



NOTICES OF SPECIAL MEETINGS
and
JOINT MANAGEMENT INFORMATION CIRCULAR
of
DRONE DELIVERY CANADA CORP. AND VOLATUS AEROSPACE CORP.
with respect to, among other things, the proposed
PLAN OF ARRANGEMENT
involving
DRONE DELIVERY CANADA CORP. AND VOLATUS AEROSPACE CORP.
and
NOTICES OF GENERAL MEETING
and
MANAGEMENT INFORMATION CIRCULARS
of
DRONE DELIVERY CANADA CORP. AND VOLATUS AEROSPACE CORP.
JULY 12, 2024

This document is important and requires your immediate attention. It requires shareholders of Drone Delivery Canada Corp. and Volatus Aerospace Corp. to make important decisions. If you are in any doubt as to how to deal with the matters referenced herein, you should consult with your investment dealer, broker, lawyer or other professional advisor. This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. No securities regulatory authority in Canada, the United States or elsewhere has expressed an opinion about, or passed upon the fairness or merits of, the transactions described in this document, the securities being offered pursuant to such transactions or the adequacy of the information contained in this document and it is a criminal offense to claim otherwise. Shareholders of Drone Delivery Canada Corp. may contact Drone Delivery Canada Corp.'s proxy solicitation agent, Carson Proxy:

Carson Proxy
North American Toll-Free Number: 1-800-530-5189
Local and Text: 416-751-2066
Email: info@carsonproxy.com



Dear DDC Shareholders:

July 12, 2024

On May 20, 2024, Drone Delivery Canada Corp. ("**DDC**") and Volatus Aerospace Corp. ("**Volatus**") entered into a definitive business combination agreement (the "**Business Combination Agreement**") to combine the companies in a merger of equals transaction (the "**Merger**"), with the combined company to continue under the name "Volatus Aerospace Corp.". Pursuant to the Merger, holders of common shares in the capital of Volatus ("**Volatus Shares**") will receive 1.785 common voting shares (the "**Exchange Ratio**") in the capital of DDC ("**DDC Common Shares**") for each Volatus Share held by such shareholder (the "**Consideration**") by way of a proposed plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the "**Volatus Arrangement**"), in an all-equity business combination transaction (the "**Transaction**").

In connection with the Transaction, you are invited to attend the special and annual general meeting of the holders (the "**DDC Shareholders**") of DDC Common Shares and variable voting shares in the capital of DDC ("**DDC Variable Voting Shares**"), and together with the DDC Common Shares, the "**DDC Shares**") to be held in-person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time) (the "**DDC Meeting**"). Only DDC Shareholders who attend the DDC Meeting in person or who have duly submitted proxies prior to 1:00 p.m. (Toronto time) on the date that is two business days (excluding Saturdays, Sundays and holidays) prior to the DDC Meeting (or any adjournment or postponement thereof) will have their votes counted at the DDC Meeting.

At the DDC Meeting, DDC Shareholders will be asked to consider, and if deemed appropriate, pass an ordinary resolution approving the issuance of DDC Common Shares in connection with the Transaction (the "**DDC Transaction Resolution**") and consider, and if deemed appropriate, pass the DDC AGM Resolutions (as defined below).

Under the Transaction, which the board of directors of both DDC and Volatus have approved, the combined company (the "**Combined Company**") will be led by a board of directors and management team of experienced drone technology industry and business leaders, bringing together the cultures, strengths and capabilities of both companies. By joining forces, DDC and Volatus plan to immediately begin commercialization efforts, which is intended to enhance shareholder value by forging a robust, financially sound enterprise focused on immediate and long-term revenue with a clear path to sustainable growth and market leadership. The board of directors of DDC (the "**DDC Board**") believes the Transaction will be beneficial to the DDC Shareholders, the holders of Volatus Shares (the "**Volatus Shareholders**") and other securityholders, customers, partners and stakeholders of each of DDC and Volatus. Upon completion of the Transaction, the Combined Company is anticipated to be able to realize certain synergies and operational efficiencies and increase its total opportunity in the drone (particularly the beyond visual line of sight segment) and cargo markets.

Under the terms of the Business Combination Agreement, if the Transaction becomes effective:

- the Volatus Shareholders (other than dissenting Volatus Shareholders) will receive the Consideration;
- each outstanding option to acquire Volatus Shares (each a "**Volatus Option**") granted under the stock option plan of Volatus (the "**Volatus Option Plan**") shall be deemed to be exchanged for an option of DDC (each a "**New DDC Option**") to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent;
- each holder of outstanding Volatus common share purchase warrants ("**Volatus Warrants**") will be entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to 12:01

a.m. (Toronto time) on the date upon which the Volatus Arrangement becomes effective (the "**Effective Time**"), such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms;

- each outstanding convertible debenture of Volatus (each a "**Volatus Debenture**") will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places; and
- all Class A preferred shares in the capital of Volatus shall remain outstanding and unaffected by the Volatus Arrangement.

Conditions to the Transaction

The Transaction is subject to certain conditions, including the approval by the DDC Shareholders of the DDC Transaction Resolution, the approval by Volatus Shareholders of a special resolution approving the Volatus Arrangement (the "**Volatus Arrangement Resolution**"), the approval of the Ontario Superior Court of Justice (Commercial List) and the approval of the TSX Venture Exchange (the "**TSXV**").

Specifically, DDC requisite shareholder approval will be at least a simple majority of the votes cast by DDC Shareholders on the DDC Transaction Resolution. Volatus requisite shareholder approval will be 66⅔% of the votes cast on the Volatus Arrangement Resolution.

DDC Shareholder Vote

DDC Shareholders are not required to approve the Transaction itself. However, they are required, pursuant to the rules of the TSXV, to approve the issuance of all DDC Common Shares to be issued and made issuable pursuant to the Transaction. The DDC Transaction Resolution must be approved by a majority of the votes cast by the DDC Shareholders present in person or represented by proxy at the DDC Meeting. If the DDC Transaction Resolution is not approved at the DDC Meeting, the Transaction may not be completed on the terms expected or at all.

Pursuant to DDC's Articles (as defined below), Canadians hold DDC Common Shares and non-Canadians hold DDC Variable Voting Shares. See "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*" in the accompanying joint management information circular of DDC and Volatus (the "**Information Circular**").

The directors and certain executive officers of each of DDC and Volatus have entered into customary voting and support agreements and have agreed to, among other things and subject to certain rights of withdrawal, vote their securities in favour of the DDC Transaction Resolution and the Volatus Arrangement Resolution, as applicable.

Fairness Opinion

The DDC Board formed a special committee of independent directors (the "**DDC Special Committee**") to consider the Transaction and subsequently supervise and negotiate the Business Combination Agreement. National Bank Financial Inc. ("**National Bank**") acted as financial advisor to DDC and provided the DDC Special Committee and DDC Board with its opinion (the "**DDC Fairness Opinion**") to the effect that, as of May 20, 2024, based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be paid by DDC to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC. The full text of the written opinion of National Bank setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the DDC Fairness Opinion is contained in Schedule D to the accompanying Information Circular. National Bank provided its opinion solely for the information and assistance of the DDC Special Committee and the DDC Board in connection with its consideration of the Transaction. The DDC

Fairness Opinion is not a recommendation as to how any DDC Shareholder should vote with respect to the DDC Transaction Resolution, or any other matter. The DDC Fairness Opinion was one of a number of factors taken into consideration by the DDC Board in making its determination that the Transaction is fair to DDC.

DDC Board Recommendation

The DDC Board has reviewed the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby. After careful consideration of, among other things, the recommendation of the DDC Special Committee, the advice of legal and financial advisors, and such other matters as it considered relevant, the DDC Board has determined that the Transaction is in the best interests of DDC and that the Transaction is fair to the DDC Shareholders. **Accordingly, the DDC Board unanimously recommends that DDC Shareholders vote FOR the DDC Transaction Resolution**, the full text of which is set forth in Schedule A to the Information Circular.

In reviewing the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby, and in determining that the Transaction is in the best interest of DDC and is fair to DDC, the DDC Board considered a number of factors, including, among others, the following:

- **Cost Synergies & Operational Efficiencies.** Multi-channel marketing and a shared services model will allow the Combined Company to yield significant cost and operational synergies relating to shared services across customer acquisition strategies, marketing and branding, research and development, commercialization of proprietary drone technologies, financial reporting consolidation, compliance, legal, development and technology operational shared best practices.
- **Scale and Immediate Path to Profitability.** The Combined Company's scale, operational synergies and efficiencies is expected to assist with achieving a path to profitability.
- **Market Expansion Opportunities.** The Combined Company is expected to provide shareholders with exposure to DDC's advanced operational and proprietary cargo drone technology and remote operating capabilities combined with Volatus' existing drone service offerings. Entering into new end markets, including the emerging cargo drone sector, is expected to have significant long-term upside for the Combined Company.
- **Track Record of Revenue Generation.** Combined fiscal year 2023 revenues among DDC and Volatus totalling approximately \$36.1 million.
- **Commercialization of Proprietary Technologies.** The revenue profile of the Combined Company is anticipated to provide long-term growth potential for the Combined Company's portfolio of proprietary technology and enhance its ability to realize value from DDC's existing proprietary drone technology. The Combined Company is expected to leverage Volatus' management team's strong commercial expertise to ensure optimal commercialization of DDC's technology portfolio.
- **Global Expansion Opportunities.** The Combined Company, with its shared decades of technology and aviation experience as well as strong financial and operating metrics, is expected to have a leading presence globally as a diversified technology and service leader to drive both short- and long-term growth opportunities in existing and new markets. Enhanced geographic diversification is expected to provide market expansion opportunities for the Combined Company.
- **Insider Support.** Directors and certain officers of DDC have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their DDC Shares in favour of the DDC Transaction Resolution.
- **Increased Public Float and Liquidity.** DDC Shareholders and Volatus Shareholders are expected to experience greater liquidity by participating in the Combined Company with a more widely-held shareholder base.

- **Fairness Opinion.** National Bank has provided an opinion to the DDC Special Committee and the DDC Board, a copy of which is attached as Schedule D to the Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the Consideration to be paid by DDC pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC.
- **Arm's-Length Negotiations.** The terms of the Business Combination Agreement and the Transaction are the result of a comprehensive arm's-length negotiation process, undertaken with the oversight and participation of DDC's legal counsel and financial advisor. The DDC Special Committee took an active role in overseeing and providing guidance and instructions to management and legal counsel and financial advisor in respect of the strategic review process and negotiations concerning the Transaction. The terms of the Business Combination Agreement treat all DDC Shareholders and Volatus Shareholders equitably and fairly.
- **Ability to Accept a Superior Proposal.** The Business Combination Agreement permits the DDC Board in the exercise of its fiduciary duties to respond prior to the DDC Meeting to certain unsolicited Acquisition Proposals (as defined in the accompanying Information Circular) that are more favourable, from a financial point of view, to the DDC Shareholders than the Transaction. The Business Combination Agreement provides that, notwithstanding the non-solicitation covenants contained in the Business Combination Agreement, if the DDC Board receives an unsolicited Acquisition Proposal that did not result from a breach of DDC's non-solicitation covenants and the DDC Board determines in good faith after consultation with its financial advisors and outside legal counsel is or would reasonably be expected to constitute a Superior Proposal (as defined in the accompanying Information Circular), then DDC may enter into discussions or negotiations or otherwise assist the person making such Acquisition Proposal, provided the requirements of the Business Combination Agreement are met, and the DDC Board retains the ability to consider and respond to the Superior Proposal prior to the DDC Meeting on the specific terms and conditions set forth in the Business Combination Agreement, including the payment of the Termination Fee (as defined in the accompanying Information Circular) to Volatus, if a Superior Proposal is accepted.
- **Shareholder Approval Required.** The Transaction must be approved by the affirmative vote of a simple majority of the votes cast by DDC Shareholders present in person or represented by proxy at the DDC Meeting and entitled to vote thereat.
- **Financial, Legal and Other Advice.** Extensive financial, legal and other advice was provided to the DDC Special Committee and the DDC Board. This advice included detailed financial advice from highly qualified and experienced financial advisors as to the potential value that might have resulted from other strategic alternatives reasonably available to DDC.
- **Ability to Close.** Each of DDC and Volatus believe that DDC and Volatus are committed to completing the Transaction and have a proven track record of completing deals, and anticipate that each of DDC and Volatus will be able to complete the Transaction, in accordance with the terms of the Business Combination Agreement, within a reasonable time and in any event prior to August 30, 2024, or such later date as may be agreed to in writing by DDC and Volatus.

Annual General Meeting

In addition to the DDC Transaction Resolution, the DDC Meeting will also be held for the following purposes:

1. to receive and consider the audited financial statements of DDC together with the auditor's report thereon for the year ended December 31, 2023, and December 31, 2022;
2. to appoint the independent auditor of DDC for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor (the "**DDC Auditor Resolution**");
3. to set the number of directors to hold office for the ensuing year at four (4) and, subject to and conditional on completion of the Transaction, to set the number of directors of the Combined

Company at five (5) for the ensuing year, as more particularly described in the attached Information Circular;

4. to elect directors to hold office for the ensuing year and, subject to and conditional on the completion of Transaction, to elect directors for the Combined Company for the ensuing year, as more particularly described in the attached Information Circular,

(collectively, paragraphs 3 and 4 above being the "**DDC Director Appointment Resolution**");

5. to approve and confirm the stock option plan of DDC (the "**DDC Stock Option Plan Resolution**");
6. to approve and confirm the equity incentive plan of DDC, subject to and conditional on the completion of Transaction (the "**DDC Equity Incentive Plan Resolution**");
7. to consider and, if deemed appropriate, pass, with or without variation, a special resolution approving the alteration to the amended and restated articles of DDC (the "**DDC Articles**") to change the quorum for the transaction of business at meetings of DDC Shareholders (the "**DDC Articles Resolution**"); and

(collectively, the DDC Auditor Resolution, the DDC Director Appointment Resolution, the DDC Stock Option Plan Resolution, the DDC Equity Incentive Plan Resolution and the DDC Articles Resolution are referred to as the "**DDC AGM Resolutions**")

8. to transact such further or other business as may properly come before the DDC Meeting and any adjournments thereof.

The DDC Board unanimously recommends that DDC Shareholders vote FOR each of the DDC AGM Resolutions.

General

Accompanying this letter, among other things, is the notice of meeting (the "**DDC Notice of Meeting**"), the Information Circular (or details how to access the Information Circular in accordance with "notice-and-access" provisions), and the form of proxy or voting instruction form, as applicable, in connection with the Transaction and the DDC Meeting (the "**DDC Meeting Materials**"). The Information Circular contains a detailed description of the Transaction and the matters to be considered at the DDC Meeting, as well as detailed information regarding DDC and Volatus and certain *pro forma* financial information regarding the Combined Company after giving effect to the Transaction. It also includes certain risk factors relating to the completion of the Transaction and the expected benefits related thereto.

Whether or not you are able to attend, we encourage you to ensure that your shares are voted at the DDC Meeting. Your vote is important. If you do not plan to attend, your voice can still be heard by completing and returning your form of proxy or voting instruction form, as applicable, in accordance with the instructions therein. For further details, see "*Information Concerning the DDC Meeting*" in the accompanying Information Circular.

If you are a non-registered DDC Shareholder and have received these DDC Meeting Materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your DDC Shares not being eligible to be voted at the DDC Meeting. See "*Information for Beneficial Holders*" in the accompanying Information Circular.

The DDC Meeting will be held in person and DDC Shareholders who choose to attend the DDC Meeting will do so attending the address set forth in the DDC Notice of Meeting.

This information is important, and you are urged to read this information carefully and, if you require assistance, to consult your financial, legal, tax and other professional advisors.

If the DDC Shareholders and Volatus Shareholders each approve of their respective resolutions in respect of the Transaction, it is anticipated that the Transaction will be completed shortly following the date of the DDC Meeting, subject to obtaining all necessary approvals (see "*Conditions to the Transaction*" above).

On behalf of DDC, I would like to thank you for your continuing support.

Yours very truly,

"Steve Magirias"

Steve Magirias
Chief Executive Officer

If you have any questions or need assistance in your consideration of the Volatus Arrangement or with the completion and delivery of your proxy, please contact DDC's proxy solicitation agent, Carson Proxy, by:

North American Toll-Free Number: 1-800-530-5189

Local and Text: 416-751-2066

Email: info@carsonproxy.com



Dear Volatus Shareholders:

July 12, 2024

On May 20, 2024, Volatus Aerospace Corp. ("**Volatus**") and Drone Delivery Canada Corp. ("**DDC**") entered into a definitive business combination agreement (the "**Business Combination Agreement**") to combine the companies in a merger of equals transaction (the "**Merger**"), with the combined company to continue under the name "Volatus Aerospace Corp.". Pursuant to the Merger, holders of common shares in the capital of Volatus ("**Volatus Shares**") will receive 1.785 common voting shares (the "**Exchange Ratio**") in the capital of DDC ("**DDC Common Shares**") for each Volatus Share held by such shareholder (the "**Consideration**") by way of a proposed plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the "**Volatus Arrangement**"), in an all-equity business combination transaction (the "**Transaction**").

In connection with the Transaction, you are invited to attend the special and annual general meeting of the holders of Volatus Shares (the "**Volatus Shareholders**") to be held in-person at Toronto Airport Marriott Hotel, 901 Dixon Road, Toronto, Ontario, M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time) (the "**Volatus Meeting**"). Only Volatus Shareholders who attend the Volatus Meeting in person or who have duly submitted proxies prior to 10:00 a.m. (Toronto time) on the date that is two business days (excluding Saturdays, Sundays and holidays) prior to the Volatus Meeting (or any adjournment or postponement thereof) will have their votes counted at the Volatus Meeting.

At the Volatus Meeting, Volatus Shareholders will be asked to consider, and if deemed appropriate, pass a special resolution approving the Volatus Arrangement (the "**Volatus Arrangement Resolution**") and consider, and if deemed appropriate, pass the Volatus AGM Resolutions (as defined below).

Under the Transaction, which the board of directors of both DDC and Volatus have approved, the combined company (the "**Combined Company**") will be led by a board of directors and management team of experienced drone technology industry and business leaders, bringing together the cultures, strengths and capabilities of both companies. By joining forces, Volatus and DDC plan to immediately begin commercialization efforts, which is intended to enhance shareholder value by forging a robust, financially sound enterprise focused on immediate and long-term revenue with a clear path to sustainable growth and market leadership. The board of directors of Volatus (the "**Volatus Board**") believes the Transaction will be beneficial to the Volatus Shareholders, the holders (the "**DDC Shareholders**") of DDC Common Shares and variable voting shares in the capital of DDC ("**DDC Variable Voting Shares**", and together with the DDC Common Shares, the "**DDC Shares**") and other securityholders, customers, partners and stakeholders of each of DDC and Volatus. Upon completion of the, the Combined Company is anticipated to be able to realize certain synergies and operational efficiencies and increase its total opportunity in the drone (particularly the beyond visual line of sight segment) and cargo markets.

Under the terms of the Business Combination Agreement, if the Transaction becomes effective:

- the Volatus Shareholders (other than dissenting Volatus Shareholders) will receive the Consideration;
- each outstanding option to acquire Volatus Shares (each a "**Volatus Option**") granted under the stock option plan of Volatus (the "**Volatus Option Plan**") shall be deemed to be exchanged for an option of DDC (each a "**New DDC Option**") to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent;
- each holder of outstanding Volatus common share purchase warrants ("**Volatus Warrants**") will be entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the

holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to 12:01 a.m. (Toronto time) on the date upon which the Volatus Arrangement becomes effective (the "**Effective Time**"), such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms;

- each outstanding convertible debenture of Volatus (each a "**Volatus Debenture**") will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places; and
- all Class A preferred shares in the capital of Volatus shall remain outstanding and unaffected by the Volatus Arrangement.

Conditions to the Transaction

The Transaction is subject to certain conditions, including the approval by the DDC Shareholders of an ordinary resolution approving the issuance of DDC Common Shares in connection with the Transaction (the "**DDC Transaction Resolution**"), the approval by Volatus Shareholders of the Volatus Arrangement Resolution, the approval of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") and the approval of the TSX Venture Exchange (the "**TSXV**").

Specifically, DDC requisite shareholder approval will be at least a simple majority of the votes cast by DDC Shareholders on the DDC Transaction Resolution. Volatus requisite shareholder approval will be 66⅔% of the votes cast on the Volatus Arrangement Resolution.

