

DRAGONFLY CAPITAL CORP.

Financial Statements

Years Ended April 30, 2020 and 2019

(Expressed in Canadian dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Dragonfly Capital Corp.

Opinion

We have audited the accompanying financial statements of Dragonfly Capital Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2020, and the statements of operation and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dragonfly Capital Corp. as at April 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Julia Zhou.

Kreston GTA LLP

Licensed Public Accountants
October 6, 2020
Markham, Canada

DRAGONFLY CAPITAL CORP.Statements of financial position
(Expressed in Canadian dollars)

	April 30, 2020 \$	April 30, 2019 \$
Assets		
Current assets		
Cash	11,433	291,596
Amounts receivable	–	337
Note receivable (note 6)	159,419	–
Prepaid expenses	–	7,875
Total assets	170,852	299,808
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	87,655	25,359
Total liabilities	87,655	25,359
Shareholders' equity		
Share capital (note 3)	1,317,283	1,317,283
Share-based payment reserve	55,735	55,735
Deficit	(1,289,821)	(1,098,569)
Total shareholders' equity	83,197	274,449
Total liabilities and shareholders' equity	170,852	299,808

Nature of operations (Note 1)

Approved and authorized for issuance by the Board of Directors on October 6, 2020:

/s/ "Kent Deuters"

Kent Deuters, Director

/s/ "Eric Boehnke"

Eric Boehnke, Director

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

DRAGONFLY CAPITAL CORP.Statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended April 30, 2020 \$	Year ended April 30, 2019 \$
Expenses		
Consulting	80,000	106,125
Office and miscellaneous	14,480	4,329
Professional fees	98,609	79,443
Transfer agent and regulatory fees	7,582	12,131
Travel and promotion	–	44,018
Total expenses	200,671	246,046
Net loss before other income	(200,671)	(246,046)
Interest income	9,419	–
Net loss and comprehensive loss for the year	(191,252)	(246,046)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average shares outstanding	16,311,000	16,311,000

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

DRAGONFLY CAPITAL CORP.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, 2018	16,311,000	1,317,283	55,735	(852,523)	520,495
Net loss for the year	–	–	–	(246,046)	(246,046)
Balance, April 30, 2019	16,311,000	1,317,283	55,735	(1,098,569)	274,449
Net loss for the year	–	–	–	(191,252)	(191,252)
Balance, April 30, 2020	16,311,000	1,317,283	55,735	(1,289,821)	83,197

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

DRAGONFLY CAPITAL CORP.Statements of cash flows
(Expressed in Canadian dollars)

	Year ended April 30, 2020 \$	Year ended April 30, 2019 \$
Operating activities		
Net loss for the year	(191,252)	(246,046)
Item not involving cash:		
Interest income	(9,419)	–
Changes in non-cash operating working capital:		
Amounts receivable	337	(337)
Prepaid expenses	7,875	(7,875)
Accounts payable and accrued liabilities	62,296	19,934
Net cash used in operating activities	(130,163)	(234,324)
Investing activities		
Issuance of note receivable	(150,000)	–
Net cash used in investing activities	(150,000)	–
Change in cash	(280,163)	(234,324)
Cash, beginning of year	291,596	525,920
Cash, end of year	11,433	291,596

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

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

Years ended April 30, 2020 and 2019

(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 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 April 30, 2020, the Company has not generated any revenues and has an accumulated deficit of \$1,289,821. 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

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board on a going concern basis.

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

Years ended April 30, 2020 and 2019

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2. Significant Accounting Policies (continued)

(c) Cash

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash.

(d) Financial Instruments

According to IFRS 9 – Financial Instruments (“IFRS 9”), financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

The Company has made the following classifications:

Cash	Amortized cost
Amounts receivable	Amortized cost
Note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The classification of financial instruments depends on the business model and cash flows of the financial assets and is determined at the time of initial recognition. Financial assets are reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial assets

The Company classifies its financial assets into three categories. The accounting policy for each category is as follows:

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (FVTOCI) – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

Years ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Fair value through profit and loss - Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial liabilities

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Fair Value Hierarchy

IFRS 7, Financial instruments: disclosures, establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. There was no movement between different Levels for the years ended April 30, 2020 and 2019.

The fair value of cash, amounts receivables, note receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term nature.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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2. Significant Accounting Policies (continued)

(f) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at April 30, 2019 and 2018, the Company had no potentially dilutive shares outstanding.

(g) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the statement of operations.

(h) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(i) Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and IFRS Interpretations Committee have issued the following new and revised Standards and Interpretations which are effective for annual periods beginning on or after January 1, 2020:

IAS 1 ‘Presentation of Financial Statements’ and IAS 8 – ‘Accounting Policies, Changes in Accounting Estimates and Errors’ were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Management does not anticipate any impact on its financial reporting from the adoption of this standard.

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

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(Expressed in Canadian dollars)

3. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

4. Related Party Transactions

The Company entered into the following transactions with related parties during the year ended April 30, 2020:

Consulting fees	(a)	\$	50,000
Professional fees	(b)		36,000
		\$	86,000

(a) During the year ended April 30, 2020, the Company incurred consulting fees of \$45,000 to a company controlled by the former Chief Financial Officer and director of the Company and consulting fees of \$5,000 to a company controlled by the Chief Executive Officer and director of the Company.

(b) During the year ended April 30, 2020, the Company incurred professional fees of \$36,000 to a company controlled by the Chief Financial Officer and director of the Company. As at April 30, 2020, \$40,680 due to the company controlled by the Chief Financial Officer was included in accounts payable and accrued liabilities.

Compensation of key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company. The consulting fees and professional fees that the Company recognized for its key management personnel for the year ended April 30, 2020 was \$86,000.

5. Financial Instruments and Risks

(a) 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.

(b) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(c) 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.

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 on August 18, 2020 (Note 9).

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

Years ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

7. 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 from the year ended April 30, 2019.

8. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020	2019
	\$	\$
Net loss before income taxes	(191,252)	(246,046)
Canadian statutory tax rate	26.5%	26.5%
Income tax provision (recovery) at statutory rates	(51,638)	(66,432)
Change in unrecognized deferred tax assets	51,638	66,432
Income tax provision	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2020	2019
	\$	\$
Deferred income tax assets		
Non-capital losses	331,748	280,110
Resource pools	7,667	7,667
Unrecognized deferred tax assets	(339,415)	(287,777)
Net deferred income tax assets	-	-

As at April 30, 2019, the Company has non-capital losses carried forward of \$1,037,445 which is available to offset future years' taxable income. These losses expire as follows:

	\$
2032	64,405
2033	207,433
2034	113,333
2035	167,868
2036	182,490
2037	55,870
2039	246,046
2040	191,252
	1,228,697

The Company also has available mineral resource related expenditure pools total \$28,398 which may be deducted against future taxable income on a discretionary basis.

DRAGONFLY CAPITAL CORP.

Notes to the financial statements

Years ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

9. Subsequent Event

On August 18, 2020, the Company received the repayment of \$150,000 as the principal of the note receivable (Note 6).

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.