

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Draganfly Inc. (“**Draganfly**” or the “**Company**”)
2108 St. George Avenue
Saskatoon, Saskatchewan S7M 0K7

Item 2 Date of Material Change

October 23, 2019

Item 3 News Release

A news release dated November 1, 2019 was disseminated to the Canadian Securities Exchange and through various other approved public media and filed on SEDAR with applicable securities commissions.

Item 4 Summary of Material Change(s)

Draganfly has obtained conditional approval from the Canadian Securities Exchange (the “**CSE**”) for the listing (the “**Listing**”) of its common shares under the ticker symbol “DFLY”. The common shares of Draganfly will commence trading on the CSE on November 5, 2019, assuming all conditions of Listing are satisfied by that date. The Company has also filed its long form non-offering final prospectus (the “**Prospectus**”) with the securities regulatory authorities on www.sedar.com in each of Saskatchewan and British Columbia to become a reporting issuer in those jurisdictions.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Draganfly has obtained conditional approval from the CSE for the Listing of its common shares under the ticker symbol “DFLY”. The common shares of Draganfly will commence trading on the CSE on November 5, 2019, assuming all conditions of Listing are satisfied by that date. The Company has also filed the Prospectus with the securities regulatory authorities on www.sedar.com in each of Saskatchewan and British Columbia to become a reporting issuer in those jurisdictions.

Draganfly is the resulting issuer from a recapitalization transaction (the “**Transaction**”) between Draganfly Innovations Inc. (“**Former Draganfly**”) and Drone Acquisition Corp., a special purpose entity formed to achieve the said objective. As part of the Transaction, the Company completed a private placement financing (the “**Private Placement Financing**”) for aggregate gross proceeds of CDN\$7,025,749.50.

Transaction and Private Placement Financing Summary

Pursuant to the terms of the Private Placement Financing, the Company issued 14,051,499 subscription receipts (the “**Subscription Receipts**”) at a price of CDN\$0.50 per Subscription Receipt raising aggregate gross proceeds of CDN\$7,025,749.50. With the filing of the Final

Prospectus, the Subscription Receipts have converted automatically, on a one-for-one basis, into 14,051,499 units (the “Units”) of the Company. Each Unit consists of one Common Share and one transferable Common Share purchase warrant (“Unit Warrant”). Each Unit Warrant will entitle the holder to purchase one Common Share at a price of \$0.50 for a period of 12 months following the issuance of Unit Warrants. With the satisfaction of the escrow release conditions, \$7,025,749.50 funds were released from escrow to the Company. With the closing of the Private Placement Financing there are now a total of 69,670,613 shares of Draganfly issued and outstanding, whereby the shareholders of Former Draganfly were issued 42,955,296 shares of the Company.

On Listing all shareholders and insiders of the company (other than investors pursuant to the Private Placement Financing) will be subject to trading restrictions such that their common shares in the Company are released 5% on the listing date on the CSE and then 15% every 6 months with the final release being 20%. No finders’ fees were paid to any dealer in connection with the financing.

Business of Draganfly

Draganfly Inc. is the creator of quality, cutting-edge, unmanned vehicle systems and software that revolutionize the way people do business. Recognized as being at the forefront of technology for over 21 years, Draganfly is an award-winning, industry-leading manufacturer within the commercial Unmanned Aerial Vehicle space, serving the public safety, agriculture, industrial inspections and mapping and surveying markets. Draganfly is a company driven by passion, ingenuity and the need to provide efficient solutions and first-class services to its customers around the world with the goal of saving time, money and lives.

For additional information, please see the Prospectus as filed on www.sedar.com.

Officers and Directors

Management and advisors of the Company include Cameron Chell as Chairman and CEO, Paul Sun as CFO of the Company, and co-founder Zenon Dragan.

The Board of Directors of the Company consists of Cameron Chell as Chairman and Scott Larson, Denis Silva and Olen Aasen.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Paul Sun, Chief Financial Officer & Corporate Secretary
Tel: 1.800.979.9794

Item 9 Date of Report

November 4, 2019