Volatus Shareholder Vote

To become effective, the Volatus Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by the Volatus Shareholders. If this resolution is not approved at the Volatus Meeting, the Transaction may not be completed on the terms expected or at all.

The directors and certain executive officers of each of Volatus and DDC have entered into customary voting and support agreements and have agreed to, among other things and subject to certain rights of withdrawal, vote their securities in favour of the Volatus Arrangement Resolution and the DDC Transaction Resolution, as applicable.

Fairness Opinion

The Volatus Board formed a special committee of independent directors (the "**Volatus Special Committee**") to review and evaluate the Volatus Arrangement and oversee and supervise the process carried out by Volatus in negotiating and entering into the Business Combination Agreement. Echelon Wealth Partners Inc. ("**Echelon Capital Markets**") acted as financial advisor to Volatus and provided the Volatus Special Committee and Volatus Board with its opinion (the "**Volatus Fairness Opinion**") to the effect that, as of May 20, 2024, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by DDC to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders. The full text of the written opinion of Echelon Capital Markets setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Volatus Fairness Opinion is contained in Schedule E to the accompanying joint management information circular of DDC and Volatus (the "**Information Circular**"). Echelon Capital Markets provided its opinion solely for the information and assistance of the Volatus Special Committee and the Volatus Board in connection with its consideration of the Transaction. The Volatus Fairness Opinion is not a recommendation as to how any Volatus Shareholder should vote with respect to the Volatus

Arrangement Resolution, or any other matter. The Volatus Fairness Opinion was one of a number of factors taken into consideration by the Volatus Board in making its determination that the Volatus Arrangement is fair to Volatus.

Volatus Board Recommendation

The Volatus Board has reviewed the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby. After careful consideration of, among other things, the recommendation of the Volatus Special Committee, the advice of legal and financial advisors, and such other matters as it considered relevant, the Volatus Board has unanimously determined that the Volatus Arrangement is in the best interests of Volatus and that the Consideration to be received by Volatus Shareholders pursuant to the Transaction is fair to the Volatus Shareholders. **Accordingly, the Volatus Board unanimously recommends that Volatus Shareholders vote FOR the Volatus Arrangement Resolution**, the full text of which is set forth in Schedule B to the Information Circular.

In reviewing the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby, and in determining that the Transaction is in the best interest of Volatus and that the Consideration to be received by Volatus Shareholders is fair to Volatus Shareholders, the Volatus Board considered a number of factors, including, among others, the following:

- **Cost Synergies & Operational Efficiencies.** Multi-channel marketing and a shared services model will allow the Combined Company to yield significant cost and operational synergies relating to shared services across customer acquisition strategies, marketing and branding, research and development, commercialization of proprietary drone technologies, financial reporting consolidation, compliance, legal, development and technology operational shared best practices.
- **Scale and Immediate Path to Profitability.** The Combined Company's scale, operational synergies and efficiencies is expected to assist with achieving a path to profitability.
- **Market Expansion Opportunities.** The Combined Company is expected to provide shareholders with exposure to DDC's advanced operational and proprietary cargo drone technology and remote operating capabilities combined with Volatus' existing drone service offerings. Entering into new end markets, including the emerging cargo drone sector, is expected to have significant long-term upside for the Combined Company.
- **Track Record of Revenue Generation.** Combined fiscal year 2023 revenues among DDC and Volatus totalling approximately \$36.1 million.
- **Commercialization of Proprietary Technologies.** The revenue profile of the Combined Company is anticipated to provide long-term growth potential for the Combined Company's portfolio of proprietary technology and enhance its ability to realize value from DDC's existing proprietary drone technology. The Combined Company is expected to leverage Volatus' management team's strong commercial expertise to ensure optimal commercialization of DDC's technology portfolio.
- **Global Expansion Opportunities.** The Combined Company, with its shared decades of technology and aviation experience as well as strong financial and operating metrics, is expected to have a leading presence globally as a diversified technology and service leader to drive both short- and long-term growth opportunities in existing and new markets. Enhanced geographic diversification is expected to provide market expansion opportunities for the Combined Company.
- **Insider Support.** Directors and officers of Volatus have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their Volatus Shares in favour of the Volatus Arrangement Resolution.
- **Increased Public Float and Liquidity.** DDC Shareholders and Volatus Shareholders are expected to experience greater liquidity by participating in the Combined Company with a more widely-held shareholder base.

- **Fairness Opinion.** Echelon Capital Markets has provided an opinion to the Volatus Special Committee and the Volatus Board, a copy of which is attached as Schedule E to the Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the consideration to be paid to Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders.
- **Arm's-Length Negotiations.** The terms of the Business Combination Agreement and the Transaction are the result of a comprehensive arm's-length negotiation process, undertaken with the oversight and participation of Volatus' respective legal counsel and financial advisor. The Volatus Special Committee took an active role in overseeing and providing guidance and instructions to management and legal counsel and financial advisor in respect of the strategic review process and negotiations concerning the Transaction. The terms of the Business Combination Agreement treat all DDC Shareholders and Volatus Shareholders equitably and fairly.
- **Ability to Accept a Superior Proposal.** The Business Combination Agreement permits the Volatus Board in the exercise of its fiduciary duties to respond prior to the Volatus Meeting to certain unsolicited Acquisition Proposals (as defined in the accompanying Information Circular) that are more favourable, from a financial point of view, to the Volatus Shareholders than the Transaction. The Business Combination Agreement provides that, notwithstanding the non-solicitation covenants contained in the Business Combination Agreement, if the Volatus Board receives an unsolicited Acquisition Proposal that did not result from a breach of Volatus' non-solicitation covenants and the Volatus Board determines in good faith after consultation with its financial advisors and outside legal counsel is or would reasonably be expected to constitute a Superior Proposal (as defined in the accompanying Information Circular), then Volatus may enter into discussions or negotiations or otherwise assist the person making such Acquisition Proposal, provided the requirements of the Business Combination Agreement are met, and the Volatus Board retains the ability to consider and respond to the Superior Proposal prior to Volatus Meeting on the specific terms and conditions set forth in the Business Combination Agreement, including the payment of the Termination Fee (as defined in the accompanying Information Circular) to DDC, if a Superior Proposal is accepted.
- **Shareholder Approval Required.** The Volatus Arrangement must be approved by the affirmative vote of not less than two-thirds (66⅔%) of the votes by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting.
- **Determination of Fairness by the Court.** Completion of the Volatus Arrangement is conditional upon receipt of the final order (the "**Final Order**") of the Court approving the Volatus Arrangement. The Court will consider, during the hearing for the Final Order, the procedural and substantive fairness of the terms and conditions of the Volatus Arrangement.
- **Financial, Legal and Other Advice.** Extensive financial, legal and other advice was provided to the Volatus Special Committee and the Volatus Board. This advice included detailed financial advice from highly qualified and experienced financial advisors as to the potential value that might have resulted from other strategic alternatives reasonably available to Volatus.
- **Ability to Close.** Each of DDC and Volatus believe that DDC and Volatus are committed to completing the Transaction and have a proven track record of completing deals, and anticipate that each of DDC and Volatus will be able to complete the Transaction, in accordance with the terms of the Business Combination Agreement, within a reasonable time and in any event prior to August 30, 2024, or such later date as may be agreed to in writing by DDC and Volatus.
- **Equal Treatment of Shareholders.** The Volatus Arrangement contemplates the acquisition by DDC of 100% of the issued and outstanding Volatus Shares and under the Volatus Plan of Arrangement (as defined in the accompanying Information Circular), all Volatus Shareholders are treated identically and fairly.
- **Dissent Rights.** Registered Volatus Shareholders who do not vote in favour of the Volatus Arrangement will have the right to require a judicial appraisal of their Volatus Shares and obtain "fair value" pursuant to the proper exercise of Dissent Rights (as defined in the accompanying Information Circular).

Annual General Meeting

In addition to the Volatus Arrangement Resolution, the Volatus Meeting will also be held for the following purposes:

1. to receive and consider the audited financial statements of Volatus together with the auditor's report thereon for the year ended December 31, 2023 and December 31, 2022;
2. to appoint the independent auditor of Volatus for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor;
3. to set the number of directors to hold office for the ensuing year at five (5), as more particularly described in the attached Information Circular;
4. to elect directors to hold office for the ensuing year, as more particularly described in the attached Information Circular
5. to approve and confirm the stock option plan of Volatus; and
6. to transact such further or other business as may properly come before the Volatus Meeting and any adjournments thereof.

(collectively, paragraphs 1, 2, 3, 4 and 5 are referred to as the "**Volatus AGM Resolutions**").

The Volatus Board unanimously recommends that Volatus Shareholders vote FOR each of the Volatus AGM Resolutions.

General

Accompanying this letter, among other things, are the notice of meeting (the "**Volatus Notice of Meeting**"), the Information Circular (or details how to access the Information Circular in accordance with "notice-and-access" provisions), the form of proxy or voting instruction form, as applicable, and a letter of transmittal in connection with the Transaction and the Volatus Meeting (the "**Volatus Meeting Materials**"). The Information Circular contains a detailed description of the Transaction and the matters to be considered at the Volatus Meeting, as well as detailed information regarding DDC and Volatus and certain *pro forma* financial information regarding the Combined Company after giving effect to the Transaction. It also includes certain risk factors relating to the completion of the Transaction and the expected benefits related thereto.

Whether or not you are able to attend, we encourage you to ensure that your shares are voted at the Volatus Meeting. Your vote is important. If you do not plan to attend, your voice can still be heard by completing and returning your form of proxy or voting instruction form, as applicable, in accordance with the instructions therein. For further details, see "*Information Concerning the Volatus Meeting*" in the accompanying Information Circular.

If you are a non-registered Volatus Shareholder and have received these Volatus Meeting Materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Volatus Shares not being eligible to be voted at the Volatus Meeting. See "*Information for Beneficial Holders*" in the accompanying Information Circular.

The Volatus Meeting will be held in person and Volatus Shareholders who choose to attend the Volatus Meeting will do so attending the address set forth in the Volatus Notice of Meeting.

This information is important, and you are urged to read this information carefully and, if you require assistance, to consult your financial, legal, tax and other professional advisors.

If the DDC Shareholders and Volatus Shareholders each approve of their respective resolutions in respect of the Transaction, it is anticipated that the Transaction will be completed shortly following the date of the Volatus Meeting, subject to obtaining all necessary approvals (see "*Conditions to the Transaction*" above).

On behalf of Volatus, I would like to thank you for your continuing support.

Yours very truly,

"Glen Lynch"

Glen Lynch
Chief Executive Officer & Director

DRONE DELIVERY CANADA CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF DDC SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**DDC Meeting**") of the holders (the "**DDC Shareholders**") of common voting shares ("**DDC Common Shares**") in the capital of Drone Delivery Canada Corp. ("**DDC**") and variable voting shares in the capital of DDC ("**DDC Variable Voting Shares**", and together with the DDC Common Shares, the "**DDC Shares**") will be held in person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time), subject to any adjournment(s) or postponement(s) thereof, for the following purposes:

1. **TO CONSIDER** and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**DDC Transaction Resolution**"), the full text of which is set forth at Schedule A to the accompanying joint management information circular of DDC and Volatus Aerospace Corp. ("**Volatus**") dated July 12, 2024 (the "**Information Circular**"), approving the issuance by DDC of up to such number of DDC Common Shares as may be required to be issued in connection with the acquisition by DDC of all of the issued and outstanding common shares in the capital of Volatus in exchange for DDC Common Shares (the "**Transaction**") as contemplated by that business combination agreement between DDC and Volatus dated as of May 20, 2024, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (the "**Business Combination Agreement**"), a copy of which is available on DDC's profile at www.sedarplus.ca, as more particularly described in the Information Circular;
2. **TO RECEIVE** and consider the audited financial statements of DDC together with the auditor's report thereon for the year ended December 31, 2023 and December 31, 2022;
3. **TO APPOINT** the independent auditor of DDC for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor (the "**DDC Auditor Resolution**");
4. **TO SET** the number of directors to hold office for the ensuing year at four (4) and, subject to and conditional on completion of the Transaction, to set the number of directors of DDC as it exists immediately following the completion of the Transaction (the "**Combined Company**") at five (5) for the ensuing year, as more particularly described in the attached Information Circular;
5. **TO ELECT** directors to hold office for the ensuing year and, subject to and conditional on the completion of the Transaction, to elect directors for the Combined Company for the ensuing year, as more particularly described in the attached Information Circular,

(collectively, paragraphs 4 and 5 above being the "**DDC Director Appointment Resolution**");
6. **TO CONSIDER**, and if deemed appropriate approve and confirm the stock option plan of DDC (the "**DDC Stock Option Plan Resolution**");
7. **TO CONSIDER**, and if deemed appropriate approve and confirm the equity incentive plan of DDC, subject to and conditional on the completion of the Transaction (the "**DDC Equity Incentive Plan Resolution**");
8. **TO CONSIDER** and, if deemed appropriate, pass, with or without variation, a special resolution approving the alteration to the amended and restated articles of DDC (the "**DDC Articles**") to change the quorum for the transaction of business at meetings of DDC Shareholders (the "**DDC Articles Resolution**"); and

(collectively, the DDC Auditor Resolution, the DDC Director Appointment Resolution, the DDC Stock Option Plan Resolution, the DDC Equity Incentive Plan Resolution and the DDC Articles Resolution are referred to as the "**DDC AGM Resolutions**")

9. to transact such further or other business as may properly come before the DDC Meeting and any adjournments or postponements thereof.

The board of directors of DDC has determined that the Transaction is in the best interests of DDC and that the Transaction is fair to the DDC Shareholders, and unanimously recommends that DDC Shareholders vote FOR the DDC Transaction Resolution. If the DDC Transaction Resolution is not approved by the DDC Shareholders at the DDC Meeting, the Transaction may not be completed on the terms expected or at all.

In addition, the board of directors of DDC unanimously recommends that the DDC Shareholders vote FOR each of the DDC AGM Resolutions.

Each DDC Common Share entitled to be voted in respect of the DDC Transaction Resolution and the DDC AGM Resolutions (collectively, the "**DDC Meeting Resolutions**") will entitle the holder thereof to one vote at the DDC Meeting. Each DDC Variable Voting Share entitled to be voted in respect of the DDC Meeting Resolutions will entitle the holder thereof to one vote at the DDC Meeting, unless any of the thresholds set forth under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*" in the accompanying Information Circular would otherwise be surpassed at any time, in which case the vote attached to the DDC Variable Voting share will decrease as described under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*" in the accompanying Information Circular.

The DDC Transaction Resolution, DDC Auditor Resolution, DDC Director Appointment Resolution, the DDC Stock Option Plan Resolution and the DDC Equity Incentive Plan Resolution must each be approved by at least a simple majority of the votes cast by DDC Shareholders eligible to vote on the subject matter thereof present or represented by proxy and entitled to vote at the DDC Meeting. The DDC Articles Resolution must each be approved by at least 66⅔% of the votes cast by DDC Shareholders eligible to vote on the subject matter thereof present or represented by proxy and entitled to vote at the DDC Meeting.

The board of directors of DDC has fixed the close of business on July 5, 2024 (the "**Record Date**") as the record date for determining the DDC Shareholders who are entitled to receive notice of and to vote at the DDC Meeting. Only registered DDC Shareholders of record as of the close of business on the Record Date are entitled to receive notice of the DDC Meeting and to attend and vote at the DDC Meeting.

The Information Circular contains the full text of the DDC Transaction Resolution and the DDC Articles Resolution and provides additional information relating to each DDC Meeting Resolutions and the subject matter of the DDC Meeting, including the Transaction, and is deemed to form part of this notice of annual general and special meeting.

The DDC Meeting will be held in person and DDC Shareholders who choose to attend the DDC Meeting will do so attending the address set forth in this notice of meeting (the "**DDC Notice of Meeting**").

Registered DDC Shareholders are entitled to attend and vote at the DDC Meeting in person or may be represented by proxy. Those who are unable to attend the DDC Meeting are encouraged to read, complete, sign, date and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular.

Voting by proxy will not prevent you from voting at the DDC Meeting if you revoke your proxy and attend in person, but will ensure that your vote will be counted if you are unable to attend. **To be effective, the applicable form of proxy must be received by Computershare Investor Services Inc. ("Computershare"), by mail: 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or online at www.investorvote.com (using the 15-digit control number on the enclosed form of proxy) by no later than 1:00 p.m. (Toronto time) on the date that is two business days (excluding Saturdays, Sundays and holidays) prior to the DDC Meeting (or any adjournment or postponement thereof) at which the proxy is to be used. In this case, assuming no adjournment of the DDC Meeting, the proxy cut-off time is 1:00 p.m. (Toronto time) on August 15, 2024.** Notwithstanding the foregoing, the time limit for the deposit of proxies may be waived or extended by the Chair of the DDC Meeting at his or her discretion without notice.

If you are a beneficial DDC Shareholder and have received these materials through your broker or other intermediary (but not from Computershare), please complete and return the voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

DDC Shareholders who are planning to return the form of proxy or a voting instruction form are encouraged to review the Information Circular carefully before depositing the form of proxy or voting instruction form.

A DDC Shareholder has the right to appoint a person (who need not be a DDC Shareholder) to attend and act for such DDC Shareholder on his, her or its behalf at the DDC Meeting other than the persons designated in the enclosed form of proxy (the "Appointee"). If you wish to appoint another person to vote your DDC Shares in person, please insert the name of the person you are appointing in the blank space provided in the form of proxy. Complete your proxy, date and sign the proxy and return it to Computershare using one of the methods outlined above, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the DDC Meeting (or any adjournment or postponement thereof).

DDC is using notice-and-access to provide shareholders with electronic access to this DDC Notice of Meeting, the Information Circular, and the form of proxy or voting information form, as applicable, in connection with the Transaction and the DDC Meeting (collectively, the "**DDC Meeting Materials**"), instead of mailing paper copies. The DDC Meeting Materials are available on DDC's website at: <https://dronedeliverycanada.com/investors/> and under DDC's SEDAR+ profile on www.sedarplus.ca. The use of the notice-and-access provisions reduces costs to DDC.

To request a paper copy of the DDC Meeting Materials by mail or to receive additional information about notice-and-access, please call Broadridge Financial Solutions, Canada (844-916-0609 (Toll Free English) or 844-973-0593 (Toll Free French)). There is no cost to DDC Shareholders for requesting a paper copy of the DDC Meeting Materials. Any DDC Shareholder wishing to request a paper copy of the DDC Meeting Materials should do so by 3:00 p.m. (Toronto time) on August 2, 2024, in order to receive and review the DDC Meeting Materials and submit their vote by 1:00 p.m. (Toronto Time) on August 15, 2024, as set out in the form of proxy accompanying this DDC Notice of Meeting. Please retain the form of proxy accompanying this DDC Notice of Meeting as another will not be sent.

DDC will utilize a procedure known as 'stratification' in relation to its use of notice-and-access. Stratification occurs when a reporting issuer, while using notice-and-access, also provides a paper copy of the information circular to some shareholders of the reporting issuer with the notice package. In relation to the DDC Meeting, registered DDC Shareholders, those beneficial holders of DDC Shares with existing instructions on their account to receive paper materials and beneficial holders of DDC Shares holding in excess of 100,000 DDC Shares will receive a paper copy of the DDC Meeting Materials.

Your vote is very important, regardless of the number of DDC Shares that you own. Whether or not you expect to attend the DDC Meeting, we encourage you to carefully review the Information Circular and vote through a proxy or voting instruction form, as applicable, as promptly as possible to ensure that your vote will be counted at the DDC Meeting. If you have any questions about any of the information or require assistance in completing your form of proxy or voting instruction form for your DDC Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

If you have any questions or require assistance, please contact DDC's proxy solicitor, Carson Proxy, at North American Toll-Free: 1-800-530-5189, Local and Text: 416-751-2066 or Email: info@carsonproxy.com.

DATED at Toronto, Ontario, as of July 12, 2024.

