

DRAGANFLY INC.

INSIDER TRADING POLICY

PURPOSE

Draganfly Inc. is committed to compliance with the laws, rules and regulations by which we are governed, including all applicable Canadian, U.S. and other securities laws and regulations, and we take insider trading very seriously. In the course of performing your duties and responsibilities for Draganfly, you may at times have information about us that is not generally available to the public. Because of your relationship with us, applicable Canadian, U.S. and other securities laws and regulations prohibit you from trading in our securities if you are aware of material non-public information about Draganfly, or from providing material non-public information to others who may trade our securities on the basis of that information.

We have therefore established this Insider Trading Policy (this “**Policy**”) to provide guidance and assistance to our directors, officers, employees and other individuals in complying with applicable prohibitions on insider trading and other related activities. In this Policy, Draganfly Inc. and our subsidiaries, affiliates and joint ventures, wherever located, are referred to as “**Draganfly**,” “**we**,” “**our**” or “**us**.”

ADMINISTRATION

The **Chief Financial Officer (the “CFO”) at Draganfly** is responsible for the administration of this Policy.

Dissemination

A copy of this Policy will be made available to all Draganfly personnel.

What are Draganfly “Securities?”

Our “**securities**” include Draganfly’s common shares, options to purchase common shares, restricted share units or any other type of securities that we may issue, including, but not limited to, preferred shares, bonds, notes, debentures, convertible instruments and warrants, as well as derivative securities that are not issued by Draganfly (which could include exchange traded put or call options or swaps relating to our securities).

APPLICATION

This Policy applies to all of our directors, officers and employees. Additionally, this Policy applies indirectly to any family member and any other person who has a relationship with you (legal, personal or otherwise) that might reasonably result in that person’s transactions being attributable to you, including any legal entities that are influenced or controlled by you, such as any corporations, partnerships or trusts.

For the purposes of this Policy your “**family members**” include a spouse, partner or relative (i) who resides in the same household as you, (ii) is financially dependent on you, or (iii) whose transactions in our securities are directed by you or are subject to your influence or control

(such as parents or children who consult with you before they enter into a transaction involving our securities); and

In this Policy, when we refer to “**you**” or “**your**”, we are also referring to and including your family members and entities described above.

You are responsible for ensuring that you comply with this Policy at all times, and you are personally responsible for the actions of your family members or other persons with whom you have a relationship who are subject to this Policy. If you or they violate this Policy, then we may take disciplinary action against you, up to and including dismissal.

Attestation

When your employment or association with Draganfly begins, you must sign an acknowledgement form confirming that you have read and understand this Policy and agree to abide by its provisions. You may be asked to make similar acknowledgements on a periodic basis.

Failure to read or understand this Policy or sign any acknowledgement form or participate in training does not excuse you from compliance with this Policy.

Questions and Guidance

If you have any questions regarding this Policy or need guidance, including its application to any proposed transaction, please raise the matter in a timely way with the **[CFO]**.

MATERIAL NON-PUBLIC INFORMATION AND TIPPING

Prohibited Disclosure or Tipping

You are prohibited by law from disclosing material non-public information about Pan American to third parties (otherwise known as “**tipping**”) before its public disclosure and dissemination by Draganfly. Therefore, you should exercise care when speaking with other Draganfly personnel who do not have a “need to know” such information and when communicating with family, friends and others who are not associated with us, even if they are also subject to this Policy. You should also avoid discussing non-public Draganfly business, especially material non-public information, in public areas or around persons who are not Draganfly employees. To avoid even the appearance of impropriety, please refrain from discussing our business or prospects or making recommendations about buying or selling our securities or the securities of other companies with which we have a relationship. This concept of unlawful tipping includes passing on information to friends, family members or acquaintances under circumstances that suggest that you were trying to help them make a profit or avoid a loss.

In an effort to prevent unauthorized disclosure of our information, you are also prohibited from posting or responding to any posting on or in Internet message boards, chat rooms, discussion groups, or other publicly accessible forums, with respect to us. If you are concerned about information or discussions that you become aware of on those forums, please advise the **[CFO]**.

In certain limited circumstances, disclosure of material non-public information in the necessary course of business may be permitted, however prior approval must be obtained from the **[CFO]** before doing so.

What is “Material Information?”

