

DRAGONFLY CAPITAL CORP.

Condensed Interim Financial Statements

Six-month period ended October 31, 2020

(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)

	October 31, 2020 \$ (Unaudited)	April 30, 2020 \$ (Audited)
Assets		
Current assets		
Cash	130,188	11,433
Amounts receivable	13,075	-
Note Receivable (Note 6)	13,956	159,419
Total assets	157,219	170,852
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	150,520	87,655
Total liabilities	150,520	87,655
Shareholders' equity		
Share capital	1,317,283	1,317,283
Share-based payment reserve	55,735	55,735
Deficit	(1,366,319)	(1,289,821)
Total shareholders' equity (deficit)	6,698	83,197
Total liabilities and shareholders' equity	157,219	170,852

Nature of operations (Note 1)

Approved and authorized for issuance by the Board of Directors on December 30, 2020:

/s/ "Kent Deuters"
Kent Deuters, Director

/s/ "Eric Boehnke"
Eric Boehnke, 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)

	Three months ended October 31, 2020 \$	Three months ended October 31, 2019 \$	Six months ended October 31, 2020 \$	Six months ended October 31, 2019 \$
Expenses				
Office and miscellaneous	197	1,870	469	4,738
Professional fees	18,000	36,488	38,711	38,211
Rent and Administrative Fees	18,000	22,500	36,000	45,000
Transfer agent and regulatory fees	4,606	1,158	5,856	3,608
Total expenses	40,803	62,008	81,036	91,567
Net loss before other income	(40,803)	(62,008)	(81,036)	(91,567)
Other income				
Interest Income	-	-	4,537	-
Net loss and comprehensive loss for the period	(40,803)	(62,008)	(76,499)	(91,567)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average shares outstanding	16,311,000	16,311,000	16,311,000	16,311,000

(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)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, April 30, 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

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, April 30, 2020	16,311,000	1,317,283	55,735	(1,289,821)	83,197
Net loss for the period	–	–	–	(76,499)	(76,499)
Balance, October 31, 2020	16,311,000	1,317,283	55,735	(1,366,320)	6,698

(The accompanying notes are an integral part of these financial statements)

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

	Six months ended October 31, 2020 \$	Six months ended October 31, 2019 \$
Operating activities		
Net loss for the period	(76,499)	(91,567)
Changes in non-cash operating working capital:		
Amounts receivable	133,753	337
Prepaid expenses	-	7,875
Accounts payable and accrued liabilities	61,501	(7,263)
Net cash provided by (used in) operating activities	118,755	(76,092)
Increase (decrease) in cash	118,755	(76,092)
Cash, beginning of period	11,433	291,596
Cash, end of period	130,188	215,504

(The accompanying notes are an integral part of these financial statements)

DRAGONFLY CAPITAL CORP.

Notes to the condensed interim financial statements
Three and six months ended October 31, 2020
(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 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5.

These condensed interim 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, 2020, the Company has not generated any revenues and has an accumulated deficit of \$1,366,320. 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 condensed interim 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, 2020 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, 2020, 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:

New accounting standard and interpretation

The Company adopted the following new accounting standard and interpretation:

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. This interpretation did not have an impact on the Company’s financial statements.

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Notes to the condensed interim financial statements
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3. Share Capital

Authorized: Unlimited common shares without par value

Refer to the Condensed Interim Consolidated Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the period ended October 31, 2020.

During the period ended October 31, 2020, the Company issued nil common shares.

During the period ended October 31, 2019, the Company issued nil common shares.

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

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.

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Three and six months ended October 31, 2020

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5. 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 during the period ended October 31, 2020.

6. Note receivable

On October 22, 2019, the Company loaned \$150,000 to a public company as a note receivable. The note receivable matured in one year with an interest of 12% per annum. The principal amount of \$150,000 was repaid early on August 18, 2020. Interest is still receivable on the balance.