BY ORDER OF THE BOARD OF DIRECTORS

"Steve Magirias"

Steve Magirias
Chief Executive Officer

VOLATUS AEROSPACE CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF VOLATUS SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT, pursuant to the Interim Order (as defined below), an annual general and special meeting (the "**Volatus Meeting**") of the holders (the "**Volatus Shareholders**") of common shares ("**Volatus Shares**") of Volatus Aerospace Corp. ("**Volatus**") will be held in person at the Toronto Airport Marriott Hotel, 901 Dixon Rd, Toronto, ON M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time), subject to any adjournment(s) or postponement(s) thereof, for the following purposes:

1. **TO CONSIDER**, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated July 10, 2024 (the "**Interim Order**"), and if deemed advisable, to pass, with or without variation, a special resolution (the "**Volatus Arrangement Resolution**"), the full text of which is set forth at Schedule B to the accompanying joint management information circular of Drone Delivery Canada Corp. ("**DDC**") and Volatus dated July 12, 2024 (the "**Information Circular**"), approving an arrangement (the "**Volatus Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) ("**OBCA**"), the purpose of which is to effect the acquisition by DDC of all of the issued and outstanding Volatus Shares in exchange for common voting shares of DDC (the "**Transaction**"), in accordance with the terms of a business combination agreement between DDC and Volatus dated as of May 20, 2024, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (the "**Business Combination Agreement**"), a copy of which is available on Volatus' SEDAR+ profile at www.sedarplus.ca, as more particularly described in the Information Circular;
2. **TO RECEIVE** and consider the audited and consolidated financial statements of Volatus for the fiscal year ended December 31, 2023 and December 31, 2022, together with the report of the auditors thereon;
3. **TO APPOINT** BDO Canada LLP as auditors for Volatus for the ensuing year at a remuneration to be fixed by the directors;
4. **TO SET** the number of directors to hold office for the ensuing year at five (5);
5. **TO ELECT** directors to hold office for the ensuing year, as more particularly described in the attached Information Circular,
6. **TO CONSIDER**, and if deemed appropriate, approve and confirm the stock option plan of Volatus (collectively, paragraphs 3, 4, 5 and 6 being the "**Volatus AGM Resolutions**"); and
7. to transact such further or other business as may properly come before the Volatus Meeting and any adjournments or postponements thereof.

The board of directors of Volatus has unanimously determined that the Transaction is in the best interest of Volatus and the consideration to be received by Volatus Shareholders pursuant to the Transaction is fair to Volatus Shareholders, and unanimously recommends that Volatus Shareholders vote FOR the Volatus Arrangement Resolution. If the Volatus Arrangement Resolution is not approved by the Volatus Shareholders at the Volatus Meeting, the Transaction may not be completed on the terms expected or at all.

In addition, the board of directors of Volatus unanimously recommends that the Volatus Shareholders vote FOR each of the Volatus AGM Resolutions.

Each Volatus Share entitled to be voted in respect of the Volatus Arrangement Resolution and the Volatus AGM Resolutions will entitle the holder thereof to one vote at the Volatus Meeting.

The Volatus Arrangement Resolution must be approved by at least 66⅔% of the votes cast by Volatus Shareholders eligible to vote on the subject matter thereof present or represented by proxy and entitled to vote at the Volatus Meeting. The Volatus AGM Resolutions must each be approved by at least a simple majority of the votes cast by

Volatus Shareholders eligible to vote on the subject matter thereof present or represented by proxy and entitled to vote at the Volatus Meeting.

The board of directors of Volatus has fixed the close of business on July 12, 2024 (the "**Record Date**") as the record date for determining the Volatus Shareholders who are entitled to receive notice of and to vote at the Volatus Meeting. Only registered Volatus Shareholders of record as of the close of business on the Record Date are entitled to receive notice of the Volatus Meeting and to attend and vote at the Volatus Meeting.

The Information Circular contains the full text of the Volatus Arrangement Resolution and provides additional information relating to the subject matter of the Volatus Meeting, including the Transaction, and is deemed to form part of this notice of annual general and special meeting.

The Volatus Meeting will be held in person and Volatus Shareholders who choose to attend the Volatus Meeting will do so attending the address set forth in this notice of meeting (the "**Volatus Notice of Meeting**").

Registered Volatus Shareholders are entitled to attend and vote at the Volatus Meeting in person or may be represented by proxy. Those who are unable to attend the Volatus Meeting are encouraged to read, complete, sign, date and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular.

Voting by proxy will not prevent you from voting at the Volatus Meeting if you revoke your proxy and attend in-person, but it will ensure that your vote will be counted if you are unable to attend. **To be effective, the applicable form of proxy must be received by TSX Trust, by mail to 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1 by no later than 10:00 a.m. (Toronto time) on the date that is two business days (excluding Saturdays, Sundays and holidays) prior to the Volatus Meeting (or any adjournment or postponement of the Volatus Meeting) at which the proxy is to be used.** In this case, assuming no adjournment of the Volatus Meeting, the proxy cut-off time is 10:00 a.m. (Toronto time) on August 21, 2024. Notwithstanding the foregoing, the time limit for the deposit of proxies may be waived or extended by the Chair of the Volatus Meeting at his or her discretion without notice.

If you are a beneficial Volatus Shareholder and have received these materials through your broker or other intermediary (but not from TSX Trust), please complete and return the voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Volatus Shareholders who are planning to return the form of proxy or a voting instruction form are encouraged to review the Information Circular carefully before depositing the form of proxy or voting instruction form.

A Volatus Shareholder has the right to appoint a person (who need not be a Volatus Shareholder) to attend and act for such Volatus Shareholder on his, her or its behalf at the Volatus Meeting other than the persons designated in the enclosed form of proxy (the "Appointee"). Such right may be exercised by inserting in the blank space provided for that purpose the name of the Appointee or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TSX Trust, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Volatus Meeting (or any adjournment or postponement thereof).

Registered Volatus Shareholders who are entitled to vote at the Volatus Meeting (being, those registered holders of Volatus Shares as at the Record Date) have the right to dissent with respect to the Volatus Arrangement Resolution and, if the Transaction becomes effective, to be paid the fair value of their Volatus Shares in respect of which they have exercised dissent rights, subject to strict compliance with Section 185 of the OBCA, as modified by the provisions of the Interim Order, the final order in respect of the Volatus Arrangement, and the Volatus Plan of Arrangement (as defined in the accompanying Information Circular). The right to dissent is described in the section in the Information Circular entitled "*Dissent Rights*" and the text of the Interim Order is set forth Schedule F the Information Circular. **Failure to comply strictly with the requirements set forth in Section 185 of the OBCA as so modified, may result in the loss of any right to dissent.**

Volatus is using notice-and-access to provide shareholders with electronic access to this Volatus Notice of Meeting, the Information Circular, the form of proxy or voting information form, as applicable, and a letter of transmittal in connection with the Transaction and the Volatus Meeting (collectively, the "**Volatus Meeting Materials**"), instead of mailing paper copies. The Volatus Meeting Materials are available on TSX Trust's website at: <https://docs.tsxtrust.com/2430> and under Volatus' SEDAR+ profile on www.sedarplus.ca. The use of the notice-and-access provisions reduces costs to Volatus.

To request a paper copy of the Volatus Meeting Materials by mail or to receive additional information about notice-and-access, please call 1-866-600-5869 or email tsxtis@tmx.com. There is no cost to Volatus Shareholders for requesting a paper copy of the Volatus Meeting Materials. Any Volatus Shareholder wishing to request a paper copy of the Volatus Meeting Materials should do so by 10:00 a.m. (Toronto time) on August 14, 2024, in order to receive and review the Volatus Meeting Materials and submit their vote by 10:00 a.m. (Toronto Time) on August 21, 2024, as set out in the form of proxy accompanying this Volatus Notice of Meeting. Please retain the form of proxy accompanying this Volatus Notice of Meeting as another will not be sent.

Your vote is very important, regardless of the number of Volatus Shares that you own. Whether or not you expect to attend the Volatus Meeting, we encourage you to carefully review the Information Circular and vote your form of proxy or voting instruction form, as applicable, as promptly as possible to ensure that your vote will be counted at the Volatus Meeting. If you have any questions about any of the information or require assistance in completing your form of proxy or voting instruction form for your Volatus Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

DATED at Toronto, Ontario, as of July 12, 2024.

BY ORDER OF THE BOARD OF DIRECTORS

"Glen Lynch"

Glen Lynch
Chief Executive Officer & Director

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF DDC SHAREHOLDERS	I
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF VOLATUS SHAREHOLDERS	IV
TABLE OF CONTENTS	VII
GLOSSARY OF DEFINED TERMS.....	1
JOINT MANAGEMENT INFORMATION CIRCULAR	16
Information Contained in this Information Circular	17
Information Pertaining to DDC	17
Information Pertaining to Volatus	17
Financial Information	17
Non-IFRS Measures	17
Currency	18
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	18
INFORMATION FOR U.S. SECURITYHOLDERS	20
INFORMATION FOR BENEFICIAL HOLDERS	21
SUMMARY	23
The DDC Meeting	23
The Volatus Meeting	23
About DDC.....	23
About Volatus.....	23
The Transaction	23
Effect of the Transaction	25
Background to the Transaction	25
Reasons for the Transaction.....	25
DDC Fairness Opinion	28
Recommendation of the DDC Special Committee	28
Recommendation of the DDC Board.....	28
Volatus Fairness Opinion	29
Recommendation of the Volatus Special Committee	29
Recommendation of the Volatus Board.....	29
Business Combination Agreement.....	30
Voting and Support Agreements.....	30
Volatus Debentures.....	30
Procedure for the Transaction to Become Effective	30
Stock Exchange Listing and Delisting Matters.....	32
Expenses	32
Effective Date	32
Selected Unaudited Pro Forma Financial Information for the Combined Company	32
Conflicts of Interest	33
Income Tax Considerations	33
Securities Law Information for Canadian Shareholders	33
Securities Law Information for U.S. Shareholders	33
Depository and Proxy Solicitation Agent	33
Risk Factors	33
DDC AGM Resolutions.....	35
Volatus AGM Resolutions.....	35
THE TRANSACTION	36
Background to the Transaction	36
Reasons for the Transaction.....	39

Effect of the Volatus Arrangement	42
DDC Fairness Opinion	45
Recommendation of the DDC Special Committee	46
Recommendation of the DDC Board	46
Volatus Fairness Opinion	46
Recommendations of the Volatus Special Committee	48
Recommendations of the Volatus Board	48
Procedure for the Transaction to Become Effective	48
Procedure for Exchange of Volatus Shares	51
Stock Exchange Listing and Delisting Matters	53
Expenses	54
Effective Date	54
Differences in Rights between the BCBCA and the OBCA	54
THE BUSINESS COMBINATION AGREEMENT	58
General	58
Conditions to the Transaction Becoming Effective	59
Governance Matters	61
Covenants Regarding Acquisition Proposals	61
Termination	64
Termination Fee and Expense Reimbursement	66
Expenses	68
Indemnification	68
Amendment	68
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	68
SECURITIES LAW MATTERS	76
Interests of Certain Persons in the Transaction	76
Interest of Informed Persons in Material Transactions	79
Canadian Securities Laws	79
U.S. Securities Laws	79
MI 61-101	81
DISSENT RIGHTS	83
Volatus	83
INFORMATION CONCERNING THE DDC MEETING	85
Purpose of the DDC Meeting	85
Solicitation of Proxies	86
Notice-and-Access	86
Distribution to Beneficial Holders	86
Voting by Proxy	87
Participation and Voting at the DDC Meeting	87
Appointment and Revocation of Proxies	88
Exercise of Discretion by Proxies	88
Quorum	89
Record Date	89
Voting Shares and Principal Holders Thereof	89
Foreign Ownership Limits	89
DDC Common Shares	89
DDC Variable Voting Shares	90
DDC Support Agreements	92
MATTERS TO BE CONSIDERED AT THE DDC MEETING	94
Approval of the DDC Transaction Resolution	94

Approval of DDC AGM Resolutions	95
INFORMATION CONCERNING THE VOLATUS MEETING	96
Purpose of the Volatus Meeting.....	96
Solicitation of Proxies.....	96
Notice-and-Access.....	97
Distribution to Beneficial Holders.....	97
Voting by Proxy.....	97
Participation and Voting at the Volatus Meeting.....	98
Appointment and Revocation of Proxies.....	98
Exercise of Discretion by Proxies.....	99
Quorum.....	99
Record Date	99
Voting Shares and Principal Holders Thereof	99
Foreign Ownership Limits.....	99
Volatus Support Agreements.....	100
MATTERS TO BE CONSIDERED AT THE VOLATUS MEETING.....	101
Approval of the Volatus Arrangement Resolution	101
Approval of Volatus AGM Resolutions	102
RISK FACTORS	102
Risk Factors Relating to the Transaction.....	102
Risk Factors Relating to the Combined Company.....	107
OTHER MATERIAL FACTS.....	109
INTEREST OF EXPERTS	109
ADDITIONAL INFORMATION.....	110
DDC BOARD APPROVAL	111
VOLATUS BOARD APPROVAL	112
CONSENT OF NATIONAL BANK FINANCIAL INC.....	113
CONSENT OF ECHELON WEALTH PARTNERS INC.....	114

Schedules:

Schedule A	DDC Transaction Resolution
Schedule B	Volatus Arrangement Resolution
Schedule C	Volatus Plan of Arrangement
Schedule D	DDC Fairness Opinion
Schedule E	Volatus Fairness Opinion
Schedule F	Interim Order
Schedule G	Volatus Notice of Application
Schedule H	Dissent Provisions
Schedule I	Information Concerning DDC
Schedule J	Information Concerning Volatus
Schedule K	Information Concerning the Combined Company
Schedule L	DDC AGM Schedule
Schedule M	Volatus AGM Schedule

GLOSSARY OF DEFINED TERMS

In this Information Circular, the following capitalized words and terms shall have the following meanings:

"2023 Annual Filings" has the meaning set forth in *"Directors and Executive Officers – Cease Trade Orders"* in Schedule J to this Information Circular.

"2024 Capital Gains Proposals" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Acquisition Proposal" means, (a) with respect to DDC, a DDC Acquisition Proposal, and (b) with respect to Volatus, a Volatus Acquisition Proposal.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity.

"Advisory Committee" has the meaning set forth in *"The Business Combination Agreement – Governance Matters"*.

"Affiliate" or **"affiliate"** when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person and a Person shall be deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of that Person directly or indirectly, whether through ownership of securities, by trust, by contract or otherwise; and the term "controlled" has a corresponding meaning; *provided that*, in any event, any Person that owns directly, indirectly or beneficially 50% or more of the securities having voting power for the election of directors or other governing body of a corporation or 50% or more of the partnership interests or other ownership interests of any other Person will be deemed to control that Person.

"allowable capital loss" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Applicable Laws" means, in respect of a Person, means any statute, law, ordinance, regulation, rule, instrument, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority that is applicable to such Person or its property or assets.

"Articles" means the original or restated articles of incorporation, articles of amendment, articles of continuance, articles of amalgamation, articles of arrangement, articles of reorganization, articles of dissolution, articles of revival, articles of constitution, letters patent, supplemental letters patent, a special act, memorandum and articles of association or any other instrument by which a corporation is incorporated.

"Assets" means all the assets, real and personal, tangible and intangible of a Person.

"Authorization" means any order, permit, franchises, approval, consent, waiver, license, certificates, variances, registrations, certificates and similar rights obtained, or required to be obtained from, or similar authorizations of, any Governmental Authority having jurisdiction.

"BCBCA" means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended from time to time.

"Beneficial Holders" means DDC Shareholders and Volatus Shareholders who do not hold their DDC Shares or Volatus Shares, as applicable, in their own name.

"Broadridge" means Broadridge Financial Solutions, Inc.

"Business" means, in respect of: (a) DDC, the business of designing, developing, and implementing commercially viable drone-based logistics systems; and (b) Volatus, the business of providing aerial intelligence solutions using drones and commercial aircraft, including imaging and inspection, security and surveillance, equipment sales and support, training, research and development, design and manufacturing, to the civil, public safety, and defense markets, and all related activities as conducted or proposed to be conducted by DDC or Volatus, as applicable, as at the Effective Date.

"Business Combination Agreement" means the Business Combination Agreement dated May 20, 2024 between DDC and Volatus, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Business Day" means any day except Saturday, Sunday or any other day on which banks located in Toronto, Ontario or Vancouver, British Columbia, are authorized or required by Applicable Laws to be closed for business.

"Canada–U.S. Tax Treaty" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on DDC Common Shares"*.

"Carson Proxy" means Carson Proxy Advisors Ltd., DDC's proxy solicitation agent.

"CDS" means CDS Clearing and Depository Services Inc.

"Certificate of Arrangement" means the certificate of arrangement giving effect to the Volatus Arrangement, issued pursuant to section 183(2) of the OBCA.

"Change in Recommendation" means, (a) with respect to DDC, a DDC Change in Recommendation, and (b) with respect to Volatus, a Volatus Change in Recommendation.

"Change of Control Payments" has the meaning set forth in *"Securities Law Matters – MI 61-101"*.

"Closing" means the closing of the Transaction contemplated by the Business Combination Agreement.

"Combined Company" means DDC following completion of the Transaction, operating under the name "Volatus Aerospace Corp."

"Combined Slate" has the meaning set forth in *"Election of Directors"* in Schedule L to this Information Circular.

"Computershare" means Computershare Trust Company of Canada.

"Consideration" means: (a) the consideration to be received by the Volatus Securityholders (other than Volatus Dissenting Shareholders) pursuant to the Volatus Plan of Arrangement; and (b) all other consideration to be received by the other securityholders of Volatus pursuant to the Business Combination Agreement.

"Controlling Individual" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"CRA" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations"*.

"CSA" means the Canadian Securities Administrators.

"CTA" means the *Canada Transportation Act* (Canada), and includes the regulations promulgated thereunder, as amended from time to time.

"CTO" has the meaning set forth in *"Directors and Executive Officers – Cease Trade Orders"* in Schedule J to this Information Circular.

"**DDC**" means Drone Delivery Canada Corp., a corporation existing under the laws of the Province of British Columbia.

"**DDC Acquisition Proposal**" means, other than the transactions contemplated by the Business Combination Agreement and excluding any transaction involving only DDC and its Subsidiaries, any offer, proposal, expression of interest or inquiry from, or public announcement of intention by, any Person or group of Persons (other than Volatus, or any Affiliates thereof, acting jointly, or any Representative acting on behalf of Volatus, or any Affiliates thereof, acting jointly), whether or not in writing and whether or not delivered to the DDC Shareholders, relating to: (a) any direct or indirect acquisition or purchase (or any lease, license, agreement, joint venture or other arrangement having the same economic effect as an acquisition or purchase), through one or more transactions, of (i) the Assets of DDC and/or one or more of its Subsidiaries (including shares of Subsidiaries of DDC) that, individually or in the aggregate, constitute 20% or more of the consolidated Assets or which contribute 20% or more of the consolidated revenue, as applicable, of DDC and its Subsidiaries, taken as a whole (in each case, determined based upon the most recent consolidated financial statements of DDC included in DDC Public Documents), or (ii) 20% or more of any class of voting or equity securities of DDC or its Subsidiaries (and/or securities convertible into or exchangeable or exercisable for voting or equity securities); (b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of DDC or its Subsidiaries; (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, reorganization, recapitalization, joint venture, liquidation, dissolution, or winding up, or other similar transaction, in a single transaction or a series of related transactions involving DDC and/or one or more of its Subsidiaries; or (d) any other similar transaction involving DDC or any of its Subsidiaries, the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Business Combination Agreement or which would reasonably be expected to materially reduce the benefits to Volatus of the Transaction; except that, for the purpose of the definition of "**DDC Superior Proposal**" below, the references in the definition of "**DDC Acquisition Proposal**" to: (A) "20% or more of the outstanding voting or equity securities" shall be deemed to be references to "all of the outstanding voting or equity securities"; (B) "20% or more of the consolidated Assets" shall be deemed to be references to "all or substantially all of the Assets"; and (C) "20% or more of the consolidated revenue" shall be deemed to be references to "all or substantially all of the consolidated revenue";

"**DDC AGM Resolutions**" has the meaning set forth in "*Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions*".

"**DDC AIF**" the annual information form of DDC dated as of April 24, 2024 for the financial year ended December 31, 2023.

"**DDC Annual Financial Statements**" means, collectively, the audited consolidated financial statements of DDC for the years ended December 31, 2023 and December 31, 2022, including any notes or schedules thereto and the relevant auditor's reports thereon.

"**DDC Annual MD&A**" means the management's discussion and analysis of the financial condition and results of operations of DDC for the year ended December 31, 2023.

"**DDC Articles**" means the amended and restated articles of DDC.

"**DDC Articles Resolution**" has the meaning set forth in "*Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions*".

"**DDC Auditor Resolution**" has the meaning set forth in "*Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions*".

"**DDC Board**" means the board of directors of DDC, as constituted from time to time.

