

**DRAGONFLY CAPITAL CORP.**

Condensed Interim Financial Statements

Six months ended October 31, 2019

(Expressed in Canadian dollars - unaudited)

**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements have been prepared by management.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

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

	October 31, 2019 \$ (Unaudited)	April 30, 2019 \$ (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash	215,504	291,596
Amounts receivable	-	337
Prepaid expenses	-	7,875
<b>Total assets</b>	<b>215,504</b>	<b>299,808</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	32,622	25,359
<b>Total liabilities</b>	<b>32,622</b>	<b>25,359</b>
<b>Shareholders' deficit</b>		
Share capital	1,317,283	1,317,283
Share-based payment reserve	55,735	55,735
Deficit	(1,190,136)	(1,098,569)
<b>Total shareholders' deficit</b>	<b>182,882</b>	<b>274,449</b>
<b>Total liabilities and shareholders' deficit</b>	<b>215,504</b>	<b>299,808</b>

Nature of operations (Note 1)

Approved and authorized for issuance by the Board of Directors on December 30, 2019:

/s/ "Anthony Kent Deuters"

Anthony Kent Deuters, Director

/s/ "Paul Kania"

Paul Kania, Director

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

**DRAGONFLY CAPITAL CORP.**Condensed Interim Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars - unaudited)

	Three months ended October 31, 2019 \$	Three months ended October 31, 2018 \$	Six months ended October 31, 2019 \$	Six months ended October 31, 2018 \$
Expenses				
Office and miscellaneous	1,870	2,806	4,738	4,289
Professional fees	36,488	20,991	38,221	20,991
Rent and administrative fees	22,500	22,500	45,000	45,000
Transfer agent and regulatory fees	1,158	4,365	3,608	7,810
Travel and promotion	-	44,018	-	44,018
<b>Total expenses</b>	<b>62,008</b>	<b>94,680</b>	<b>91,567</b>	<b>122,108</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(62,008)</b>	<b>(94,680)</b>	<b>(91,567)</b>	<b>(122,108)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average shares outstanding</b>	<b>16,311,000</b>	<b>16,311,000</b>	<b>16,311,000</b>	<b>16,311,000</b>

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

**DRAGONFLY CAPITAL CORP.**Condensed Interim Statements of Changes in Equity  
(Expressed in Canadian dollars - unaudited)

	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, 2019	16,311,000	1,317,283	55,735	–	(1,098,569)	274,449
Net loss for the period	–	–	–	–	(91,567)	(91,567)
Balance, October 31, 2019	16,311,000	1,317,283	55,735	–	(1,190,136)	182,882

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

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

	Six months ended October 31, 2019 \$	Six months ended October 31, 2018 \$
Operating activities		
Net loss for the period	(91,567)	(122,108)
Changes in non-cash operating working capital:		
Amounts receivable	337	-
Prepaid expenses	7,875	-
Accounts payable and accrued liabilities	7,263	21,160
Net cash used in operating activities	(76,092)	(100,948)
Decrease in cash	(76,092)	(100,948)
Cash, beginning of period	291,596	525,920
Cash, end of period	215,504	424,972
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, 2019

(Expressed in Canadian dollars - unaudited)

### **1. Nature of Operations and Going Concern**

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, 2019, the Company has not generated any revenues and has an accumulated deficit of \$1,190,136. 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**

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company's April 30, 2019 audited annual consolidated financial statements and the notes to such financial statements.

These financial statements are based on the IFRS issued and effective as of December 30, 2019, the date these financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

#### **a) New accounting standard and interpretation**

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.

## **DRAGONFLY CAPITAL CORP.**

Notes to the Condensed Interim Financial Statements

Six months ended October 31, 2019

(Expressed in Canadian dollars - unaudited)

### **2. Significant accounting policies – continued**

#### **b) Accounting standards issued but not yet adopted**

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.

### **3. Share Capital**

Authorized: Unlimited common shares without par value

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