

PFORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

August 20, 2024, August 21, 2024, August 23, 2024 and August 30, 2024

Item 3 News Release

News releases disclosing the material changes were disseminated through the Globe Newswire on August 20, 2024, August 21, 2024, August 23, 2024 and August 30, 2024 and filed under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Item 4 Summary of Material Change

Consolidation

On August 23, 2024, the Company announced that the board of directors of the Company (the “**Board**”) had approved the consolidation of its issued and outstanding common shares (“**Common Shares**”) on the basis of one post-consolidated Common Share for every 25 pre-consolidated Common Shares (the “**Consolidation**”). On August 30, 2024, the Company announced the Consolidation is expected to take effect on, and the Common Shares are expected to trade on a post-consolidated basis, at market open on September 5, 2024 (the “**Effective Date**”).

Offering

On August 20, 2024, the Company announced an offering in the United States of 16,666,666 units of the Company at a price of US\$0.12 per unit (the “**Units**”) for gross proceeds of approximately US\$2,000,000 (the “**Offering**”).

On August 21, the Company announced:

- (a) it had completed its previously announced Offering; and
- (b) in connection with the Offering, 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, Saskatchewan and Ontario and with the U.S. Securities and Exchange Commission (“**SEC**”) in the United States (the “**Prospectus Supplement**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Consolidation

On August 23, 2024, the Company announced that the board of directors of the Company (the “**Board**”) had approved the consolidation of its issued and outstanding common shares (“**Common Shares**”) on the basis of one post-consolidated Common Share for every 25 pre-consolidated

Common Shares (the “**Consolidation**”). On August 30, 2024, the Company announced the Consolidation is expected to take effect on, and the Common Shares are expected to trade on a post-consolidated basis, at market open on September 5, 2024 (the “**Effective Date**”).

Upon completion of the Consolidation, the CUSIP and ISIN of the Common Shares will be changed to 26142Q304 and CA26142Q3044 respectively. The Company’s name and stock symbols will remain unchanged upon completion of the Consolidation. After giving effect to the Consolidation, the Common Shares will be reduced from 87,166,435 to 3,486,658 Common Shares. No fractional Common Shares will be issued pursuant to the Consolidation and any fractional shares that would otherwise be issued will be rounded up to the nearest whole number. The exercise price and/or conversion price and number of Common Shares issuable under any of the Company’s outstanding convertible securities will be proportionately adjusted in connection with the Consolidation.

Offering

On August 21, 2024, the Company announced it had completed its previously announced Offering and issued 16,666,666 Units at a price of US\$0.12 per Unit, for gross proceeds to the Company of approximately US\$2,000,000, before deducting underwriting discounts and other Offering expenses.

Each Unit consisted of: (i) one common share in the capital of the Company (each a “**Common Share**”) or one pre-funded warrants to purchase one Common Share in lieu thereof; and (ii) one common share purchase warrant in the capital of the Company (each a “**Common Warrant**”), with each whole Common Warrant entitling the holder thereof to purchase one Common Share at the exercise price of US\$0.15 (CA\$0.2048) per Common Share for a period of five years following the date of issuance.

Maxim Group LLC acted as sole book-running manager for the Offering.

Draganfly intends to use the net proceeds from the 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.

The Offering was made pursuant to an effective shelf registration statement on Form F-10, as amended, (File No. 333-271498) previously filed with and subsequently declared effective by the SEC on July 5, 2023 and the Company’s Canadian short form base shelf prospectus dated June 30, 2023 (the “**Base Shelf Prospectus**”). Draganfly offered and sold the securities in the United States only. No securities were offered or sold to Canadian purchasers.

On August 21, 2024, the Company also announced that it had filed the Prospectus Supplement in connection with the Offering, with each of the provinces of British Columbia, Saskatchewan and Ontario and with the SEC in the United States.

The Prospectus Supplement and accompanying Base Shelf Prospectus relating to the Offering and describing the terms thereof have been filed with the applicable securities commissions in each of the Canadian provinces of British Columbia, Saskatchewan and Ontario and with the SEC in the United States, and copies are available for free by visiting the Company’s profiles on the SEDAR+ website at www.sedarplus.ca or the SEC’s website at www.sec.gov, as applicable.

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

August 30, 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, but are not limited to, statements regarding the intended use of proceeds, the consolidation, including the timing and effect thereof. 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. Investors are cautioned not to unduly rely on these forward-looking statements and are encouraged to read the offering documents, as well as Draganfly's continuous disclosure documents, including its current annual information form, as well as its audited annual consolidated financial statements which are available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov/edgar.