"**DDC Board Recommendation**" means a statement that the DDC Board has received the DDC Fairness Opinion and has, after receiving advice from its financial advisors and outside legal counsel, and following receipt of the recommendation of the DDC Special Committee: (a) determined that the consideration to be paid by DDC pursuant

to the Transaction is fair to DDC and the Transaction is in the best interests of DDC, and (b) recommends that the DDC Shareholders vote in favour of the DDC Transaction Resolution

"DDC Change in Recommendation" means, except as otherwise expressly provided in Section 7.06 of the Business Combination Agreement, the breach by DDC of its obligation to not, and to cause its Subsidiaries and their respective Representatives to not, do any of the following: (a) fail to make, or withhold, withdraw, amend, modify or qualify, or publicly propose to withhold, withdraw, modify or qualify, the DDC Board Recommendation, (b) make, or permit any Representative of DDC or any of its Subsidiaries to make, any public statement in connection with the DDC Meeting by or on behalf of the DDC Board that would reasonably be expected to have the same effect, (c) fail to publicly reaffirm (without qualification) the DDC Board Recommendation, or its recommendation of the Transaction within three Business Days (and in any case prior to the DDC Meeting) after having been requested in writing by Volatus to do so (acting reasonably), or (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, any DDC Acquisition Proposal

"DDC Common Shares" means the common voting shares in the capital of DDC.

"DDC Constatng Documents" has the meaning set forth in *"Information Concerning the Volatus Meeting – Foreign Ownership Limits"*.

"DDC Director Appointment Resolution" has the meaning set forth in *"Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions"*.

"DDC Disclosure Letter" means the disclosure letter delivered by DDC to Volatus concurrently with the execution and delivery of the Business Combination Agreement.

"DDC Documents" has the meaning set forth in *"Information Concerning DDC – Documents Incorporated by Reference"* in Schedule I to this Information Circular.

"DDC DRS Statement" means a DRS Statement representing DDC Common Shares.

"DDC Equity Incentive Plan" means the equity incentive plan of DDC substantially in the form set out in Appendix "C" to Schedule L to this Information Circular.

"DDC Equity Incentive Plan Resolution" has the meaning set forth in *"Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions"*.

"DDC Fairness Opinion" means the opinion of National Bank Financial Inc. to the effect that, as of the date thereof, and based on and subject to the assumptions, limitations and qualifications set forth in therein, the Consideration to be paid by DDC pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC.

"DDC Financial Statements" means, collectively, the DDC Annual Financial Statements and the DDC Interim Financial Statements.

"DDC Interim Financial Statements" means the unaudited condensed consolidated interim financial statements of DDC for the three months ended March 31, 2024, including any notes or schedules thereto.

"DDC Interim MD&A" means the management's discussion and analysis of the financial condition and results of operations of DDC for the three months ended March 31, 2024.

"DDC Meeting" means the annual general and special meeting of the DDC Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Business Combination Agreement, to be called and held in accordance with the Business Combination Agreement to consider the DDC Transaction Resolution and DDC AGM Resolutions.

"DDC Meeting Materials" has the meaning set forth in *"Information Concerning the DDC Meeting – Notice-and-Access"*.

"DDC Nominees" has the meaning set forth in *"Election of Directors"* in Schedule L to this Information Circular.

"DDC Notice" means the notice of annual general and special meeting of DDC Shareholders dated July 12, 2024 accompanying this Information Circular.

"DDC Notice of Articles" has the meaning set forth in *"Information Concerning the DDC Meeting – Foreign Ownership Limits"*.

"DDC Options" means the outstanding stock options to acquire DDC Shares granted pursuant to the DDC Stock Option Plan.

"DDC Original Slate" has the meaning set forth in *"Election of Directors"* in Schedule L to this Information Circular.

"DDC Projections" has the meaning set forth in *"Risk Factors – Risk Factors Relating to the Combined Company"*.

"DDC Proxy Submission Deadline" means 1:00 p.m. (Toronto time) on August 15, 2024, or 48 hours prior (excluding Saturdays, Sundays and holidays) to the DDC Meeting if adjourned or postponed.

"DDC Public Documents" means all forms, reports, schedules, statements, certifications and other documents (including all exhibits and other information incorporated therein, amendments and supplements thereto) filed by DDC pursuant to the applicable Securities Laws since December 31, 2021 which are publicly available under DDC's profile on SEDAR+ at www.sedarplus.ca.

"DDC Record Date" means July 5, 2024.

"DDC Shareholder Approval" means the approval of the DDC Transaction Resolution by the affirmative vote of at least simple majority of the votes cast by DDC Shareholders present or represented by proxy at the DDC Meeting and entitled to vote thereat.

"DDC Shareholders" means the registered and/or beneficial owners of the DDC Shares, as the context requires.

"DDC Share Unit" means a right awarded to a participant under the DDC Equity Incentive Plan to receive a payment as provided in Article 3 of the DDC Equity Incentive Plan and subject to the terms and conditions of the DDC Equity Incentive Plan.

"DDC Shares" means, collectively, the DDC Common Shares and the DDC Variable Voting Shares.

"DDC Special Committee" means the special committee of independent members of the DDC Board that has been constituted to and has considered the Transaction and the transactions contemplated by the Business Combination Agreement.

"DDC Stock Option Plan" means the stock option plan of DDC, effective May 11, 2022.

"DDC Stock Option Plan Resolution" has the meaning set forth in *"Matters to be Considered at the DDC Meeting – Approval of DDC AGM Resolutions"*.

"DDC Subject Securities" means, in respect of a DDC VSA Supporting Shareholder, the DDC VSA Supporting Shareholder's DDC Shares, together with any other securities of DDC directly or indirectly acquired by or issued to such DDC VSA Supporting Shareholder during the term of its respective DDC Voting and Support Agreement.

"DDC Subsidiary" means Drone Delivery USA Inc.

"DDC Superior Proposal" means an unsolicited *bona fide* written DDC Acquisition Proposal from a Person or Persons who is or are, as at the date of the Business Combination Agreement, a party that deals at arm's length with DDC and its Subsidiaries, that is not obtained in violation of the Business Combination Agreement or any agreement between the Person making such DDC Superior Proposal and DDC and its Subsidiaries or their Affiliates, made after the date of the Business Combination Agreement that: (a) did not result from a breach of Section 7.06 of the Business Combination Agreement; (b) is not subject to any financing condition and in respect of which it has been demonstrated to the satisfaction of the DDC Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel), that such financing is available; (c) is not subject to a due diligence and/or access condition;

(d) is reasonably capable of being consummated without undue delay, taking into account all legal, financial, regulatory and other aspects of such DDC Acquisition Proposal and the Person or group of Persons making such DDC Acquisition Proposal; (e) the DDC Board has determined, acting in good faith, after receipt of advice from its outside financial advisors and outside legal counsel, and after taking into account all the terms and conditions of such DDC Acquisition Proposal and all factors and matters considered appropriate, that such DDC Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction that is more favourable, from a financial point of view, to the DDC Shareholders, than the Transaction (including any adjustment to the terms and conditions of the Transaction proposed by Volatus pursuant to Section 7.06(g) of the Business Combination Agreement); (f) in respect of which the DDC Board determines, in its good-faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all legal, financial, regulatory and other aspects of such DDC Acquisition Proposal and the Person or group of Persons making such DDC Acquisition Proposal and their Affiliates, that failing to recommend such DDC Acquisition Proposal to the DDC Shareholders and entering into a definitive agreement with respect to such DDC Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Laws; and (g) the terms of such DDC Acquisition Proposal provide that in the event DDC does not have the financial resources to pay the Termination Fee, the Person or Persons making such DDC Acquisition Proposal shall advance or otherwise provide DDC the cash required for DDC to pay the Termination Fee and that such amount of cash shall be advanced or otherwise provided on or before the date on which such Termination Fee becomes payable.

"DDC Transaction Resolution" means the ordinary resolution of the DDC Shareholders approving the issuance by DDC of up to such number of DDC Common Shares as may be required to be issued pursuant to the Transaction to be considered at the DDC Meeting, substantially in the form set out in Schedule A to this Information Circular.

"DDC Variable Voting Shares" means the variable voting shares in the capital of DDC.

"DDC Voting and Support Agreements" has the meaning set forth in *"Information Concerning the DDC Meeting – DDC Support Agreements"*.

"DDC VSA Supporting Shareholders" means each of Michael Della Fortuna, Vijay Kanwar, Steve Magirias, Kevin Sherkin and Larry Taylor, as provided for in the DDC Voting and Support Agreements.

"De Minimis Exemption" has the meaning set forth in *"Securities Law Matters – MI 61-101"*.

"Depositary" means Computershare Investor Services Inc., or such other trust company, bank or financial institution as may be agreed to in writing by the Parties from time to time for the purpose of, among other things, exchanging certificates representing Volatus Shares for certificates (or direct registration statements) representing DDC Common Shares in connection with the Volatus Arrangement.

"Director" means the Director appointed under Section 278 of the OBCA.

"Directors" means, with respect to DDC or Volatus, as applicable, a member of the board of directors of DDC or Volatus, respectively.

"Disclosure Letters" means, together, the Volatus Disclosure Letter and the DDC Disclosure Letter.

"Dissent Rights" means the dissent rights provided to the Volatus Shareholders in respect of the Volatus Arrangement as provided for in the Volatus Plan of Arrangement, the Interim Order and the Final Order, as more particularly described under the heading *"Dissent Rights"*. **"Dissenting Non-Resident Volatus Holder"** has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Volatus Holders"*.

"Dissenting Resident Volatus Holder" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Volatus Holders"*.

"Dollars" or **"\$"** means the lawful currency of Canada.

"DPSP" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*.

"DRS Statement" means a Direct Registration System advice statement.

"DSU" means a deferred share unit, awarded to a participant under the DDC Equity Incentive Plan to receive a payment as provided in Article 4 of the DDC Equity Incentive Plan and subject to the terms and conditions of the DDC Equity Incentive Plan.

"Echelon Capital Markets" means Echelon Wealth Partners Inc.

"Effective Date" means the date upon which the Volatus Arrangement becomes effective as established by the date shown on the Certificate of Arrangement.

"Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date.

"Eligible Institution" means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"Exchange Ratio" means 1.785.

"Expense Reimbursement" means \$500,000.

"Final Order" means the final order of the Court approving the Volatus Arrangement, in form and substance acceptable to Volatus and DDC, each acting reasonably, after being informed of the intention to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the DDC Common Shares in the United States pursuant to the Volatus Arrangement, as applicable, and the Business Combination Agreement, in form and substance acceptable to the Parties, after a hearing upon the procedural and substantive fairness of the terms and conditions of such arrangement as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of the Parties at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Parties, each acting reasonably) on appeal.

"Former Volatus Shareholders" means, at and following the Effective Time, holders of Volatus Shares (other than Volatus Dissenting Shareholders) immediately prior to the Effective Time.

"Glossary" refers to this *"Glossary of Defined Terms"*.

"Governmental Authority" means: (a) any court, tribunal, judicial body or arbitral body or arbitrator; (b) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (c) any subdivision or authority of any of the foregoing; (d) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing; and (e) any stock or securities exchange.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination, award, decision, sanction or ruling entered by or with any Governmental Authority.

"GST/HST" means all taxes levied under Part IX of the *Excise Tax Act* (Canada).

"Holder" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations"*.

"IFRS" means the International Financial Reporting Standards as defined in the CPA Canadian Handbook Accounting Part I, as applicable from time to time.

"In-the-Money Amount" means, in respect of a Volatus Option or New DDC Option, as applicable, at any time, the positive amount, if any, at that time, by which (a) the aggregate fair market value of the Volatus Shares or DDC Common Shares, as applicable, underlying such option at that time, exceeds (b) the aggregate purchase price payable

at that time pursuant to such option in order to acquire the Volatus Shares or DDC Common Shares, as applicable, underlying such option.

"Information Circular" means this joint management information circular of DDC and Volatus dated July 12, 2024, together with all schedules hereto, distributed to DDC Shareholders and Volatus Shareholders in connection with the DDC Meeting and the Volatus Meeting, respectively.

"insider" has the meaning set forth in the *Securities Act* (Ontario).

"Interim Order" means the interim order of the Court, in form and substance acceptable to Volatus and DDC, each acting reasonably, to be issued following the application therefor contemplated by Section 2.02(1) of the Business Combination Agreement and after being informed of the intention to rely upon Section 3(a)(10) Exemption in connection with the issuance of the DDC Common Shares in the United States pursuant to the Volatus Arrangement and the Business Combination Agreement, in form and substance acceptable to the Parties, each acting reasonably, providing for, among other things, the calling and holding of the Volatus Meeting, respectively, as the same may be affirmed, amended, modified, supplemented or varied by the Court with the consent of the Parties, each acting reasonably.

"Intermediary" means a broker, investment dealer, bank, trust company, depositary or other intermediary.

"Liens" means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, royalty, levy, right to possession or any other encumbrance, easement, license, right of first refusal, covenant, voting trust or agreement, transfer restriction under any shareholder or similar agreement, right or restriction of any kind or nature whatsoever, whether contingent or absolute, direct or indirect, or any agreement, option, right or privilege (whether by Applicable Law, contract or otherwise) capable of becoming any of the foregoing.

"Material Adverse Effect" means, in relation to a Party, any event, change, occurrence, effect, state of facts, development, condition or circumstance that, individually or in the aggregate with other such events, changes, occurrences, effects or state of facts, developments, conditions or circumstances, would reasonably be expected to be material and adverse to the business, operations, financial condition or results of operations of such Party and its Subsidiaries, taken as a whole, except to the extent that any such change, event, occurrence, effect or state of facts, development, condition or circumstance results from or arises out of:

- (a) changes, developments or conditions generally affecting the industry (taking into account relevant geographies) in which such Party and its Subsidiaries operate generally;
- (b) any change or development in political conditions in Canada or globally (including any act of terrorism or sabotage or any outbreak of hostilities or war or any escalation or worsening thereof);
- (c) any natural disaster or epidemic, pandemic or disease outbreak (including the COVID-19 pandemic or any worsening thereof) or other health crises or public health event;
- (d) any change in general economic, business or regulatory conditions or in financial, credit, currency or securities markets in Canada or globally;
- (e) any adoption, proposal, implementation or change in Applicable Laws or any interpretation or application (or non-application) thereof by any Governmental Authority, or that result from any action taken for the purpose of complying with any of the foregoing;
- (f) any change in IFRS, or changes in applicable regulatory accounting requirements applicable to the industries in which it conducts business, or that result from any action taken for the purpose of complying with any of the foregoing;
- (g) the execution, announcement or performance of the Business Combination Agreement or the consummation of the transactions contemplated in the Business Combination Agreement (provided that this clause (g) shall not apply to any representation or warranty in the Business Combination Agreement to the extent the purpose of such representation or warranty is to address the

consequences resulting from the execution and delivery of the Business Combination Agreement or the consummation of the transactions contemplated in the Business Combination Agreement);

- (h) compliance with the terms of, or the taking of any actions expressly required by, the Business Combination Agreement;
- (i) any actions taken which DDC or Volatus, as applicable, has requested in writing;
- (j) any change in the market price or trading volume of any securities of such Party (it being understood that the causes underlying such change in market price or trading volume may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any securities exchange on which any securities of such Party trade; or
- (k) any failure by such Party to meet any internal or published projections, forecasts, guidance or estimate of revenues, earnings or cash flows (it being understood that the causes underlying such failure may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred);

except, however to the extent such effects directly or indirectly resulting from, arising out of, attributable to or related to the matters described in the foregoing clauses (a) through (f) (inclusive) disproportionately adversely affect such Person and its Subsidiaries, taken as a whole, as compared to other companies operating in the industry in which such Party operates.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**National Bank**" means National Bank Financial Inc.

"**New DDC Option**" means the options to purchase DDC Common Shares to be issued to holders of Volatus Options in accordance with the Volatus Plan of Arrangement.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**Non-Canadian Holder Authorized to Provide Air Service**" has the meaning set forth in "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*".

"**Non-Objecting Beneficial Owner**" or "**NOBO**" means a Beneficial Holder who has provided instructions to an Intermediary that the Beneficial Holder does not object to the Intermediary disclosing ownership information about the Beneficial Holder.

"**Non-Resident Volatus Holder**" has the meaning set forth in "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*".

"**Notice of Dissent**" has the meaning set forth in "*Dissent Rights – Volatus*".

"**OBCA**" means the *Business Corporations Act* (Ontario), including the regulations promulgated thereunder, as amended from time to time.

"**Objecting Beneficial Owner**" or "**OBO**" means a Beneficial Holder who has provided instructions to an Intermediary that the Beneficial Holder objects to the Intermediary disclosing ownership information about the Beneficial Holder.

"Options" means options of the Combined Company.

"Outside Date" means August 30, 2024, or such later date as may be agreed to in writing by the Parties.

"Parties" means DDC and Volatus, and **"Party"** means any one of them, as the context requires.

"Period 1" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Period 2" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Person" means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association or other entity.

"Pro Forma Financial Statements" means the unaudited *pro forma* financial information for DDC, as the Combined Company, after giving effect to the Transaction, for the year ended December 31, 2023.

"Projections" has the meaning set forth in *"Risk Factors – Risk Factors Relating to the Combined Company"*.

"Proposed Amendments" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations"*.

"Registered DDC Shareholder" means a Person whose name appears in the register of DDC Shareholders maintained by Computershare, as transfer agent of DDC, as an owner of DDC Shares.

"Registered Plan" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*.

"Registered Volatus Shareholder" means a Person whose name appears in the register of Volatus Shareholders maintained by TSX Trust, transfer agent of Volatus, as an owner of Volatus Shares.

"Registrar" has the meaning ascribed to such term in the BCBCA.

"Regulation S" means Regulation S adopted by the SEC pursuant to the U.S. Securities Act.

"Representative" means, with respect to any Person, any, and all, directors, officers, employees, consultants, financial advisors, lawyers, accountants and other agents of such Person.

"Required Approvals" means, collectively, the TSXV Approval and any Authorizations, sanctions, rulings, early termination authorizations, clearances, written confirmations of no intention to initiate legal proceedings and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of any Governmental Authority having jurisdiction and in each case in connection with the Transaction.

"Resident Volatus Holder" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*.

"Response Period" has the meaning set forth in *"The Business Combination Agreement – Covenants Regarding Acquisition Proposals"*.

"SEC" means the United States Securities and Exchange Commission.

"Section 3(a)(10) Exemption" means the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof.

"Securities Laws" means: (a) the *Securities Act* (Ontario) together with all other applicable securities laws, rules, regulations and published policies thereunder or under the securities laws of any other province or territory of Canada

as now in effect and as they may be promulgated or amended from time to time; and (b) in respect of DDC, the rules and policies of the TSXV.

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval +.

"**Single Non-Canadian Holder**" has the meaning set forth in "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*".

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions* of the CSA.

"**Superior Proposal**" means: (a) with respect to DDC, a DDC Superior Proposal; and (b) with respect to Volatus, a Volatus Superior Proposal.

"**Tax**" or "**Taxes**" means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including GST/HST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan and Québec Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any installment payments, interest, penalties or other additions associated therewith, whether or not disputed.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**taxable capital gain**" has the meaning set forth in "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**Termination Fee**" means: (a) in respect of a DDC Termination Fee Event, \$1,800,000; and (b) in respect of a Volatus Termination Fee Event, \$700,000.

"**Transaction**" means, collectively, the Volatus Arrangement, and the related transactions contemplated by the Business Combination Agreement.

"**Transaction Meeting**" means: (a) with respect to DDC, the DDC Meeting; and (b) with respect to Volatus, the Volatus Meeting.

"**Transaction Resolutions**" means, collectively, the DDC Transaction Resolution and the Volatus Arrangement Resolution.

"**Transitional Year**" has the meaning set forth in "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**TSX Trust**" means TSX Trust Company.

"**TSXV**" means the TSX Venture Exchange.

"**TSXV Approval**" means the approval of the Transaction by the TSXV, including in respect of the issuance of the DDC Common Shares and the listing of the DDC Common Shares issuable upon exercise or conversion, as applicable, of the New DDC Options, the Volatus Warrants and the Volatus Debentures following the Effective Time on the TSXV.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended.

"U.S. Person" means a "U.S. person" as defined in Regulation S under the U.S. Securities Act.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended.

"U.S. Securityholders" means DDC securityholders or Volatus Securityholders, as applicable, that are in the United States or are U.S. Persons.

"U.S. Treaty Holder" has the meaning set forth in *"Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on DDC Common Shares"*.

"Volatus" means Volatus Aerospace Corp., a corporation existing under the laws of the Province of Ontario.