In all cases, you are responsible for determining whether or not information that is in your possession from time to time is considered material information under applicable securities laws. In this Policy, “**material information**” is any information that: i) a reasonable investor would consider important in a decision to buy, hold or sell Draganfly securities, or that affects, or ii) would reasonably be expected to affect, the market price or value of Draganfly’s securities (or, in the case of information about another company, such other company’s securities), whether it is positive or negative.

Material information includes both material facts and material changes. A “**material fact**” is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of our securities. A “**material change**” is a change in our business, operations or capital that would reasonably be expected to have a significant effect on the market price or value of our securities. The decision to implement such a change may itself be a material change if the decision is made by a director or senior officer that believes that our Board of Directors (the “**Board**”) will likely confirm the decision.

There is no “bright-line” test or other “one-size-fits-all” standard for assessing materiality. Rather, materiality is based on an assessment of all of the facts and circumstances, and it is often evaluated by enforcement authorities with the benefit of hindsight. However, we have listed some examples of material information in Schedule A. This list is not exhaustive, and you should exercise your own judgment in determining whether information in your possession is material.

When is Information “Non-Public?”

Information is considered to be “non-public” until certain conditions have been satisfied. With respect to trading in securities, in order for information to be considered to have been adequately disclosed to the public, it is necessary to:

- (a) disseminate the information widely; and
- (b) afford the investing public with sufficient time to absorb the information.

Information generally would be considered widely disseminated if it has been disclosed through newswire services, typically by press release, or if it is contained in our disclosure in documents filed with the Canadian Securities Administrators at www.sedar.com. By contrast, information would not be considered widely disseminated if it is available only to our employees or if it is only available to a select group of advisors, analysts, brokers and institutional investors. Although determining an adequate amount of time for the investing public to absorb the information is somewhat subjective, we consider three full trading days to be the minimum appropriate time period.

TRADING IN DRAGANFLY'S SECURITIES

Allowable Trading

You are allowed to trade our securities (buy or sell common shares or exercise options to buy common shares or other), at your discretion, provided that:

- you are not restricted by a Blackout Period (see below)
- you are not in possession of material non-public information
- you are not engaging in Prohibited Trading (see below)

You are encouraged to check with our **[CFO]** if you are unsure whether or not there are any restrictions on your ability to trade.

Required Reporting of Trading Activity

If you are a Director or Executive Officer of the Company or a deemed insider of Draganfly, you must file an "Insider Trading Report" within the time frame specified by the Securities laws. To help facilitate this process, our **[Corporate Coordinator]** will file these reports on the System of Electronic Disclosure by Insiders ("SEDI") on your behalf. If you are not certain of your status as an Insider, please contact our **[CFO]** who will be able to provide guidance in this respect.

Immediately after completing your trade, please inform Draganfly's **[Corporate Coordinator]** by phone or e-mail (☎ or ✉) of the details of your trade, including the number of securities traded (bought or sold), the type of securities traded, the type of transaction (simple buy or sell or exercise of options) and the date the trade was completed. The Corporate Coordinator will file the details on **SEDI** and will confirm with you that your filing has been completed.

Prohibited Trading

You are prohibited from entering into any transaction involving our securities (for example, buying or selling, whether or not done directly or indirectly through family members or other entities), or recommending to others that they transact in our securities, while in possession of material non-public information. This Policy applies both to securities purchases (to make a profit based on good news) and securities sales (to avoid a loss based on bad news), regardless of how or from whom the material non-public information was obtained.

If you are in possession of material non-public information, you may only enter into a transaction involving our securities after the passing of two full trading days of the Canadian Securities Exchange (the "CSE") from the time that the official announcement disclosing the material information was widely disseminated so that the public has had the opportunity to evaluate it. Keep in mind that insider trading is not made permissible merely because material information is reflected in rumors or other unofficial statements in the press or marketplace. The foregoing time restriction on transactions involving our securities has been established to prevent attempts to "beat the market" by trading simultaneously with, or shortly after, the official release of material non-public information.

There are no exceptions to the prohibitions described in this Policy, including for reasons such as the need to raise money for an emergency expenditure or because it is a small transaction.

Applicable securities laws do not recognize any mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct. This means that you may have to forego a proposed transaction in our or another company's securities even if you planned to make the transaction before learning the material non-public information and even though you believe that waiting may cause you to suffer an economic loss or not realize anticipated profit.

