

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Draganfly Inc. (“**Draganfly**” or the “**Company**”)
235, 103rd St. East
Saskatoon, Saskatchewan S7N 1Y8

Item 2 Date of Material Change

April 29, 2024 and May 1, 2024

Item 3 News Release

On April 29, 2024 and May 1, 2024 news releases were disseminated through public media and filed on SEDAR+ with applicable securities commissions.

Item 4 Summary of Material Change

On May 1, the Company announced:

- (a) it had completed its previously announced offering in the United States of 7,063,514 units of the Company at a price of US\$0.259 per unit and 6,450,000 pre-funded units of the Company at a price of US\$0.2589 per pre-funded unit;
- (b) in connection with the above-noted offering of units, the Company filed a prospectus supplement to the Company’s short form base shelf prospectus dated June 30, 2023 in each of the provinces of British Columbia, Ontario and Saskatchewan (the “**Prospectus Supplement**”); and,
- (c) in connection with the above-noted offering of units, the Company and the holder of 6,400,000 common share purchase warrants (the “**October Warrants**”), issued by the Company pursuant to a prior underwritten public offering of the Company in October 2023, had entered into an amendment agreement to amend the October Warrants.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On May 1, 2024, the Company announced it has completed its previously announced offering with gross proceeds to the Company of approximately US\$3,500,000, before deducting underwriting discounts and other estimated expenses payable by the Company.

The offering (the “**Offering**”) consisted of 7,063,514 units (the “**Units**”) of the Company at a purchase price of US\$0.259 per Unit and 6,450,000 pre-funded units of the Company (the “**Pre-Funded Units**”) at a purchase price of US\$0.2589 per Pre-Funded Unit, pursuant to a Placement Agency Agreement (the “**Agency Agreement**”) dated April 28, 2024 between the Company and Maxim Group LLC (the “**Placement Agent**”). Each Unit consisted of: (i) one common share in the capital of the Company (each a “**Common Share**”); and (ii) one common share purchase warrant of the Company (each a “**Common Warrant**”), with each whole Common Warrant entitling the holder thereof to purchase one Common Share at any time prior to 5:00 p.m. (Toronto time) on May 1, 2029 upon payment of the exercise price of CA\$0.3540 per Common Share. Each Pre-Funded Unit consists of: (i) one pre-funded common share purchase warrant (each a “**Pre-**

Funded Warrant”), with each Pre-Funded Warrant entitling the holder thereof to purchase one Common Share after May 1, 2024 upon payment of the exercise price of CA\$0.00014 per Common Share; and (ii) one Common Warrant. Pursuant to the terms of the Agency Agreement, the Company agreed to issue to the Placement Agent (or its duly registered designated affiliates) 675,676 common share purchase warrants (the “**Placement Agent’s Warrants**”). The Placement Agent’s Warrants will expire on May 1, 2027. Each Placement Agent’s Warrant will be exercisable for one Common Share at a price of CA\$0.4425.

The Company intends to use the net proceeds from this offering for general corporate purposes, including to fund its capabilities to meet demand for its new products including growth initiatives and/or for working capital requirements including the continuing development and marketing of the Company’s core products, potential acquisitions and research and development.

This Prospectus Supplement was filed pursuant to (i) accompanying short form base shelf prospectus dated June 30, 2023 to which it relates, as amended or supplemented filed in the provinces of British Columbia, Saskatchewan and Ontario, and (ii) a short form base shelf prospectus filed as part of the Company’s registration statement on Form F-10 (File No. 333-271498) (as amended, the “**U.S. Registration Statement**”) filed with and declared effective by the U.S. Securities and Exchange Commission (the, “**SEC**”) on July 5, 2023, under the United States Securities Act of 1933, as amended. A final prospectus supplement and accompanying prospectus describing the terms of the proposed offering was filed with the SEC on May 1, 2024, and is available on the SEC’s website located at <http://www.sec.gov>.

There was no offering of the Units or Pre-Funded Units by the Placement Agent in Canada.

Pursuant to a prior underwritten public offering of the Company in the United States, the Company issued 6,400,000 **October Warrants** with each October Warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of US\$0.6123, subject to adjustment, until October 30, 2028. In connection with the closing of the Offering, the Company and the holder of the October Warrants entered into an amendment agreement, whereby the exercise price of the October Warrants was reduced to US\$0.259, the cashless exercise procedure of the October Warrants was removed, and the functional currency of the October Warrants was converted to Canadian dollars.

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
Tel: 1.800.979.9794

Item 9 Date of Report

May 3, 2024

Forward-Looking Statements

Certain statements contained in this material change report may constitute "forward-looking statements" or "forward looking information" within the meaning of applicable securities laws. Such statements, based as they are on the current expectations of management, inherently involve numerous important risks, uncertainties and assumptions, known and unknown. In this material change report, such forward-looking statements include statements regarding the anticipated use of proceeds from the offering. Actual future events may differ from the anticipated events expressed in such forward-looking statements. Draganfly believes that expectations represented by forward-looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. The reader should not place undue reliance, if any, on any forward looking statements included in this material change report. These forward-looking statements speak only as of the date made, and Draganfly is under no obligation and disavows any intention to update publicly or revise such statements as a result of any new information, future event, circumstances or otherwise, unless required by applicable securities laws.