"Volatus Acquisition Proposal" means, other than the transactions contemplated by the Business Combination Agreement and excluding any transaction involving only Volatus and its Subsidiaries, any offer, proposal, expression of interest or inquiry from, or public announcement of intention by, any Person or group of Persons (other than DDC, or any Affiliates thereof, acting jointly, or any Representative acting on behalf of DDC, or any Affiliates thereof acting jointly), whether or not in writing and whether or not delivered to the Volatus Shareholders, relating to: (a) any direct or indirect acquisition or purchase (or any lease, license, agreement, joint venture or other arrangement having the same economic effect as an acquisition or purchase), through one or more transactions, of (i) the Assets of Volatus and or one or more of its Subsidiaries (including shares of Subsidiaries of Volatus) that, individually or in the aggregate, constitute 20% or more of the consolidated Assets or which contribute 20% or more of the consolidated revenue, as applicable, of Volatus and its Subsidiaries, taken as a whole (in each case, determined based upon the most recent consolidated financial statements of Volatus included in the Volatus Public Documents), or (ii) 20% or more of any class of voting or equity securities of Volatus or its Subsidiaries (and/or securities convertible into or exchangeable or exercisable for voting or equity securities); (b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Volatus or its Subsidiaries; (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, reorganization, recapitalization, joint venture, liquidation, dissolution, or winding up, or other similar transaction, in a single transaction or a series of related transactions involving Volatus and/or one or more of its Subsidiaries; or (d) any other similar transaction involving Volatus or any of its Subsidiaries, the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Business Combination Agreement or which would reasonably be expected to materially reduce the benefits to DDC of the Transaction; except that, for the purpose of the definition of **"Volatus Superior Proposal"** below, the references in the definition of **"Volatus Acquisition Proposal"** to: (A) "20% or more of the outstanding voting or equity securities" shall be deemed to be references to "all of the outstanding voting or equity securities"; (B) "20% or more of the consolidated Assets" shall be deemed to be references to "all or substantially all of the Assets"; and (C) "20% or more of the consolidated revenue" shall be deemed to be references to "all or substantially all of the consolidated revenue";

"Volatus AGM Resolutions" has the meaning set forth in *"Matters to be Considered at the Volatus Meeting"*.

"Volatus Annual Financial Statements" means, collectively, the audited consolidated financial statements of Volatus for the years ended December 31, 2023 and December 31, 2022, including any notes or schedules thereto and the relevant auditor's reports thereon.

"Volatus Annual MD&A" means the management's discussion and analysis of the financial condition and results of operations of Volatus for the year ended December 31, 2023.

"Volatus Arrangement" means the arrangement under section 182 of the OBCA on the terms and subject to the conditions set out in the Volatus Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 9.04 of the Business Combination Agreement or Section 5.1 of the Volatus Plan of Arrangement or at the direction of the Court in the Final Order for Volatus with the prior written consent of DDC, acting reasonably.

"Volatus Arrangement Resolution" means the special resolution of the Volatus Shareholders approving the Volatus Arrangement to be considered at the Volatus Meeting, to be substantially in the form set out in Schedule B to this Information Circular.

"Volatus Articles" means the certificate and articles of amalgamation of Volatus.

"Volatus Articles of Arrangement" means the articles of arrangement of Volatus in respect of the Volatus Arrangement, to be sent to the Director pursuant to section 183(1) of the OBCA after the Final Order is made, which shall be in form and substance satisfactory to DDC and Volatus, each acting reasonably.

"Volatus Auditor Resolution" has the meaning set forth in *"Matters to be Considered at the Volatus Meeting – Approval of Volatus AGM Resolutions"*.

"Volatus Aviation" means Partner Jet Inc. (dba Volatus Aviation).

"Volatus Board" means the board of directors of Volatus, as constituted from time to time.

"Volatus Board Recommendation" means a statement that the Volatus Board has received the Volatus Fairness Opinion and has, after receiving advice from its financial advisors and outside legal counsel, and following receipt of the unanimous recommendation of the Volatus Special Committee: (a) determined that the Consideration to be received by the Volatus Shareholders pursuant to the Volatus Arrangement is fair to the Volatus Shareholders and the Volatus Arrangement is in the best interests of Volatus, and (b) recommends that the Volatus Shareholders vote in favour of the Volatus Arrangement Resolution

"Volatus Change in Recommendation" means, except as otherwise expressly provided in Section 7.07 of the Business Combination Agreement, the breach by Volatus of its obligation to not, and to cause its Subsidiaries and their respective Representatives to not, do any of the following: (a) fail to make, or withhold, withdraw, amend, modify or qualify, or publicly propose to withhold, withdraw, modify or qualify, the Volatus Board Recommendation, (b) make, or permit any Representative of Volatus or any of its Subsidiaries to make, any public statement in connection with the Volatus Meeting by or on behalf of the Volatus Board that would reasonably be expected to have the same effect, (c) fail to publicly reaffirm (without qualification) the Volatus Board Recommendation, or its recommendation of the Transaction within three Business Days (and in any case prior to the Volatus Meeting) after having been requested in writing by DDC to do so (acting reasonably), or (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, any Volatus Acquisition Proposal

"Volatus Debenture Indenture" means the debenture indenture dated May 11, 2023 between Volatus and TSX Trust Company, as trustee.

"Volatus Debentures" means the senior unsecured convertible debentures convertible into Volatus Shares, which were created and issued pursuant to the Volatus Debenture Indenture.

"Volatus Disclosure Letter" means the disclosure letter delivered by Volatus to DDC with the execution and delivery of the Business Combination Agreement.

"Volatus Dissenting Shareholder" means a Registered Volatus Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights in respect of the Volatus Arrangement Resolution in strict compliance with the Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time, but only in respect of the Volatus Shares in respect of which Dissent Rights are validly exercised by such Registered Volatus Shareholder.

"Volatus DRS Statement" means a DRS Statement representing Volatus Shares.

"Volatus Fairness Opinion" means the opinion of Echelon Capital Markets to the effect that, as of the date of such opinion, the Consideration to be received by the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view to Volatus Shareholders.

"Volatus Financial Statements" means, collectively, the Volatus Annual Financial Statements and the Volatus Interim Financial Statements.

"Volatus Interim Financial Statements" means the unaudited condensed consolidated interim financial statements of Volatus for the three months ended March 31, 2024, including any notes or schedules thereto;

"Volatus Interim MD&A" means the management's discussion and analysis of the financial condition and results of operations of Volatus for the three months ended March 31, 2024.

"Volatus Letter of Transmittal" means the letter of transmittal enclosed with this Information Circular to be used by registered Volatus Shareholders to surrender their original Volatus Share Certificate or Volatus DRS Statement representing Volatus Shares to the Depositary in order to receive a DDC DRS Statement for DDC Common Shares to be issued to them pursuant to the Volatus Arrangement.

"Volatus Option Plan Resolution" has the meaning set forth in *"Matters to be Considered at the Volatus Meeting – Approval of Volatus AGM Resolutions"*.

"Volatus Meeting" means the annual general and special meeting of the Volatus Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Business Combination Agreement, to be called and held in accordance with the Business Combination Agreement and the Interim Order for Volatus to consider the Volatus Arrangement Resolution and the Volatus AGM Resolutions.

"Volatus Meeting Materials" has the meaning set forth in *"Information Concerning the Volatus Meeting"*.

"Volatus Notice" means the notice of annual general and special meeting of Volatus Shareholders dated July 12, 2024, accompanying this Information Circular.

"Volatus Notice of Application" means the notice of application for the Final Order attached as Schedule G to this Information Circular.

"Volatus Option Plan" means the stock option plan of Volatus, effective as of December 21, 2021.

"Volatus Options" means the outstanding options to purchase Volatus Shares granted under the Volatus Option Plan.

"Volatus Plan of Arrangement" means the plan of arrangement, substantially in the form of set forth in Schedule C, and any amendments or variations thereto made in accordance with Section 5.1 of the Volatus Plan of Arrangement or at the direction of the Court in either the Interim Order or Final Order with the consent of Volatus and DDC, each acting reasonably.

"Volatus Preferred Shares" means the Class A preferred shares in the capital of Volatus.

"Volatus Projections" has the meaning set forth in *"Risk Factors – Risk Factors Relating to the Combined Company"*.

"Volatus Proxy Submission Deadline" means 10:00 a.m. (Toronto time) on August 21, 2024, or 48 hours prior (excluding Saturdays, Sundays and holidays) to the Volatus Meeting if adjourned or postponed.

"Volatus Public Documents" means all forms, reports, schedules, statements, certifications and other documents (including all exhibits and other information incorporated therein, amendments and supplements thereto) filed by Volatus pursuant to the applicable Securities Laws since December 31, 2021 which are publicly available under Volatus' profile on SEDAR+ at www.sedarplus.ca.

"Volatus Record Date" means July 12, 2024.

"Volatus Securities" means, collectively, Volatus Shares, Volatus Preferred Shares, Volatus Options, Volatus Warrants and Volatus Debentures.

"Volatus Securityholders" means the holders of Volatus Shares, Volatus Preferred Shares, Volatus Options, Volatus Warrants and Volatus Debentures.

"Volatus Share Certificate" means the certificate(s) representing Volatus Shares.

"Volatus Shareholder Approval" means the approval of the Volatus Arrangement Resolution by the affirmative vote of 66⅔% of the votes cast on the Volatus Arrangement Resolution by the Volatus Shareholders present in person or by proxy at the Volatus Meeting.

"Volatus Shareholders" means the registered and/or beneficial owners of the Volatus Shares, as the context requires.

"Volatus Shares" means the common shares in the capital of Volatus.

"Volatus Special Committee" means the special committee of independent members of the Volatus Board that has been constituted to and has considered the Volatus Arrangement and the transactions contemplated by the Business Combination Agreement.

"Volatus Subject Securities" has the meaning set forth in *"Information Concerning the Volatus Meeting – Volatus Support Agreements"*.

"Volatus Subsidiaries" means Volatus Unmanned Services Inc., OmniView Tech Corp., Canadian Air National Inc., Volatus Aerospace USA Corp., ConnexiCore LLC, iRed Limited, Synergy Aviation Ltd., Empire Drone Company LLC, Sky Scape Industries, LLC and Indigenous Aerospace Corp.

"Volatus Superior Proposal" means an unsolicited *bona fide* written Volatus Acquisition Proposal from a Person or Persons who is or are, as at the date of this Business Combination Agreement, a party that deals at arm's length with Volatus and its Subsidiaries, that is not obtained in violation of the Business Combination Agreement or any agreement between the Person making such Volatus Superior Proposal and Volatus and its Subsidiaries or their Affiliates, made after the date of the Business Combination Agreement that: (a) did not result from a breach of Section 7.07 of the Business Combination Agreement; (b) is not subject to any financing condition and in respect of which it has been demonstrated to the satisfaction of the Volatus Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel), that such financing is available; (c) is not subject to a due diligence and/or access condition; (d) is reasonably capable of being consummated without undue delay, taking into account all legal, financial, regulatory and other aspects of such Volatus Acquisition Proposal and the Person or group of Persons making such Volatus Acquisition Proposal; (e) the Volatus Board has determined, acting in good faith, after receipt of advice from its outside financial advisors and outside legal counsel, and after taking into account all the terms and conditions of such Volatus Acquisition Proposal and all factors and matters considered appropriate, that such Volatus Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction that is more favourable, from a financial point of view, to the Volatus Shareholders, than the Transaction (including any adjustment to the terms and conditions of the Transaction proposed by DDC pursuant to Section 7.07(g) of the Business Combination Agreement); (f) in respect of which the Volatus Board determines, in its good-faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all legal, financial, regulatory and other aspects of such Volatus Acquisition Proposal and the Person or group of Persons making such Volatus Acquisition Proposal and their Affiliates, that failing to recommend such Volatus Acquisition Proposal to the Volatus Shareholders and entering into a definitive agreement with respect to such Volatus Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Laws; and (g) the terms of such Volatus Acquisition Proposal provide that in the event Volatus does not have the financial resources to pay the Termination Fee, the Person or Persons making such Volatus Acquisition Proposal shall advance or otherwise provide Volatus the cash required for Volatus to pay the Termination Fee and that such amount of cash shall be advanced or otherwise provided on or before the date on which such Termination Fee becomes payable.

"Volatus Voting and Support Agreements" has the meaning set forth in *"Information Concerning the Volatus Meeting – Volatus Support Agreements"*.

"Volatus VSA Supporting Shareholders" means Abhinav Singhvi, Andrew Leslie, Glen Lynch, Gordon Silverman, Ian McDougall, Luc Masse, Robert Walker and Samuel Ingram, each of which is a registered or beneficial owner of, or a Person who exercises control or direction over, a certain number of Volatus Shares, as provided for in the Volatus Voting and Support Agreements.

"Volatus Warrants" means the outstanding warrants of Volatus exercisable to purchase Volatus Shares.

"Voting and Support Agreements" means, collectively, the DDC Voting and Support Agreements and the Volatus Voting and Support Agreements.

JOINT MANAGEMENT INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of each of DDC and Volatus for use at the DDC Meeting and the Volatus Meeting, respectively, and at any adjournment(s) or postponement(s) thereof. To encourage your vote, DDC Shareholders and Volatus Securityholders may be contacted by DDC's and Volatus' directors, officers, employees, consultants or agents, respectively, by telephone, email, internet, facsimile, in person or by other means of communication, or DDC Shareholders may be contacted by DDC's proxy solicitation agent, Carson Proxy. In connection with proxy solicitation services, DDC has agreed to pay Carson Proxy a fee of up to \$50,000 plus reasonable out-of-pocket expenses to solicit proxies. Certain Beneficial Holders of DDC Shares who have not objected to DDC knowing who they are (NOBOs) may be contacted by Carson Proxy to conveniently obtain a vote directly over the phone. If you have any questions about the DDC Meeting, please contact Carson Proxy by telephone at North American Toll-Free: 1-800-530-5189, Local and Text: 416-751-2066 or Email: info@carsonproxy.com.

Capitalized terms used in this Information Circular but not otherwise defined have the meanings set forth under the heading "*Glossary of Defined Terms*" in this Information Circular. Information contained in this Information Circular is given as of July 12, 2024, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein.

The DDC Meeting will be held in person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time). The Volatus Meeting will be held in person at the Toronto Airport Marriott Hotel, 901 Dixon Rd, Toronto, ON M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time). For more information on how to attend and participate in the DDC Meeting or the Volatus Meeting please see the DDC Notice and the Volatus Notice, respectively. See also "*Information Concerning the DDC Meeting*" and "*Information Concerning the Volatus Meeting*".

No Person has been authorized to give any information or make any representation in connection with the Transaction, the issuance of DDC Common Shares in connection with the Volatus Arrangement, or any other matters to be considered at the DDC Meeting or the Volatus Meeting, other than as contained in this Information Circular, and, if given or made, any such information or representation must not be relied upon as having been authorized by DDC and Volatus, and should not be relied upon in making a decision as to how to vote on the resolutions to be considered at the DDC Meeting or the Volatus Meeting, as applicable.

Information contained in or otherwise accessed through DDC's or Volatus' websites, or any other website, does not constitute part of this Information Circular and is no way deemed to be a part of this Information Circular or incorporated by reference herein, and should not be relied upon in making a decision as to how to vote on the resolutions to be considered at the DDC Meeting or the Volatus Meeting, as applicable.

This Information Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any Person in any jurisdiction in which such solicitation or offer is not authorized or in which the Person making such solicitation or offer is not qualified to do so or to any Person to whom it is unlawful to make such solicitation or offer. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

THIS INFORMATION CIRCULAR AND THE TRANSACTIONS CONTEMPLATED BY THE BUSINESS COMBINATION AGREEMENT AND THE VOLATUS ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Information contained in this Information Circular should not be construed as legal, tax or financial advice and DDC Shareholders and Volatus Shareholders are urged to consult their own professional advisors in connection therewith. This Information Circular is important and requires your immediate attention. If you have any questions or require assistance, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor.

Information Contained in this Information Circular

All descriptions of, and references to, the Business Combination Agreement, the Transaction, the Volatus Plan of Arrangement, the Interim Order, the DDC Fairness Opinion, the Volatus Fairness Opinion, the DDC Voting and Support Agreements and the Volatus Voting and Support Agreements in this Information Circular are summaries of the terms of those documents and are qualified in their entirety by reference to the complete text of such documents. A copy of the Business Combination Agreement may be found under the profiles of DDC and Volatus on SEDAR+ at www.sedarplus.ca and copies of the DDC Voting and Support Agreements and the Volatus Voting and Support Agreements may be found under the profile of DDC and Volatus on SEDAR+ at www.sedarplus.ca, respectively. The Volatus Plan of Arrangement, the DDC Fairness Opinion, the Volatus Fairness Opinion, the Interim Order and the Volatus Notice of Application are attached to this Information Circular as, Schedule C, Schedule D, Schedule E, Schedule F, and Schedule G, respectively. **You are urged to carefully read the full text of these documents. In the event of any inconsistency between the summary of any provision of these documents contained in this Information Circular and the actual text of the document, the text of the applicable document shall govern.**

Information Pertaining to DDC

The information concerning DDC contained in this Information Circular has been provided by DDC. Although Volatus has no knowledge that would indicate that any of such information is untrue or incomplete, Volatus does not assume any responsibility for the accuracy or completeness of such information or the failure by DDC to disclose events that may have occurred or may affect the completeness or accuracy of such information, but that are unknown to Volatus, as applicable. For further information regarding DDC, see Schedule I to this Information Circular and refer to DDC's filings with the securities regulatory authorities, which may be obtained under DDC's profile on SEDAR+ at www.sedarplus.ca.

Information Pertaining to Volatus

The information concerning Volatus contained in this Information Circular has been provided by Volatus. Although DDC has no knowledge that would indicate that any of such information is untrue or incomplete, DDC does not assume any responsibility for the accuracy or completeness of such information or the failure by Volatus to disclose events that may have occurred or may affect the completeness or accuracy of such information, but that are unknown to DDC, as applicable. For further information regarding Volatus, see Schedule J to this Information Circular and refer to Volatus' filings with the securities regulatory authorities, which may be obtained under Volatus' profile on SEDAR+ at www.sedarplus.ca.

Financial Information

Unless otherwise indicated, all financial information referred to in this Information Circular was prepared in accordance with IFRS.

Non-IFRS Measures

This Information Circular contains references to certain non-IFRS financial measures, including "gross profit", which means revenue less cost of goods sold, "gross margin", which means gross profit as a percentage of revenue, "Adjusted EBITDA", which means IFRS comprehensive loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, integration and due diligence costs, one time profit or loss (non-recurring), and impairment of goodwill, property, plant, and equipment and right-of-use assets (ROU), and each are used as an indicator of a company's overall profitability. These measures do not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. DDC and Volatus believe that the non-IFRS measure presented herein provides information useful to shareholders and investors in understanding our performance and may assist in the evaluation of the Combined Company's business relative to that of its peers. For more information, please see the DDC Financial Statements, DDC's management's discussion and analysis and financial statements for the period ended December 31, 2023, and the DDC AIF, incorporated by reference herein, and available on its SEDAR+ profile at www.sedarplus.ca, as well as the Volatus Annual Financial Statements and the Volatus Annual MD&A attached as Appendix "A" to Schedule J of this Information Circular and available on its SEDAR+ profile at www.sedarplus.ca.

Currency

Unless otherwise indicated herein, references to "\$" or "Canadian dollars" are to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this Information Circular and the documents incorporated by reference herein that are not historical facts are forward-looking statements and forward-looking information within the meaning of applicable Canadian and U.S. securities law (collectively "forward-looking statements"). Forward-looking statements include, but are not limited to, statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions. Forward-looking statements may be identified by words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "indicates", "forecasts", "intends", "anticipates", "believes", "may", "could", "should", "would", "plans", "proposed", "potential", "will", "target", "approximate", "continue", "might", "possible", "predicts", "projects" or the negative of these terms and similar expressions, but the absence of these words does not mean that a statement is not a forward-looking statement.