Blackout Periods

Draganfly may from time to time designate certain no-trading periods of time known as "**Blackout Periods**", which may apply generally throughout the Company or only to specific individuals. Even if no Blackout Period is in effect, keep in mind that you may not enter into any transaction involving our securities or those of another publicly-traded company if you are aware of material non-public information about us or such other company, respectively.

Blackout Periods may be established in a variety of circumstances, but in particular: (a) regularly in connection with our financial reporting obligations, and which generally include a blackout of all directors and employees (the "**Financial Blackout Period**"), and (b) on an ad hoc basis for certain "designated persons" who have access to sensitive information concerning Draganfly, often including personnel who work in the accounting and finance, investor relations, business development, and legal areas, our board of directors, and persons who work closely with our senior executive officers (the "**Designated Person Blackout Period**").

Financial Blackout Periods will begin on the 14th day before the scheduled date of the Board of Directors meeting to approve such financial results for the applicable fiscal quarter or fiscal year end (not including such meeting date), and continue until the end of the second full trading day on the CSE following the public dissemination of our financial results. During Financial Blackout Periods, each of you, your family members and any entities controlled by you are prohibited from entering into any transaction involving securities of Draganfly.

Designated Person Blackout Periods may arise from time to time in connection with material non-public matters affecting, or that may affect, Draganfly, such as proposed transactions, pending government approvals or corporate changes. If we determine that a Designated Person Blackout Period is required, our **[CFO]** will send such designated persons a confidential communication informing them of the applicable Designated Person Blackout Period. Unless the communication states otherwise, you are not permitted to enter into any transaction involving our securities from the time that you receive the communication until you are advised otherwise by us through further written notice. You are also not permitted to inform anyone that is not subject to this Policy that a special blackout period is in effect, and you should not otherwise discuss the blackout with anyone who is not also subject to the same Designated Person Blackout. In addition to the possibilities of tipping, insider trading and other securities laws issues, the failure to adhere to this Policy could have negative impacts on Draganfly such as the potential loss of the proposed transaction, loss of market confidence in our stock and potential lawsuits from shareholders.

TRADING IN SECURITIES OF OTHER COMPANIES

If, in the course of working for Draganfly, you learn any material non-public information about another company (including a customer or supplier of Draganfly), you are prohibited by law from buying or selling that company's securities, or recommending to others that they buy or sell that

company's securities, until the information becomes public or is no longer material. You must always treat this information as confidential and with the same care required with respect to information relating directly to Draganfly.

PROHIBITED AND LIMITED TRANSACTIONS

Certain types of trading in our securities increase our exposure to legal risks and may create the appearance of improper or inappropriate conduct. In addition, certain of these transactions may cause your individual interests not to align with our goal of delivering value to our shareholders. Therefore, the following types of transactions involving Draganfly securities are prohibited or discouraged, even if you do not possess material non-public information.

PROHIBITED TRADING

Any transaction solely designed to economically benefit you if Draganfly's stock decreases in value is prohibited. We want to ensure that you are aligned with our long-term objectives, which focus on improving our company and delivering value to shareholders.

Short sales of securities. Short sales of securities are transactions where you borrow securities, sell them, and then buy securities at a later date to replace the borrowed securities. Short sales evidence an expectation on the part of the seller that the securities will decline in value and therefore have the potential to signal to the market that the seller lacks confidence in our prospects, creating selling pressure and fostering a volatile trading market. In addition, short sales may reduce a seller's incentive to seek to improve our performance. Short sales are prohibited by this Policy.

STRONGLY DISCOURAGED TRADING

We strongly discourage you from entering into trades involving our securities that focus on and benefit from Draganfly's short term share price at the expense of our long-term objectives. The transactions described below suggest that the investor is not interested in the fundamental or intrinsic value of Draganfly shares, but rather in price trends and patterns. The lack of alignment with the long-term objectives of Draganfly is particularly harmful when the right to vote is separated from one's economic interest in our shares, often referred to as "empty voting". Transactions including hedging or margin accounts can lead to empty voting situations. Furthermore, certain transactions identified below, such as transactions including options, have a relatively short term and may create the appearance that the transaction involving our securities is based on material non-public information. The following types of transactions are strongly discouraged.

Put and call options: A "put" is an option or right to sell specific shares at a specific price before a set date, and a "call" is an option or right to buy specific shares at a specific price before a set date. Generally, call options are purchased when one believes that the price of a share will rise, whereas put options are purchased when one believes that the price of a share will fall.

