

DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended April 30, 2019

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This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of August 27, 2019, should be read in conjunction with the financial statements and the notes thereto for the year ended April 30, 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 TSX Venture 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. The agent received a commission of 10% of the gross proceeds of the offering or \$0.01 per share and an administration fee of \$10,000. The Company also granted the agent warrants to acquire up to 200,000 common shares at an exercise price of \$0.10 per common share exercisable for a period of 24 months from the date the Company's common shares are listed for trading on the Exchange. The agent was also reimbursed by the Company for other agent's expenses incurred pursuant to the offering.

On February 5, 2013, the Company announced the transfer of its listing to the NEX board ("NEX") of the TSXV effective at market open on February 6, 2013. The trading symbol of Dragonfly changed from "DRC.P" to "DRC.H", however, trading in the common shares of Dragonfly ("Common Shares") will remain suspended, pending completion of a Qualifying Transaction.

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.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2019

RESULTS OF OPERATIONS

For the year ended April 30, 2019, the Company had a net loss of \$246,046 compared to net income of \$70,611 for the year ended April 30, 2018. The loss is related to increases in expenses including \$106,125 of consulting fees, \$44,626 in professional fees, and \$29,913 increase in travel and promotion expenses related to the proposed acquisition of 2591046 Ontario Corp. The comparative period had income as a result of recovery of expenses in the amount of \$113,950.

SELECTED ANNUAL INFORMATION

	Year Ended April 30, 2019	Year Ended April 30, 2018	Year Ended April 30, 2017
Total revenue	\$ -	\$ -	\$ -
Net income (loss) for the year	\$ (246,046)	\$ 70,611	\$ (58,026)
Total assets	\$ 299,808	\$ 525,920	\$ 126
Weighted average number of shares outstanding	16,311,000	7,406,890	6,311,000
Income (loss) per share, basic and diluted	\$ (0.02)	\$ 0.01	\$ (0.01)

SUMMARY OF QUARTERLY RESULTS

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

	April 30, 2019 \$	January 31, 2019 \$	October 31, 2018 \$	July 31, 2018 \$
Total revenues	-	-	-	-
Net loss	(49,837)	(74,101)	(94,680)	(27,428)
Net loss per share, basic and diluted	(0.00)	(0.01)	(0.01)	(0.00)

	April 30, 2018 \$	January 31, 2018 \$	October 31, 2017 \$	July 31, 2017 \$
Total revenues	-	-	-	-
Net income (loss)	18,147	(22,675)	92,806	(17,667)
Net loss per share, basic and diluted	(0.00)	(0.00)	0.01	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2019, the Company had cash of \$291,596 and total assets of \$299,808 compared to cash and total assets of \$525,920 as at April 30, 2018. As at April 30, 2019, the Company had working capital of \$274,449 compared to a deficit of \$520,495 as at April 30, 2018. The decrease in cash, total assets, and working capital was due to the use of cash for operating activities during the fiscal year as the Company did not raise any new financing and did not receive any operating cash flows.

DRAGONFLY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2019

Year ended April 30, 2019 compared to the year ended April 30, 2018:

Operating activities

For the year ended April 30, 2019, the Company's operating activities used cash of \$234,324 compared to \$240,006 for the year ended April 30, 2018.

Financing activities

For the year ended April 30, 2019, the Company was provided cash of \$Nil from financing activities compared to \$765,800 from proceeds from issuance of common stock (\$750,000) and net advances from related parties (\$15,800) for the year ended April 30, 2018.

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, share-based payment reserve, and share subscriptions received.

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, 2018.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the year ended April 30, 2019, the Company incurred rent and administrative fees of \$nil (2018 – \$14,175) to a company controlled by two former directors of the Company.

For the year ended April 30, 2019, the Company recovered consulting fees of \$nil (2018 – \$14,725) from a company with former common officers and directors.

For the year ended April 30, 2018, a company controlled by the former President of the Company forgave \$57,700 owed by the Company, and the spouse of the former President of the Company forgave \$41,525 owed by the Company.

FOURTH QUARTER

During the fourth quarter of 2019, the Company incurred consulting fees of \$23,625 (2018: \$Nil), professional fees of \$26,359 (2018: \$12,074), transfer agent and regulatory fees of \$2,466 (2018: \$3,487), office and miscellaneous recovery of \$2,613 (2018: \$361). During the fourth quarter of 2018, the Company also recovered \$33,347 of expenses.