By identifying such information and statements in this manner, the Parties are alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Parties and/or the Combined Company to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking statements contained in this Information Circular, the Parties have made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the inability of the Parties to integrate successfully (including the retention of key employees) such that the anticipated benefits of the Transaction are realized; the ability to realize synergies and cost savings at the times, and to the extent, anticipated; the inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms, the ability of both Parties to implement its business strategies, competition, currency and interest rate fluctuations and other risks; the potential impact of the announcement or consummation of the Transaction on relationships, including with regulatory bodies, employees, suppliers, customers, competitors and other key stakeholders; the inability of the Parties to obtain the necessary stock exchange, shareholder and other approvals which may be required for the Transaction; the inability of the Parties to close the Transaction on the terms and timing described herein, or at all; the inability of the Parties to work effectively with strategic investors and partners, and any changes to key personnel; security and cybersecurity threats and hacks; internet and power disruptions; uncertainty about the acceptance or widespread use of drones and remote piloted aircrafts; failure to anticipate technology innovations; climate change; currency risk; changes in or enforcement of national and local government legislation, taxation, controls or regulations and/or changes in the administration of laws, policies and practices and political or economic developments in Canada, the United States, Europe and other jurisdictions in which the Parties carry on business or in which the Parties and/or the Combined Company may carry on business in the future; and material adverse changes in general economic, business and political conditions, including changes in the financial markets and compliance with extensive government regulation. These risks are not intended to represent a complete list of the factors that could affect the Parties and/or the Combined Company; however, these factors should be considered carefully. Although the Parties have attempted to identify important risks that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and the Combined Company's future decisions and actions will depend on management's assessment of all information at the relevant time. A more fulsome description of risk factors that may impact business, financial condition and results of operation with respect to DDC and Volatus is set out in their respective management's discussion and analysis and financial statements for the period ended December 31, 2023, as well as DDC's annual information form, incorporated by reference herein, and available on DDC's respective SEDAR+ profile, at www.sedarplus.ca.

Forward-looking statements in this Information Circular and the documents incorporated by reference herein include, but are not limited to, statements with respect to: the anticipated benefits associated with the Transaction; the structure and effect of the Transaction; the anticipated timing of the DDC Meeting and the Volatus Meeting; the anticipated timing of receipt and content of the Final Order; the anticipated tax treatment of the Transaction for Volatus

Shareholders; the satisfaction of conditions for listing of the DDC Common Shares issuable pursuant to the Transaction on the TSXV, and the anticipated timing of same; the delisting of the Volatus Shares from the TSXV following Closing; the application to have Volatus cease to be a reporting issuer in the jurisdictions in which it is currently a reporting issuer following Closing; the impact of governmental regulation on DDC and Volatus; post-Closing *pro forma* capitalization of DDC; DDC's anticipated post-Closing business segments, product offerings, product development, revenue, and pro-forma and overall financial performance; potential future revenue and cost synergies resulting from the Transaction; DDC's expected profitability and ability to execute on its growth plan, grow its business and access capital following Closing; the expected timing of DDC becoming cash flow positive; the complementary nature and shared values of the management and technical teams of DDC and Volatus; the potential exercises of Dissent Rights by Volatus Shareholders with respect to the Volatus Arrangement Resolution; regulations relating to the use and operation of long range BVLOS operations (as defined herein); regulations regarding the sale of drone equipment and service of drones in the United Kingdom; the anticipated growth in the use of unmanned aerial vehicles; timing and completion of the opening of the Centre of Excellence (as defined herein); the Centre of Excellence's anticipated operations; Volatus' intended evolution as a drone solution provider; and the status of negotiations between Volatus and manufacturers of cargo and delivery drones.

Furthermore, the *pro forma* financial information set forth in this Information Circular should not be interpreted as indicative of the financial position or other results of operations had DDC and Volatus operated as a combined entity as at or for the periods presented, and such information does not purport to project the Combined Company's results of operations for any future period. As such, undue reliance should not be placed on such *pro forma* information.

Forward-looking statements and other information contained herein and in the documents incorporated by reference herein concerning the drone industry and the general expectations of the management of DDC and/or Volatus, as the case may be, concerning such industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of these industries which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management of DDC and Volatus are not aware of any misstatements regarding any industry data presented herein, the drone industry involves risk and uncertainties and are subject to change based on various factors which are beyond the reasonable control of DDC and Volatus.

In respect of the forward-looking statements concerning the anticipated benefits of the Transaction, the reasons for the Transaction, and the anticipated timing for completion of the Transaction, each of DDC and Volatus, as applicable, has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to or that: the ability of the Parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, stock exchange, court and shareholder approvals, including but not limited to the receipt of the DDC Shareholder Approval, the Volatus Shareholder Approval and the Final Order; the ability of the Parties to satisfy, in a timely manner, the other conditions to Closing and the completion of the Transaction on expected terms in accordance with the Business Combination Agreement; the ability to successfully integrate DDC and Volatus in a timely manner following completion of the Transaction; customer demand for the Combined Company's products following completion of the Transaction; continued revenue sustainability and growth, based on projections; the availability and cost of labour and services; the success of the Combined Company's future operations; future operating costs; the impact of the Transaction and the dedication of substantial resources from the Parties to pursuing the Transaction on the Parties' ability to maintain their current business relationships (including with current and prospective employees, customers, distributors, suppliers and partners) and their current and future operations, financial condition and prospects; the impact of the economy in general on the businesses of DDC and Volatus; no unforeseen changes in the legislative and operating framework for the businesses of DDC and Volatus, as applicable; and other expectations and assumptions concerning the Transaction and the operations and capital expenditure plans for the Combined Company. The anticipated dates provided herein may change for a number of reasons, including unforeseen delays in the ability to secure the necessary regulatory, stock exchange, court or shareholder approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this Information Circular, and DDC and Volatus can give no assurances that they will prove to be correct.

Certain historical information contained in this Information Circular and the documents incorporated by reference herein has been provided by, or derived from information provided by, third parties. Although DDC and Volatus do

not have any knowledge that would indicate that any such information is untrue, incorrect or incomplete, neither DDC nor Volatus assumes any responsibility for the accuracy and completeness of such information or the failure by such third parties to disclose events which may have occurred or may affect the completeness or accuracy of such information, but which is unknown to DDC and Volatus.

The forward-looking statements contained in this Information Circular and the documents incorporated by reference herein are made as of the date of such documents. DDC and Volatus are under no obligation (and DDC and Volatus expressly disclaim any such obligation) to update or alter any forward-looking statements, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by Applicable Laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on the forward-looking statements and investors are recommended to carefully consider the matters discussed under "Risk Factors" and in the DDC Public Documents and Volatus Public Documents incorporated by reference and as set out in each of Schedule I and Schedule J. The foregoing statements expressly qualify any forward-looking statements contained in this Information Circular, including the Schedules hereto.

INFORMATION FOR U.S. SECURITYHOLDERS

THE TRANSACTION AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE TRANSACTION HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY, OR APPROVED OR DISAPPROVED BY THE SEC OR ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE TRANSACTION OR UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The DDC Common Shares and the New DDC Options to be issued to Volatus Securityholders in exchange for Volatus Shares and Volatus Options, respectively, pursuant to the Volatus Arrangement, have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and such DDC Common Shares and New DDC Options, as applicable, will be issued in reliance upon the Section 3(a)(10) Exemption on the basis of the approval of the Court, which will consider, among other things, the fairness of the terms and conditions of the Volatus Arrangement to the Volatus Shareholders, and similar exemptions from registration under applicable U.S. state securities laws. The Section 3(a)(10) Exemption exempts the issuance of securities issued in exchange for one or more *bona fide* outstanding securities from the registration requirements under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction or governmental entity that is expressly authorized by Applicable Laws to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all Persons to whom the securities will be issued have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Volatus Arrangement will be considered. The Court granted the Interim Order on July 10, 2024 and, subject to the approval of the DDC Transaction Resolution and the Volatus Arrangement Resolution, the hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time) on August 27, 2024, or as soon thereafter as the hearing of the Final Order can be heard, in person before a Judge of the Court. All Volatus Securityholders are entitled to appear and be heard at the hearing for the Final Order. The Final Order will be relied upon as a basis for the Section 3(a)(10) Exemption with respect to the DDC Common Shares and the New DDC Options to be issued to Volatus Securityholders in exchange for their Volatus Shares and Volatus Options, respectively, pursuant to the Volatus Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The DDC Common Shares and New DDC Options issued upon completion of the Volatus Arrangement, as applicable, may be resold without restriction under the U.S. Securities Act, except in respect of resales by Persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of DDC at the Effective Date or who have been affiliates of DDC within ninety (90) days before the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include Persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such securities by such an affiliate (or, if applicable, former affiliate) may be subject to the

registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, absent an exemption therefrom. U.S. Securityholders who are affiliates of DDC solely by virtue of their status as an officer or director of DDC may sell their DDC Common Shares or New DDC Options, as applicable, outside the United States without registration under the U.S. Securities Act pursuant to Regulation S.

The Section 3(a)(10) Exemption does not exempt the issuance of securities upon the exercise of the New DDC Options and Volatus Warrants. Holders of Volatus Options entitled to receive New DDC Options and holders of Volatus Warrants entitled to receive DDC Common Shares upon exercise of such Volatus Warrants are hereby advised that the underlying DDC Common Shares issuable upon the exercise of the New DDC Options or Volatus Warrants, if any, cannot be issued in the United States or to, or for the account or benefit of, a U.S. Person in reliance upon the Section 3(a)(10) Exemption and such New DDC Options and Volatus Warrants may only be exercised pursuant to an effective registration statement or pursuant to a then available exemption from the registration requirements of the U.S. Securities Act and applicable securities laws of any state of the United States. See *"Securities Law Matters – U.S. Securities Laws"*.

The solicitation of proxies for the Volatus Meeting and the DDC Meeting are being made, and the transactions contemplated herein are being undertaken, by Canadian issuers in accordance with Canadian corporate and securities laws, and are not subject to the requirements of Section 14(a) of the U.S. Exchange Act because of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 3b-4 under the U.S. Exchange Act). U.S. Securityholders should be aware that disclosure requirements under Canadian laws are different from requirements under United States corporate and securities laws relating to U.S. domestic issuers, and this Information Circular has not been filed with or approved by the SEC or any securities regulatory authority of any state within the United States. Likewise, this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada, and information concerning the operations of each of DDC and Volatus has been prepared in accordance with Canadian standards and may not be comparable to similar information for U.S. domestic issuers.

Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and any such tax consequences under the laws of the United States are not described in this Information Circular. **U.S. Securityholders are advised to consult their own tax advisors to determine any particular U.S. tax consequences to them of the transactions to be effected in connection with the Volatus Arrangement in light of their particular situation, as well as any tax consequences that may arise under the Applicable Laws of any other relevant foreign, state, local or other taxing jurisdiction.**

The enforcement by U.S. Securityholders of civil liabilities under federal securities laws of the United States may be affected adversely by the fact that each of DDC and Volatus is incorporated outside the United States, that some or all of their respective officers and directors and the experts named herein reside outside of the United States, and that some or all of the assets of DDC and Volatus and the aforementioned Persons are located outside the United States. As a result, it may be difficult or impossible for U.S. Securityholders to effect service of process within the United States upon DDC or Volatus, as applicable, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or other laws of the United States or any state thereof. In addition, U.S. Securityholders should not assume that the courts of Canada (a) would allow them to sue DDC or Volatus, their respective officers or directors, or the experts named herein in the courts of Canada, (b) would enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the federal securities laws of the United States or other laws of the United States or any state thereof, or (c) would enforce, in original actions, liabilities against such Persons predicated upon civil liabilities under the federal securities laws of the United States or other laws of the United States or any state thereof.

U.S. SECURITYHOLDERS SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE TRANSACTION.

INFORMATION FOR BENEFICIAL HOLDERS

Beneficial Holders should note that only proxies deposited by DDC Shareholders and Volatus Shareholders whose names appear on the records of the applicable registrar and transfer agent for DDC or Volatus, as applicable, as

Registered DDC Shareholders or Registered Volatus Shareholders, as applicable, can be recognized and acted upon at the DDC Meeting or Volatus Meeting, as applicable. If DDC Shares or Volatus Shares are listed in an account statement provided to a DDC Shareholder or a Volatus Shareholder, as applicable, by an Intermediary, then, in almost all cases, those DDC Shares or Volatus Shares, as applicable, will not be registered in the holder's name on the records of DDC or Volatus. Such DDC Shares or Volatus Shares will more likely be registered in the name of the holder's broker or an agent of the broker. In Canada, the vast majority of such DDC Shares and Volatus Shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee for many Canadian brokerage firms). DDC Shares and Volatus Shares held by Intermediaries can only be voted (for or against resolutions) upon instructions of the Beneficial Holder. Without specific instructions, Intermediaries are prohibited from voting DDC Shares or Volatus Shares for their clients. **Beneficial Holders should therefore ensure that instructions regarding the voting of their DDC Shares or Volatus Shares, as applicable, are properly communicated to the appropriate Person or that the DDC Shares or Volatus Shares are duly registered in their own name well in advance of the DDC Meeting or the Volatus Meeting, respectively.**

Applicable regulatory policies require Intermediaries to seek voting instructions from Beneficial Holders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Holders in order to ensure that their DDC Shares or Volatus Shares are voted at the DDC Meeting or the Volatus Meeting, respectively. Often, the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to that provided to a registered shareholder. However, its purpose is limited to instructing the registered shareholder on how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the applicable form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form by mail or facsimile. Alternatively, the Beneficial Holder can call a toll-free telephone number or access the internet to vote the DDC Shares or Volatus Shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of DDC Shares and Volatus Shares to be represented at the DDC Meeting or the Volatus Meeting, as applicable. **A Beneficial Holder receiving a form of proxy or voting instruction form from their Intermediary cannot use that form to vote DDC Shares or Volatus Shares directly at the DDC Meeting or Volatus Meeting, respectively. Voting instructions must be communicated to the Intermediary (in accordance with the instructions provided by it or on its behalf) well in advance of the DDC Meeting or Volatus Meeting, as applicable, in order to have the DDC Shares or Volatus Shares to which such instructions relate voted at the DDC Meeting or Volatus Meeting, as applicable.**

If you are a Beneficial Holder and wish to vote in person at the DDC Meeting or Volatus Meeting, please contact your Intermediary well in advance of the DDC Meeting or Volatus Meeting, as applicable, to determine how you can do so. Beneficial Holders of Volatus Shares should also instruct their Intermediary to complete the Volatus Letter of Transmittal, with respect to such Beneficial Holder's Volatus Shares in order to receive the DDC Common Shares issuable pursuant to the Transaction in exchange for such Beneficial Holder's Volatus Shares.

Although a Beneficial Holder may not be recognized directly at the DDC Meeting or Volatus Meeting for the purpose of voting DDC Shares or Volatus Shares, as applicable, a Beneficial Holder may vote those DDC Shares or Volatus Shares as a proxyholder for the registered shareholder. To do this, a Beneficial Holder should enter such Beneficial Holder's own name in the blank space on the applicable form of proxy or voting instruction form provided to the Beneficial Holder and return the document to such Beneficial Holder's Intermediary in accordance with the instructions provided by such Intermediary well in advance of the DDC Meeting or Volatus Meeting, as applicable. See *"Information Concerning the DDC Meeting"* and *"Information Concerning the Volatus Meeting"*.

SUMMARY

The following section summarizes the principal features of the information contained in this Information Circular and contains forward-looking statements within the meaning of applicable securities laws. See "Cautionary Note Regarding Forward-Looking Statements". This summary should be read together with and is qualified in its entirety by the more detailed information and financial data and statements contained elsewhere in this Information Circular, including the Schedules hereto and documents incorporated by reference herein. Capitalized terms in this summary have the meanings set out in the "Glossary of Defined Terms". The full text of the Business Combination Agreement may be viewed under the respective profiles of DDC and Volatus on SEDAR+ at www.sedarplus.ca.

The DDC Meeting

The DDC Meeting will be held in person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time), for the purposes set forth in the accompanying DDC Notice. The business of the DDC Meeting will be to consider and vote on (a) the DDC Transaction Resolution, the full text of which is set out at Schedule A to this Information Circular, (b) to consider and vote on the DDC AGM Resolutions, and (c) to transact such further and other business as may properly be brought before the DDC Meeting.

See "Information Concerning the DDC Meeting" and "Matters to be Considered at the DDC Meeting".

The Volatus Meeting

The Volatus Meeting will be held in person at the Toronto Airport Marriott Hotel, 901 Dixon Road, Toronto, Ontario, M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time), for the purposes set forth in the accompanying Volatus Notice. The business of the Volatus Meeting will be (a) to consider and vote on the Volatus Arrangement Resolution, the full text of which is set out at Schedule B to this Information Circular, (b) to consider and vote on the Volatus AGM Resolutions, and (c) to transact such further and other business as may properly be brought before the Volatus Meeting.

See "Information Concerning the Volatus Meeting" and "Matters to be Considered at the Volatus Meeting".

About DDC

DDC is a drone technology company focused on the design, development and implementation of its proprietary turnkey logistics platform for a commercially viable drone delivery system within Canada and internationally. DDC's proprietary platform is intended to be used as part of a full logistics solution business model for government and corporate organizations. For more information, please visit www.dronedeliverycanada.com.

For further information regarding DDC, see Schedule I to this Information Circular.

About Volatus

Volatus is a leading provider of integrated drone solutions throughout North America and growing into Latin America and globally. Volatus serves civil, public safety, and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, as well as research and development, design, and manufacturing. Through Volatus' subsidiary, Volatus Aviation, it is introducing green and innovative drone solutions to supplement and replace traditional aircraft and helicopters for long linear inspections such as pipeline, energy, rail, and cargo services. Volatus is committed to carbon neutrality; the fostering of a safe, equitable and inclusive workplace; and responsible governance. For more information, please visit www.VolatusAerospace.com.

For further information regarding Volatus, see Schedule J to this Information Circular.

The Transaction

On May 20, 2024, DDC and Volatus entered into the Business Combination Agreement, pursuant to which DDC agreed to acquire all of the Volatus Shares pursuant to the Volatus Arrangement.

Under the terms of the Business Combination Agreement, if the Transaction becomes effective:

- the Volatus Shareholders (other than Volatus Dissenting Shareholders) will receive 1.785 DDC Common Shares for each Volatus Share held; and
- upon Closing, existing Volatus Shareholders and DDC Shareholders will each own approximately 50% of the Combined Company.

Additionally, if the Transaction becomes effective:

- each Volatus Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be exchanged for a New DDC Option to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent;
- each holder of outstanding Volatus Warrants outstanding immediately prior to the Effective Time will be entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms;
- each outstanding Volatus Debenture that is not converted or redeemed prior to the Effective Time will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture Indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places; and
- all Class A preferred shares in the capital of Volatus shall remain outstanding and unaffected by the Volatus Arrangement.

The following table summarizes the anticipated distribution of DDC Common Shares immediately following the completion of the Transaction, assuming that no holder of Volatus Shares exercises Dissent Rights, and no other issuances of Volatus Shares, or DDC Common Shares prior to Closing, on the basis of the Exchange Ratios:

Shareholder	Number of DDC Shares ⁽¹⁾	Percentage of DDC Shares on a Pro Forma Basis ⁽¹⁾
Existing DDC Shareholders	224,199,312	49.94%
Former Volatus Shareholders	224,345,513	49.97%
Other DDC Common Shares Issued ⁽²⁾	397,667	0.09%

Notes:

- (1) Based on the assumption that there will be approximately 448,942,492 DDC Shares issued and outstanding following completion of the Transaction, based on: (a) 224,199,312 DDC Shares issued and outstanding as of the DDC Record Date, excluding 646,838 DDC Shares issuable pursuant to all other convertible securities; (b) 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date, excluding Volatus Shares issuable pursuant to all other convertible securities; and (c) 397,667 DDC Shares issuable to Echelon Capital Markets pursuant to the Echelon Engagement Letter, calculated based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024 (see "*The Transaction – The Volatus Fairness Opinion*"). In particular, the foregoing assumes that prior to Closing: (i) no Volatus Options outstanding as at the Volatus Record

- Date will be exercised into Volatus Shares in accordance with their terms; (ii) no Volatus Warrants outstanding as at the Volatus Record Date will be exercised into Volatus Shares in accordance with their terms; (iii) no Volatus Debentures outstanding as at the Volatus Record Date will be converted into Volatus Shares in accordance with their terms; (iv) no DDC Common Shares will be issued to holders of Volatus Options, Volatus Warrants and Volatus Debentures on the date of closing; and (v) no DDC Options outstanding as of the DDC Record Date will be exercised into DDC Common Shares. The number of DDC Common Shares issued to Former Volatus Shareholders has been adjusted for rounding, to reflect that the number of DDC Common Shares issued to each Registered Volatus Shareholder will be rounded down to the nearest whole number.
- (2) Issuable to Echelon Capital Markets pursuant to the Echelon Engagement Letter. See "*The Transaction – The Volatus Fairness Opinion*".

See "*The Transaction – Effect of the Transaction*".

Effect of the Transaction

Following completion of the Transaction: (a) Volatus will continue as a wholly-owned subsidiary of DDC, as a result of which all of the property and assets of Volatus will become indirectly owned by DDC; and (b) existing Volatus Shareholders will continue to hold an indirect interest in the property and assets of Volatus through the DDC Common Shares that they will receive pursuant to the Transaction. The Transaction does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either DDC or Volatus on a consolidated basis.

