements for the six months ended October 31, 2019 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at December 30, 2019, the Company had 16,311,000 shares issued and outstanding.

Share Purchase Warrants and Stock Options

As at December 30, 2019, the Company had no share purchase warrants and no stock options outstanding.

OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.