DRAGONFLY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2019

PROPOSED TRANSACTIONS

On May 8, 2019, the Company and 2591046 Ontario Corp. (d/b/a Future Fertility) (the "Target") entered into a binding letter of intent (the "LOI"), pursuant to which Dragonfly and the Target intend to complete a business combination which will constitute a reverse take-over of the Company (the "Transaction"). Under the terms of the LOI, it is intended that the Transaction will be carried out by way of a three-cornered amalgamation pursuant to an amalgamation agreement (the "Definitive Agreement") to be entered into among the parties. Pursuant to the Transaction, a wholly-owned subsidiary of Dragonfly will amalgamate with the Target to form a newly amalgamated company ("Amalco"), and former Target shareholders will receive one Post-Consolidation Dragonfly Share (as defined below) for each Post-Consolidation Target Share (as defined below) held and Amalco will become a wholly-owned subsidiary of Dragonfly. As a result, Dragonfly (the "Resulting Issuer") will indirectly carry on the business of the Target following completion of the Transaction and will change its name to "Future Fertility Inc." or such other name as agreed to by the parties to better reflect the business that will be carried on by the Resulting Issuer. Prior to completion of the Transaction, the Target expects to complete the Concurrent Offering (see below), as more particularly described below. The common shares of the Resulting Issuer will, subject to the approval of the TSXV, be listed for trading on the TSXV. It is anticipated that the Resulting Issuer will be listed as a Tier 2 life sciences issuer.

As of the date hereof, the Target has (i) 15,759,330 issued and outstanding common shares (each a "Target Share"), (ii) 3,300,000 options of the Target, each convertible into a Target Share at an exercise price of \$0.15 (the "Options"), (iii) 1,200,000 common share purchase warrants each convertible into a Target Share at an exercise price of \$0.15 (the "\$0.15 Warrants") and (iv) 4,353,330 common share purchase warrants each convertible into a Target Share at an exercise price of \$0.25 (the "\$0.25 Warrants", collectively with the \$0.15 Warrants, the "Warrants"). Prior to the completion of the Transaction, the Target Shares will be consolidated (the "Target Consolidation") at a ratio of two pre-consolidation Target Shares for every one post-consolidation Target Share (each, a "Post-Consolidation Target Share") resulting in 7,879,665 Post-Consolidation Target Shares being issued and outstanding (prior to giving effect to the Transaction and Concurrent Offering) and Options outstanding to acquire 1,650,000 Post-Consolidation Target Shares and Warrants outstanding to acquire 2,776,665 Post-Consolidation Target Shares. In connection with the Transaction, each Option will be exchanged for a Resulting Issuer option on the same terms and conditions as the prior Option other than each two Options will now be exercisable to receive one Post-Consolidation Dragonfly Share. In addition, each Warrant will remain outstanding and each two Warrants will be exercisable for one Post-Consolidation Dragonfly Share on the same terms.

In order to align the value of the Dragonfly Shares and Target Shares (as defined above), the Dragonfly Shares will be consolidated (the "Dragonfly Consolidation") at a ratio of 10.8740 pre-consolidation Dragonfly Shares for every 1 post-consolidation Dragonfly Share (each a "Post-Consolidation Dragonfly Share"), resulting in 1,500,000 Post-Consolidation Dragonfly Shares being issued and outstanding (prior to giving effect to the Transaction and Concurrent Offering).

Prior to, or concurrently with the closing of the Transaction, the Target intends to complete a brokered private placement offering of subscription receipts of the Target (the "Subscription Receipts") conducted by a syndicate of agents (the "Agents") led by Beacon Securities Limited for maximum gross proceeds of \$5 million. Each Subscription Receipt will, upon satisfaction of the escrow release conditions, be exercisable for one Target unit (each a "Target Unit" and collectively the "Target Units") at a price per Target Unit to be determined in the context of the market. It is anticipated that each Target Unit shall be comprised of one Post-Consolidation Target Share and one half of one common share purchase warrant, exercisable for 24 months from the date of completion of the Transaction at a price to be determined (the "Concurrent Offering"). In consideration of the Agents related to the Concurrent Offering, the Target has agreed to pay the Agents a cash fee equal to 7% of the gross proceeds of the Concurrent Offering and, subject to regulatory approvals, issue compensation options to the Agents equal to 7% of the aggregate number of Target Units issued by the Target under the Concurrent Offering.

DRAGONFLY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2019

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 April 30, 2019 as follows:

	Fair Value Measurements Using			Balance, April 30, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	291,596	–	–	291,596

The fair values of other financial instruments, which include amounts receivable, and accounts payable and accrued liabilities 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.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2019, and have not been applied in preparing these financial statements.

New standard IFRS 16, "Leases"

The Company has not early adopted this standard and it will not have a significant impact 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.

DRAGONFLY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2019

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 year ended April 30, 2019 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at August 27, 2019, the Company had 16,311,000 shares issued and outstanding.

Share Purchase Warrants

As at August 27, 2019, the Company had no share purchase warrants outstanding.

Stock Options

As at August 27, 2019, the Company had 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.