Pursuant to the Volatus Plan of Arrangement, in no event will any holder of Volatus Shares be entitled to a fractional DDC Share. Where the aggregate number of DDC Common Shares to be issued to a holder of Volatus Shares as Consideration under the Transaction would result in a fraction of a DDC Common Share being issuable, then the number of DDC Common Shares to be received by such holder of Volatus Shares will be rounded down to the nearest whole number of DDC Common Shares without any additional compensation or cost.

In connection with the Transaction and pursuant to the Business Combination Agreement, the DDC Board shall be reconstituted to be comprised of five (5) directors, as follows:

- three (3) nominees of Volatus (being Ian McDougall, Glen Lynch and Andrew Leslie); and
- two (2) nominees of DDC (being Larry Taylor and Kevin Sherkin).

The Transaction involves a number of steps which will commence at the Effective Time and will occur and will be deemed to occur consecutively in the sequence, and without any further act or formality, as provided in the Volatus Plan of Arrangement. See "*The Transaction – Effect of the Transaction*".

Background to the Transaction

The terms of the Transaction are the result of arm's length negotiations between representatives of DDC and Volatus, and their respective advisors. This Information Circular contains a summary of the events leading up to the negotiation of the Business Combination Agreement, including the negotiations, discussions and actions between DDC and Volatus that preceded the execution and public announcement of the Business Combination Agreement. See "*The Transaction – Background to the Transaction*".

Reasons for the Transaction

Both Parties

Each of DDC and Volatus expects DDC, as the Combined Company following completion of the Transaction, to offer benefits for shareholders of each of DDC and Volatus. The following is a summary of the principal reasons for the respective recommendations of the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board:

- (a) **Cost Synergies & Operational Efficiencies.** Multi-channel marketing and a shared services model will allow the Combined Company to yield significant cost and operational synergies relating to shared services across customer acquisition strategies, marketing and branding, research and development, commercialization of proprietary drone technologies, financial reporting consolidation, compliance, legal, development and technology operational shared best practices.

- (b) **Scale and Immediate Path to Profitability.** The Combined Company's scale, operational synergies and efficiencies is expected to assist with achieving a path to profitability.
- (c) **Market Expansion Opportunities.** The Combined Company is expected to provide shareholders with exposure to DDC's advanced operational and proprietary cargo drone technology and remote operating capabilities combined with Volatus' existing drone service offerings. Entering into new end markets, including the emerging cargo drone sector, is expected to have significant long-term upside for the Combined Company.
- (d) **Track Record of Revenue Generation.** Combined fiscal year 2023 revenues among DDC and Volatus totalling approximately \$36.1 million.
- (e) **Commercialization of Proprietary Technologies.** The revenue profile of the Combined Company is anticipated to provide long-term growth potential for the Combined Company's portfolio of proprietary technology and enhance its ability to realize value from DDC's existing proprietary drone technology. The Combined Company is expected to leverage Volatus' management team's strong commercial expertise to ensure optimal commercialization of DDC's technology portfolio.
- (f) **Global Expansion Opportunities.** The Combined Company, with its shared decades of technology and aviation experience as well as strong financial and operating metrics, is expected to have a leading presence globally as a diversified technology and service leader to drive both short- and long-term growth opportunities in existing and new markets. Enhanced geographic diversification is expected to provide market expansion opportunities for the Combined Company.
- (g) **Insider Support.** Directors and certain officers of DDC have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their DDC Shares in favour of the DDC Transaction Resolution. Directors and officers of Volatus have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their Volatus Shares in favour of the Volatus Arrangement Resolution.
- (h) **Increased Public Float and Liquidity.** DDC Shareholders and Volatus Shareholders are expected to experience greater liquidity by participating in the Combined Company with a more widely-held shareholder base.
- (i) **Fairness Opinions.** National Bank has provided an opinion to the DDC Special Committee and the DDC Board, a copy of which is attached as Schedule D to this Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the Consideration to be paid by DDC pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC. Echelon Capital Markets has provided an opinion to the Volatus Special Committee and the Volatus Board, a copy of which is attached as Schedule E to this Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the Consideration to be paid to Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders.
- (j) **Arm's-Length Negotiations.** The terms of the Business Combination Agreement and the Transaction are the result of a comprehensive arm's-length negotiation process, undertaken with the oversight and participation of DDC's and Volatus respective legal counsel and financial advisors. The DDC Special Committee and Volatus Special Committee each took an active role in overseeing and providing guidance and instructions to management and their respective advisors in respect of the strategic review process and negotiations concerning the Transaction. The terms of the Business Combination Agreement treat all DDC Shareholders and Volatus Shareholders equitably and fairly.
- (k) **Ability to Accept a Superior Proposal.** The Business Combination Agreement permits each of the DDC Board and the Volatus Board, in exercise of its fiduciary duties, to respond, prior to their respective meeting of securityholders, to certain unsolicited acquisition proposals that are more favourable, from a financial point of view, to their respective shareholders than the Transaction. The

Business Combination Agreement provides that, notwithstanding the non-solicitation covenants contained in the Business Combination Agreement, if one of the Parties' boards of directors receives an unsolicited Acquisition Proposal that did not result from a breach of that Party's non-solicitation covenants and that Party's board of directors determines in good faith after consultation with its financial advisors and outside legal counsel is or would reasonably be expected to constitute a Superior Proposal, then that Party may enter into discussions or negotiations or otherwise assist the Person making such Acquisition Proposal, provided the requirements of the Business Combination Agreement are met, and that Party's board of directors retains the ability to consider and respond to the Superior Proposal prior to their respective meeting of securityholders on the specific terms and conditions set forth in the Business Combination Agreement, including the payment of the Termination Fee to the other Party, if a Superior Proposal is accepted. See "*The Business Combination Agreement – Covenants Regarding Acquisition Proposals*" and "*The Business Combination Agreement – Termination Fee and Expense Reimbursement*".

- (l) **Shareholder Approval Required.** The Transaction must be approved by the affirmative vote of a simple majority of the votes cast by DDC Shareholders present in person or represented by proxy at the DDC Meeting and entitled to vote thereat. The Volatus Arrangement must be approved by the affirmative vote of not less than two-thirds (66⅔%) of the votes by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting. See "*Information Concerning the DDC Meeting*", "*Matters to be Considered at the DDC Meeting*", "*Information Concerning the Volatus Meeting*" and "*Matters to be Considered at the Volatus Meeting*".
- (m) **Determination of Fairness by the Court.** Completion of the Volatus Arrangement is conditional upon receipt of the Final Order. The Court will consider, during the hearing for the Final Order, the procedural and substantive fairness of the terms and conditions of the Volatus Arrangement.
- (n) **Financial, Legal and Other Advice.** Extensive financial, legal and other advice was provided to the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board. This advice included detailed financial advice from highly qualified and experienced financial advisors as to the potential value that might have resulted from other strategic alternatives reasonably available to DDC and Volatus.
- (o) **Ability to Close.** Each of DDC and Volatus believe that DDC and Volatus are committed to completing the Transaction and have a proven track record of completing deals, and anticipate that each of DDC and Volatus will be able to complete the Transaction, in accordance with the terms of the Business Combination Agreement, within a reasonable time and in any event prior to August 30, 2024, or such later date as may be agreed to in writing by DDC and Volatus.
- (p) **Equal Treatment of Shareholders.** The Volatus Arrangement contemplates the acquisition by DDC of 100% of the issued and outstanding Volatus Shares and under the Volatus Plan of Arrangement, all Volatus Shareholders are treated identically and fairly.
- (q) **Dissent Rights.** Registered Volatus Shareholders who do not vote in favour of the Volatus Arrangement will have the right to require a judicial appraisal of their Volatus Shares and obtain "fair value" pursuant to the proper exercise of Dissent Rights.

For additional information, see "*The Transaction – Reasons for the Transaction – Both Parties*".

The anticipated benefits of the Transaction, and the principal reasons for the respective recommendations of the DDC Board and the Volatus Board in respect of the Transaction, include and are based on certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

The DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board recommendations were based upon the totality of the information presented and considered by them, including but not limited to, their knowledge of the business, financial condition and prospectus of DDC and Volatus, respectively, the DDC Fairness Opinion, the Volatus Fairness Opinion, and on the advice of financial and legal advisors to the DDC

Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board. The foregoing summary of the information and factors considered by the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board is not intended to be exhaustive. In addition, the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board did not assign any relative or specific weights to the foregoing factors, and individual members of the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board may have given differing weights to different factors. See *"The Transaction – Reasons for the Transaction – Both Parties"*.

DDC Fairness Opinion

The DDC Board formed the DDC Special Committee to consider the Transaction and subsequently supervise and negotiate the Business Combination Agreement. National Bank acted as financial advisor to DDC and provided the DDC Special Committee and the DDC Board with its DDC Fairness Opinion to the effect that, as of May 20, 2024, based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be paid by DDC to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC. National Bank provided its opinion solely for the information and assistance of the DDC Special Committee and the DDC Board in connection with its consideration of the Transaction. The DDC Fairness Opinion is not a recommendation as to how any DDC Shareholder should vote with respect to the DDC Transaction Resolution, or any other matter. The DDC Fairness Opinion was one of a number of factors taken into consideration by the DDC Board in making its determination that the Transaction is fair to DDC.

A copy of the written DDC Fairness Opinion, setting out the assumptions made, matters considered, and limitations and qualifications on the review undertaken in connection with the DDC Fairness Opinion, is attached to Schedule D to this Information Circular. DDC Shareholders are urged to read the DDC Fairness Opinion carefully and in its entirety. See *"The Transaction – DDC Fairness Opinion"* and Schedule D to this Information Circular.

Recommendation of the DDC Special Committee

The DDC Special Committee was formed to review and evaluate the Transaction, oversee and supervise the process carried out by DDC in negotiating and entering into the Business Combination Agreement and to make recommendations to the DDC Board regarding the Transaction.

After careful consideration and review of the Business Combination Agreement and the DDC Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled *"The Transaction – Reasons for the Transaction"*, having consulted with its legal and financial advisors, the DDC Special Committee determined (with one member dissenting) that the Transaction is in the best interests of DDC and that the Transaction is fair to DDC.

Accordingly, the DDC Special Committee recommended that the DDC Board approve the Transaction and enter into the Business Combination Agreement and that the DDC Board recommend that DDC Shareholders vote FOR the DDC Transaction Resolution, the full text of which is set forth in Schedule A to this Information Circular. See *"The Transaction – Recommendations of the DDC Special Committee"* and *"Matters to be Considered at the DDC Meeting"*.

Recommendation of the DDC Board

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the DDC Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled *"The Transaction – Reasons for the Transaction"*, in consultation with management, DDC's legal advisors and National Bank, the DDC Board has: (a) determined that the Transaction is in the best interests of DDC; (b) approved the Transaction and the entering into by DDC of the Business Combination Agreement; and (c) resolved to recommend that the DDC Shareholders vote FOR the DDC Transaction Resolution.

Accordingly, the DDC Board unanimously recommends that the DDC Shareholders vote FOR the DDC Transaction Resolution, the full text of which is set forth in Schedule A to this Information Circular. See *"The Transaction – Recommendation of the DDC Board"* and *"Matters to be Considered at the DDC Meeting"*.

Volatus Fairness Opinion

The Volatus Board formed the Volatus Special Committee to review and evaluate the Volatus Arrangement and oversee and supervise the process carried out by Volatus in negotiating and entering into the Business Combination Agreement. Echelon Capital Markets acted as financial advisor to Volatus and provided the Volatus Special Committee and Volatus Board with the Volatus Fairness Opinion to the effect that, as of May 20, 2024, based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders. Echelon Capital Markets provided its opinion solely for the information and assistance of the Volatus Special Committee and the Volatus Board in connection with its consideration of the Transaction. The Volatus Fairness Opinion is not a recommendation as to how any Volatus Shareholder should vote with respect to the Volatus Arrangement Resolution, or any other matter or a recommendation as to whether holders of convertible securities of Volatus should exercise any conversion or other rights. The Volatus Fairness Opinion was one of a number of factors taken into consideration by the Volatus Board in making its determination that the Volatus Arrangement is fair to Volatus.

A copy of the written Volatus Fairness Opinion, setting out the assumptions made, matters considered, and limitations and qualifications on the review undertaken in connection with the Volatus Fairness Opinion, is attached as Schedule E to this Information Circular. Volatus Shareholders are urged to read the Volatus Fairness Opinion carefully and in its entirety. See "*The Transaction – Volatus Fairness Opinion*" and Schedule E to this Information Circular.

Recommendation of the Volatus Special Committee

The Volatus Special Committee was formed to review and evaluate the Volatus Arrangement, oversee and supervise the process carried out by Volatus in negotiating and entering into the Business Combination Agreement and to make recommendations to the Volatus Board regarding the Volatus Arrangement.

After careful consideration and review of the Business Combination Agreement and the Volatus Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", having consulted with its legal and financial advisors, the Volatus Special Committee has unanimously determined that the Volatus Arrangement is in the best interests of Volatus and that the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement is fair.

Accordingly, the Volatus Special Committee unanimously recommended that the Volatus Board approve the Volatus Arrangement and enter into the Business Combination Agreement and that the Volatus Board recommend that Volatus Shareholders vote FOR the Volatus Arrangement Resolution. See "*The Transaction – Recommendations of the Volatus Special Committee*" and "*Matters to be Considered at the Volatus Meeting*".

Recommendation of the Volatus Board

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the Volatus Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", in consultation with management, Volatus' legal and financial advisors, and following the receipt of the unanimous recommendation of the Volatus Special Committee, the Volatus Board has unanimously: (a) determined that the Volatus Arrangement is in the best interests of Volatus; (b) determined that the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement is fair; (c) approved the Volatus Arrangement and the entering into by Volatus of the Business Combination Agreement; and (d) resolved to recommend that the Volatus Shareholders vote FOR the Volatus Arrangement Resolution.

Accordingly, the Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the Volatus Arrangement Resolution. See "*The Transaction – Recommendations of the Volatus Board*" and "*Matters to be Considered at the Volatus Meeting*".

Business Combination Agreement

The Transaction will be effected pursuant to the Business Combination Agreement. The Business Combination Agreement contains representations and warranties and covenants of and from each of DDC and Volatus, and various conditions, with respect to DDC and Volatus.

The Business Combination Agreement provides that, upon the occurrence of certain termination events, each of DDC and/or Volatus may be required to pay to the other the Termination Fee or the Expense Reimbursement. See "*The Business Combination Agreement – Termination Fee and Expense Reimbursement*".

This Information Circular contains a summary of certain provisions of the Business Combination Agreement and is qualified in its entirety by the full text of the Business Combination Agreement, a copy of which is available under the respective SEDAR+ profiles of DDC and Volatus at www.sedarplus.ca. See "*The Business Combination Agreement*".

Voting and Support Agreements

DDC

On May 20, 2024, each of the DDC VSA Supporting Shareholders, collectively holding less than 1% of the issued and outstanding DDC Shares, entered into the DDC Voting and Support Agreements with Volatus, pursuant to which they agreed to vote, or cause to be voted, the DDC Shares beneficially owned, directly or indirectly, or controlled or directed by them, or subsequently acquired by them, (a) in favour of the DDC Transaction Resolution and any other matter necessary for the consummation of the Transaction, and (b) against any DDC Acquisition Proposal or any action which would reasonably be regarded as being directed towards or likely to delay or prevent the successful completion of the Transaction.

Volatus

On May 20, 2024, each of the Volatus VSA Supporting Shareholders, collectively holding approximately 62% of the issued and outstanding Volatus Shares, entered into the Volatus Voting and Support Agreements with DDC, pursuant to which they agreed to vote, or cause to be voted, the Volatus Shares beneficially owned, directly or indirectly, or controlled or directed by them, or subsequently acquired by them, (a) in favour of the Volatus Arrangement Resolution and any other matter necessary for the consummation of the Transaction, and (b) against any Volatus Acquisition Proposal or any action which would reasonably be regarded as being directed towards or likely to delay or prevent the successful completion of the Volatus Arrangement.

Volatus Debentures

On May 7, 2024, the requisite holders of Volatus Debentures approved a waiver of the change of control redemption rights under the Volatus Debentures in connection with the proposed Transaction. See "*The Transaction – Background to the Transaction*".

Procedure for the Transaction to Become Effective

The Volatus Arrangement is proposed to be carried out pursuant to Section 182 of the OBCA. The following procedural steps must be taken in order for the Transaction to become effective:

- the DDC Transaction Resolution must receive the requisite DDC Shareholder Approval at the DDC Meeting;
- the Volatus Arrangement Resolution must receive the requisite Volatus Shareholder Approval at the Volatus Meeting in the manner set forth in the Interim Order;
- the Court must grant the Final Order approving the Volatus Arrangement;
- all other conditions to the Transaction, as set forth in the Business Combination Agreement, including the receipt of all Required Approvals, must be satisfied or waived by the appropriate Party; and

- the Volatus Articles of Arrangement in respect of the Volatus Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, must be filed with the Director.

There is no assurance that the conditions set forth in the Business Combination Agreement will be satisfied or waived on a timely basis or that the Court will grant the Final Order approving the Volatus Arrangement. See "Risk Factors".

Upon the conditions set forth in the Business Combination Agreement being satisfied or waived, DDC and Volatus intend to file the Volatus Articles of Arrangement and a copy of the Final Order in respect of the Volatus Arrangement, together with such other materials as may be required by the Director in order to give effect to the Volatus Arrangement.

DDC Shareholder Approval

The DDC Transaction Resolution must be approved by a simple majority of the votes cast by the DDC Shareholders present in person or represented by proxy at the DDC Meeting. If the DDC Transaction Resolution does not receive the requisite DDC Shareholder Approval, the Transaction cannot be completed. See "*The Transaction – Procedure for the Transaction to Become Effective – DDC Shareholder Approval*" and "*Matters to be Considered at the DDC Meeting*".

Unless otherwise directed, the Persons named in the form of proxy for the DDC Meeting intend to vote FOR the DDC Transaction Resolution in the form set out at Schedule A to this Information Circular. See "*Matters to be Considered at the DDC Meeting*".

Volatus Shareholder Approval

Pursuant to the terms of the Interim Order, the Volatus Arrangement Resolution must, subject to further order of the Court, be approved by not less than two-thirds (66⅔%) of the votes cast on the Volatus Arrangement Resolution by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting.

The Volatus Arrangement Resolution must receive the Volatus Shareholder Approval in order for Volatus to seek its Final Order and complete the Volatus Arrangement and the Transaction on the Effective Date in accordance with the Interim Order and the Business Combination Agreement. See "*The Transaction – Procedure for the Transaction to Become Effective*" and "*Matters to be Considered at the Volatus Meeting*".

Unless otherwise directed, the Persons named in the form of proxy for the Volatus Meeting intend to vote FOR the Volatus Arrangement Resolution, substantially the form set out at Schedule B to this Information Circular. See "*Matters to be Considered at the Volatus Meeting*".

Volatus Court Approval

On July 10, 2024, Volatus obtained the Interim Order providing for the calling and holding of the Volatus Meeting, Dissent Rights and other procedural matters. Copies of the Interim Order and the Volatus Notice of Application are attached as Schedule F and Schedule G, respectively, to this Information Circular.

The OBCA requires the Court to approve the Volatus Arrangement. Subject to the terms of the Business Combination Agreement, if the DDC Transaction Resolution and the Volatus Arrangement Resolution are approved at the DDC Meeting and the Volatus Meeting, respectively, Volatus will make an application to the Court for the Final Order at 10:00 a.m. (Toronto time) on August 27, 2024, or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as the Court may direct, in person before a Judge of the Court. At the application, the Court will be requested to consider, among other things, the fairness of the Volatus Arrangement. See "*The Transaction – Procedure for the Transaction to Become Effective*".

Required Approvals

The Business Combination Agreement provides that receipt of all Required Approvals, including the Final Order and the TSXV Approval (which has not yet been received) for the listing of the DDC Common Shares issuable pursuant

to the Transaction is a condition to the Transaction becoming effective. See "*Procedure for the Transaction to Become Effective*".

Stock Exchange Listing and Delisting Matters

On May 17, 2024, the last trading day on which the DDC Shares and Volatus Shares traded prior to announcement of the Transaction, the closing price of the DDC Shares on the TSXV was \$0.195 and the closing price of the Volatus Shares on the TSXV was \$0.14. On July 10, 2024, the price of the DDC Shares on the TSXV was \$0.185 and the closing price of the Volatus Shares on the TSXV was \$0.18.