Short-term trading: Short-term or "swing" trading is when investors try to take advantage of short term price momentum and generally trade within one to four days.

Hedging transactions: Hedging or monetization transactions can be accomplished through the use of various financial instruments, including but not limited to prepaid variable forwards, equity swaps, collars and exchange funds.

No director or officer of Draganfly is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of any Draganfly securities granted as compensation or held, directly or indirectly, by such director or executive officer.

TERMINATION OF EMPLOYMENT OR ENGAGEMENT

If you are in possession of material non-public information at the time of termination, you may not enter into a transaction involving our securities until that information is no longer considered non-public or is no longer material. Draganfly also discourages you from entering into any of the types of transactions described under the section titled “Prohibited and Limited Transactions” for at least a short period of time following the termination of your employment as these could still create negative perceptions in the market for us.

VIOLATIONS

Any violation of this Policy could subject you, Draganfly and Draganfly’s management and Board of Directors to criminal and civil penalties, including possible fines and imprisonment, civil actions for damages, and administrative sanctions such as cease trade orders. You may also create the potential for loss of market confidence, failure of proposed transactions, and damage to the reputation of Draganfly, among other things. We take our obligations under applicable securities laws and stock exchange rules very seriously and require the same from you.

Violations of this Policy could lead to disciplinary actions, up to and including dismissal. We may also report the matter to the appropriate regulatory authorities.

REPORTING VIOLATIONS

You should be alert and sensitive to situations that could result in actions that might violate any laws, rules or regulations or the standards of conduct set out in this Policy. If you believe your own conduct or that of a fellow employee may have violated this Policy or any laws, rules or regulations, including but not limited to prohibited transactions involving our securities or disclosure of material non-public information, or that such a violation will occur, you should report the matter to the **[CFO]**, in as much detail as possible, to facilitate an appropriate investigation and response.

We will not tolerate any act of reprisal or retaliation against a person for reporting in good faith any suspected violations of this Policy or applicable securities laws. While we encourage all individuals to identify themselves to facilitate investigation of complaints, it is not required that you do so and you may report a suspected violation of this Policy anonymously. The **[CFO]** will report suspected violations of this Policy to Draganfly’s **[Audit]** Committee, such Committee having been granted all necessary authority to investigate and determine appropriate action in response to a report.

Adopted by the Board: ●, 2019

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SCHEDULE A
EXAMPLES OF POSSIBLE MATERIAL INFORMATION

Changes in Corporate Structure

- changes in share ownership that may affect control of Draganfly
- changes or proposed changes in corporate structure, such as tender offers, take-over bids, pending or proposed reorganizations, amalgamations, mergers, issuer bids or insider bids
- receipt of any shareholder proposal in which such shareholder intends to appoint their own Board nominees (e.g., a proxy battle)
- a pending or proposed acquisition or disposition of material assets, property or joint venture interests

Changes in Capital Structure and Securities Matters

- proposed public offering of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation or share exchange
- any significant change in dividend policy or the declaration of a stock split
- material modifications to the rights of security holders
- the imposition of a ban on transactions involving our securities or the securities of another company

Changes in Financial Results

- projections of future earnings or losses, or other earnings guidance
- a significant increase or decrease in near-term earnings prospects
- significant changes to previously announced earnings guidance, or the decision to suspend earnings guidance
- shifts in financial circumstances, such as significant cash flow reductions, major asset write-offs or write-downs
- material or significant changes in the value or composition of Draganfly's assets
- any material change in Draganfly's accounting policies
- any material change in our pricing or cost structure
- any notice that reliance on a prior audit is no longer permissible

- a change in our audit firm

Changes in Business and Operations

- any development that significantly affects Draganfly's royalty or metal stream interests, products or markets
- a significant change in corporate objectives
- major labour disputes or disputes with major contractors at any of the operations where we hold an royalty or metal stream interest
- significant new contracts, or significant losses of contracts or business
- changes to the Board or executive management, including the departure of Draganfly's chairman, chief executive officer, or chief financial officer (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors and other key employees
- eminent de-listing of Draganfly's securities or their movement from one quotation system or exchange to another

Changes in Credit Arrangements

- impending bankruptcy or the existence of severe liquidity problems
- mortgaging or encumbering of Draganfly's assets
- defaults under debt obligations, agreements to restructure debt or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements