DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended October 31, 2020

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of December 30, 2020, should be read in conjunction with the unaudited condensed interim financial statements for the six months ended October 31, 2020 and audited financial statements of the year ended April 30, 2020.

Unless otherwise noted, financial results are reported 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.

RESULTS OF OPERATIONS

For the three months ended October 31, 2020, the Company had a net loss of $40,803 compared to a loss of $62,008 for the three months ended October 31, 2019. The loss mainly due expenditures on consulting fees and professional fees.

SUMMARY OF QUARTERLY RESULTS

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

	October 31, 2020 $	July 31, 2020 $	April 30, 2020 $	January 31, 2020 $
Total revenues	–	–	–	–
Net loss	(40,803)	(49,072)	(65,335)	(34,350)
Net loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

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

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2020, the Company had cash of $130,188 compared to cash of $215,504 as at October 31, 2019. As at October 31, 2020, the Company had a positive working capital of $6,699 compared to $182,882 as at October 31, 2019.

The Company has capital requirements less than 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, 2020 compared to the six months ended October 31, 2019:

Operating activities

For the six months ended October 31, 2020, net cash provided by operating activities (mainly from Accounts Receivable) is $118,755 compared to cash used of $76,092 in operating activities for the six months ended October 31, 2019

Financing activities

For the six months ended October 31, 2020, the Company was provided cash of $Nil from financing activities compared to $Nil from proceeds from issuance of common stock and net advances from related parties for the six months ended October 31, 2019.

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 subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged during the six months ended October 31, 2020.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

SECOND QUARTER 2020
During the second quarter of 2020, the Company incurred Rent and administrative fees of $18,000 (2019: $22,500), professional fees of $18,000 (2019: $36,488), transfer agent and regulatory fees of $4,606 (2019: $1,158), office and miscellaneous recovery of $197 (2018: $1,870).

FIRST QUARTER 2020
During the first quarter of 2020, the Company incurred Rent and administrative fees of $18,000 (2019: $22,500), professional fees of $29,550 (2019: $1,733), transfer agent and regulatory fees of $1,250 (2019: $2,458), office and miscellaneous recovery of $272 (2018: $2,868).

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, 2020 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, October 31, 2020 $
Cash	130,188	–	–	130,188

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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 condensed interim financial statements for the six months ended October 31, 2020 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at December 30, 2020 the Company had 16,311,000 shares issued and outstanding.

Share Purchase Warrants

As at December 30, 2020, the Company had no share purchase warrants outstanding.

Stock Options

As at December 30, 2020, the Company had Nil 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.

Since December 31, 2019, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.