For information with respect to the trading history of the DDC Shares and the Volatus Shares, see "*Information Concerning DDC – Trading Price and Volume*" in Schedule I to this Information Circular and "*Information Concerning Volatus – Trading Price and Volume*" in Schedule J to this Information Circular.

It is anticipated that the Volatus Shares will be delisted from the TSXV following completion of the Transaction and DDC will apply to have Volatus cease to be a reporting issuer in the jurisdictions in which it is currently a reporting issuer. It is anticipated that certain Volatus Warrants that are listed and posted for trading on the TSXV under the trading symbol "VOL.WT.A" will remain listed and posted for trading on the TSXV following completion of the Transaction. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*The Transaction – Stock Exchange Listing and Delisting Matters*".

It is a condition of Closing that the TSXV shall have approved certain matters relating to the Transaction, including the issuance and listing of the DDC Common Shares issuable in connection with the Transaction and the issuance and listing of the DDC Shares upon the exercise or conversion, as applicable, of the New DDC Options, the Volatus Warrants and the Volatus Debentures following the Effective Time. See *Matters to be Considered at the DDC Meeting – Approval of the DDC Transaction Resolution*".

Expenses

Except as otherwise expressly provided in the Business Combination Agreement, all costs and expenses, including fees, disbursements and charges of counsel, financial advisors and accountants, incurred in connection with the Business Combination Agreement and the transactions contemplated thereby shall be paid by the Party incurring such costs and expenses, whether or not the Effective Time shall have occurred. Notwithstanding the foregoing, under the Business Combination Agreement.

Effective Date

If the DDC Transaction Resolution and the Volatus Arrangement Resolution are passed at their respective meetings, and all conditions disclosed under "*The Business Combination Agreement – Conditions to the Transaction Becoming Effective*" are met or waived in accordance with the terms of the Business Combination Agreement, it is anticipated that the Transaction will be completed as soon as practicable following the date on which the conditions to completion of the Transaction are satisfied or waived with effect as of 12:01 a.m. (Toronto time) on such date. Subject to receipt of the Required Approvals, DDC and Volatus presently expect that the Transaction will be completed as soon as practicable following the completion of the DDC Meeting and the Volatus Meeting, and the issuance of the Final Order. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

Selected Unaudited Pro Forma Financial Information for the Combined Company

This Information Circular contains certain unaudited *pro forma* financial information for DDC, as the Combined Company after giving effect to the Transaction, for the three months ended March 31, 2024. Such *pro forma* financial information should be read in conjunction with: (a) the DDC Financial Statements, which are incorporated by reference herein, and (b) the Volatus Financial Statements, which are attached as Appendix "A" and Appendix "B" to Schedule J to this Information Circular. The DDC Financial Statements and Volatus Financial Statements are available under each of DDC's and Volatus' respective SEDAR+ profiles on www.sedarplus.ca. See "*Information Concerning the Combined Company – Selected Unaudited Pro Forma Financial Information for the Combined Company*" in Schedule K to this Information Circular.

Conflicts of Interest

To the knowledge of management of DDC and Volatus, no existing or potential material conflicts of interest exist presently or will exist between the Parties or any subsidiary of the Parties and any proposed director, officer or promoter of DDC or any subsidiary of DDC following completion of the Transaction.

Income Tax Considerations

The income tax considerations applicable to the Volatus Shareholders under the Transaction are complex and may depend on their particular circumstances. Volatus Shareholders should carefully review the tax considerations described in this Information Circular and are urged to consult their own tax advisors in regard to their particular circumstances. See "*Certain Canadian Federal Income Tax Considerations*" for a general discussion of certain Canadian federal income tax considerations.

Securities Law Information for Canadian Shareholders

The issuance of the DDC Common Shares and New DDC Options in connection with the Volatus Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The DDC Common Shares may be resold in each of the provinces and territories of Canada without resale restrictions, provided the holder is not a "control person" as defined in the applicable legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

Securities Law Information for U.S. Shareholders

The DDC Common Shares and New DDC Options to be issued and exchanged in connection with the Volatus Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and such securities are being issued in reliance upon the Section 3(a)(10) Exemption on the basis of the approval of the Court, and similar exemptions from registration under applicable U.S. state securities laws. As a result, the DDC Common Shares and New DDC Options issued pursuant to the Volatus Arrangement to Persons in the United States or to, for the account or benefit of, U.S. Persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of DDC at the Effective Date or who have been affiliates of DDC within ninety days before the Effective Date may be subject to certain restrictions on transfer under applicable U.S. federal and state securities laws. Volatus Securityholders should consult their own legal and financial advisors concerning the applicable United States federal, state and local securities law consequences of the Volatus Arrangement. See "*The Transaction*" and "*U.S. Securities Laws*".

Depository and Proxy Solicitation Agent

Volatus has engaged Computershare to act as Depository for the receipt of Volatus Share Certificates and Volatus DRS Statements in respect of the Volatus Shares and related Volatus Letter of Transmittal.

DDC has retained Carson Proxy to assist in the solicitation of proxies. The solicitation of proxies is on behalf of management of DDC. Carson Proxy can be contacted by telephone at North American Toll-Free: 1-800-530-5189, Local and Text: 416-751-2066 or Email: info@carsonproxy.com.

Risk Factors

DDC Shareholders who vote in favour of the DDC Transaction Resolution and Volatus Shareholders who vote in favour of the Volatus Arrangement Resolution will be voting in favour of combining the businesses of DDC and Volatus, and investing in the Combined Company's business. There are certain risk factors associated with the Transaction that should be carefully considered by DDC Shareholders and Volatus Shareholders, including those related to an investment in the DDC Shares and an investment in the businesses of DDC and Volatus. DDC Shareholders and Volatus Shareholders should review carefully the risk factors set forth under the heading entitled "*Risk Factors*" in this Information Circular, and the risk factors set forth in the schedules and documents incorporated by reference hereto. A summary of certain principal risk factors concerning DDC and Volatus, as well as certain risk factors associated with the Transaction, are set forth below:

- DDC and Volatus may not realize the anticipated benefits of the Transaction;
- the Parties could fail to complete the Transaction or the Transaction may be completed on different terms;
- the Termination Fee, if triggered, and the terms of the Voting and Support Agreements, may discourage third parties from attempting to acquire a Party;
- the Parties will incur substantial transaction-related costs in connection with the Transaction;
- the issuance of DDC Common Shares pursuant to the Transaction, if completed, will have an immediate dilutive effect on the current DDC Shareholders' ownership interest in DDC;
- the unaudited *pro forma* financial information of DDC, as the Combined Company, is presented for illustrative purposes only and may not be an indication of the Combined Company's results of operations or financial condition following the completion of the Transaction;
- if the Transaction is not completed or its completion is materially delayed and/or the Business Combination Agreement is terminated, the market price of the DDC Shares and/or the Volatus Shares may be materially adversely affected;
- there are risks related to the integration of DDC's and Volatus's existing businesses, including that DDC Shareholders and the Volatus Shareholders may be exposed to additional business risks not previously applicable to their respective investments prior to the Transaction;
- if DDC or Volatus are in breach of their representations, warranties or covenants contained in the Business Combination Agreement or if the DDC Transaction Resolution or the Volatus Arrangement Resolution is not approved at the applicable DDC Meeting or Volatus Meeting, as applicable, then DDC or Volatus, as applicable, may be required to pay the Expense Reimbursement to the other Party;
- the pending Transaction may divert the attention of management of the Parties, impact the Parties' abilities to attract or retain key personnel or impact the Parties' third-party business relationships;
- DDC and Volatus directors and senior officers may have interests in the Transaction that are different from those of the DDC Shareholders and the Volatus Shareholders;
- there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to DDC or Volatus;
- Volatus may be required to make a substantial cash payment to Volatus Dissenting Shareholders which could have an adverse effect on Volatus' financial condition and cash resources if the Transaction is completed;
- the Parties may be the target of lawsuits questioning the validity of the Transaction or seeking damages or an injunction in connection with the Transaction, including, but not limited to, claims seeking monetary compensation or remedies for alleged finder's fees or success fees;
- the market price of the DDC Shares and the Volatus Shares at any given point in time may not accurately reflect the long-term value of DDC or Volatus, respectively; and
- as a result of the Transaction and the corresponding transactions, the voting power of the existing DDC Shareholders and Volatus Shareholders will be substantially diluted.

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Information Circular, and the DDC AIF which is incorporated by reference herein. DDC Shareholders and Volatus Shareholders should carefully consider all such risk factors. See "Risk Factors".

DDC AGM Resolutions

The DDC meeting will also be held for the purposes of conducting an annual general meeting of DDC Shareholders, whereby DDC Shareholders will be asked to consider, and if deemed advisable, to approve, the DDC AGM Resolutions, and such other further or other business as may properly come before the DDC Meeting and any adjournments thereof.

The DDC Board unanimously recommends that the DDC Shareholders vote FOR the DDC AGM Resolutions. See "*Matters to be Considered at the DDC Meeting*".

Volatus AGM Resolutions

The Volatus Meeting will also be held for the purposes of conducting an annual general meeting of Volatus Shareholders, whereby Volatus Shareholders will be asked to consider, and if deemed advisable, to approve, the Volatus AGM Resolutions, and such other further or other business as may properly come before the Volatus Meeting and any adjournments thereof.

The Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the Volatus AGM Resolutions. See "*Matters to be Considered at the Volatus Meeting*".

THE TRANSACTION

On May 20, 2024, DDC and Volatus entered into the Business Combination Agreement pursuant to which DDC has agreed to acquire all of the Volatus Shares by way of the Volatus Arrangement, in an all-equity merger of equals business combination transaction.

The Volatus Arrangement will be effected by way of a court-approved plan of arrangement under Section 182 of the OBCA involving, among others, DDC, Volatus, and the Volatus Securityholders, pursuant to the terms of the Volatus Plan of Arrangement, the Business Combination Agreement, the Interim Order and the Final Order. Subject to receipt of the DDC Shareholder Approval, the Volatus Shareholder Approval, the Final Order and the satisfaction or waiver of certain other conditions, DDC will acquire all of the issued and outstanding Volatus Shares on the Effective Date.

Under the terms of the Business Combination Agreement, if the Transaction becomes effective:

- the Volatus Shareholders (other than Volatus Dissenting Shareholders) will receive 1.785 DDC Common Shares for each Volatus Share held;
- each Volatus Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be exchanged for a New DDC Option to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent;
- each holder of outstanding Volatus Warrants outstanding immediately prior to the Effective Time will be entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms;
- each outstanding Volatus Debenture that is not converted or redeemed prior to the Effective Time will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture Indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (a) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (b) the Exchange Ratio, rounded down to two decimal places; and
- all Class A preferred shares in the capital of Volatus shall remain outstanding and unaffected by the Volatus Arrangement.

The principal features of the Transaction are summarized below and are qualified in their entirety by reference to the full text of the Business Combination Agreement and the Volatus Plan of Arrangement. For further details regarding DDC, please refer to Schedule I to this Information Circular. For further details regarding Volatus, please refer to Schedule J to this Information Circular. For further details concerning DDC, as the Combined Company following Closing, please refer to Schedule K to this Information Circular.

Background to the Transaction

The following is an overview of the context, process and negotiations leading to the announcement of the Transaction.

Background to the Business Combination Agreement

Each of the Volatus Board and the DDC Board routinely evaluates business alternatives and strategic opportunities as part of their respective ongoing evaluation of developments in the marketplace. They participate in discussions with third parties regarding possible commercial arrangements, partnerships and transactions, and they regularly consider opportunities to enhance shareholder value.

In January 2024, management of Volatus and DDC participated in initial discussions regarding a potential merger transaction between the companies and both Parties began to conduct financial diligence on the other Party.

On February 2, 2024, the DDC Board determined it was advisable to form the DDC Special Committee to report and make recommendations to the DDC Board as part of a strategic review process to maximize shareholder value, including consideration of the proposed Transaction with Volatus. The members of the DDC Special Committee consisted of Larry Taylor (Chair), Chris Irwin and Vijay Kanwar. On March 5, 2024, the DDC Special Committee appointed Bennett Jones LLP as independent legal counsel to the DDC Special Committee. Irwin Lowy LLP acted as legal counsel to DDC.

In late February 2024 and early March 2024, drafts of a non-binding letter of intent for a business combination of Volatus and DDC were circulated between the Parties and considered and negotiated by the senior management and the financial and legal advisors of each Party. The DDC Special Committee met several times in late February 2024 and early March 2024 to consider drafts of the non-binding letter of intent, consider other strategic alternatives and receive advice from National Bank and Bennett Jones LLP.

On March 14, 2024, a meeting of the Volatus Board was convened to review the non-binding letter of intent and discuss the potential business combination of Volatus and DDC. Following a presentation by Volatus' management with respect to the Transaction, the Volatus Board discussed the proposed terms and economics of the proposed Transaction as well as Volatus' mergers and acquisitions strategy, generally. The Volatus Board also determined that, considering the structure of the proposed Transaction and the size of the Volatus Board, it was advisable to form the Volatus Special Committee to review and negotiate the proposed Transaction. Specifically, the three independent directors of the Volatus Board (Sam Ingram, Gordon Silverman and Andrew Leslie) formed the Volatus Special Committee.

On March 14, 2024, a meeting of the DDC Special Committee was convened to review the non-binding letter of intent and discuss the potential business combination of Volatus and DDC. Following presentations by DDC management and National Bank with respect to the Transaction, the DDC Special Committee unanimously resolved to recommend that the DDC Board approve the non-binding letter of intent. Thereafter, based upon the recommendation of the DDC Special Committee, the DDC Board unanimously approved the non-binding letter of intent and the Parties finalized and executed the non-binding letter of intent in respect of the Transaction.

From March through May of 2024, both Parties conducted detailed due diligence reviews and communicated regularly with each other's senior management teams. On March 27, 2024, Volatus delivered to DDC its initial version of a draft Business Combination Agreement. From March 27, 2024 through May 20, 2024, the Parties negotiated terms and exchanged drafts of the Business Combination Agreement and other transaction documents related thereto.

During this time period, Volatus' senior management also discussed support of the proposed Transaction with certain holders of Volatus Debentures under appropriately defined "over-the-wall" restrictions. On May 7, 2024, the requisite holders of Volatus Debentures approved a waiver of the change of control redemption rights under the Volatus Debentures in connection with the proposed Transaction.

The Volatus Board met with senior management of Volatus and its financial and legal advisors, both on a formal and informal basis, throughout April and May of 2024, to receive updates on the status of the proposed Transaction with DDC, including the terms of the draft Business Combination Agreement, the status of due diligence investigations and a description of the remaining items to be resolved.

The Volatus Special Committee were also in regular contact with the financial and legal advisors of Volatus as well as its Chief Executive Officer and other executive officers to informally, on an ad hoc basis, receive updates on the proposed Transaction and to ask questions of such advisors and management. The Volatus Special Committee also

consulted with its legal advisors regarding MI 61-101 matters in connection with the proposed Transaction. The Volatus Special Committee also communicated amongst themselves on a regular basis leading up to the execution of the Business Combination Agreement.

The DDC Special Committee met with senior management of DDC and its financial and legal advisors throughout April and May of 2024 to receive updates on the status of the proposed Transaction with Volatus, including the current terms of the draft Business Combination Agreement and a description of the remaining items to be resolved. During this time, the DDC Special Committee also discussed and considered the terms of a retention bonus agreement with Steve Magirias, the Chief Executive Officer of DDC, assuming the successful completion of the proposed Transaction with Volatus.

On May 16, 2024, the Volatus Special Committee and the Volatus Board met with their financial and legal advisors and the senior management of Volatus to receive an update on the status of the proposed Transaction, including the current terms of the draft Business Combination Agreement and a description of the remaining items to be resolved. In addition, Echelon Capital Markets, as the financial advisor to Volatus, presented certain analysis with respect to the Transaction and its view on the fairness of the Consideration to be received by the Volatus Shareholders pursuant to the Volatus Arrangement to the Volatus Special Committee and the Volatus Board. The Volatus Special Committee also held an *in camera* session with Volatus' legal advisor.

Transaction Approvals

On May 16, 2024, Volatus' senior management presented to the Volatus Special Committee and the Volatus Board its summary of the proposed Transaction and the negotiations with DDC. The Volatus Special Committee and the Volatus Board also met with Volatus' financial advisor, Echelon Capital Markets, who presented certain analysis with respect to the Transaction and its view on the fairness of the Consideration to be received by the Volatus Shareholders pursuant to the Volatus Arrangement, from a financial point of view, to Volatus Shareholders and delivered to the Volatus Special Committee and the Volatus Board its verbal fairness opinion on the Volatus Arrangement and concluded that the Consideration offered to Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders. The Volatus Fairness Opinion was subsequently reconfirmed on May 20, 2024. The Volatus Special Committee and the Volatus Board further met with its legal advisors who provided an update on the status of the proposed Transaction, including an overview of the terms of the draft Business Combination Agreement and related transaction documents, the remaining items to be resolved and certain risks associated with the proposed Transaction and the process undertaken by Volatus and the directors' fiduciary duties in considering the proposed Transaction.

Subject to resolving remaining issues in respect of the Business Combination Agreement, after thorough review and discussion of the proposed Transaction, the terms of the draft Business Combination Agreement and the related transaction documents, the verbal fairness opinion delivered to the Volatus Special Committee and the Volatus Board by Echelon Capital Markets, and the views of the legal advisors and senior management, the Volatus Special Committee and the Volatus Board unanimously agreed that the Transaction is advisable and in the best interests of Volatus and that the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement, is fair from a financial point of view, to Volatus Shareholders.

On the morning of May 20, 2024, DDC's senior management presented to the DDC Special Committee and the DDC Board its summary of the proposed Transaction and the negotiations with Volatus. The DDC Special Committee and the DDC Board also met with DDC's financial advisor, National Bank, who presented certain analysis with respect to the Transaction and delivered its verbal fairness opinion on the Volatus Arrangement and concluded that the Consideration to be paid by DDC to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC.

The DDC Special Committee and the DDC Board also met with their legal advisors who provided an update on the status of the proposed Transaction, including an overview of the terms of the draft Business Combination Agreement and related transaction documents, the remaining items to be resolved, certain risks associated with the proposed Transaction, the process undertaken by DDC and the directors' fiduciary duties in considering the proposed Transaction.

The DDC Special Committee recommended (with Chris Irwin dissenting) that the DDC Board approve the Transaction and enter into the Business Combination Agreement. Following the receipt of the recommendation of the DDC Special Committee, the DDC Board approved (with Chris Irwin dissenting) the entering into of the Business Combination Agreement and to recommend that DDC Shareholders vote FOR the DDC Transaction Resolution. Chris Irwin thereafter resigned as a director of DDC.

In the afternoon of May 20, 2024, following receipt of the final Business Combination Agreement, the Volatus Special Committee unanimously recommended to the Volatus Board that the Volatus Board recommend that Volatus Shareholders vote FOR the Volatus Arrangement Resolution, and following the receipt of the recommendation of the Volatus Special Committee, the Volatus Board unanimously approved the entering into of the Business Combination Agreement and to recommend that the Volatus Shareholders vote their Volatus Shares in favour of the Volatus Arrangement Resolution.

In its review of the Transaction, each of the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board independently considered a number of factors, including: (a) the background to the Transaction discussed above; (b) the due diligence undertaken to validate the structure of the Transaction; and (c) the other factors set out under "*The Transaction – Reasons for the Transaction*".

In the afternoon of May 20, 2024, the remaining issues on the Business Combination Agreement and related transaction documents were resolved by the Parties. The Business Combination Agreement, each of the Volatus Voting and Support Agreements and DDC Voting and Support Agreements, as well as all ancillary transaction documents related thereto were finalized, executed and delivered by the Parties.

The Parties issued a joint press release announcing the Transaction prior to the market opening on May 21, 2024.

Reasons for the Transaction

Both Parties

In the course of their evaluation of the Transaction and reaching their decision to approve the Transaction and the Business Combination Agreement, the DDC Special Committee, the DDC Board, the Volatus Special Committee and Volatus Board each consulted with their respective senior management and received advice from their respective independent legal and financial advisors. The DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board carefully considered all aspects of the Transaction and the Business Combination Agreement and considered a number of factors in making their recommendations in favour of the Transaction Resolutions, including the following:

- (a) **Cost Synergies & Operational Efficiencies.** Multi-channel marketing and a shared services model will allow the Combined Company to yield significant cost and operational synergies relating to shared services across customer acquisition strategies, marketing and branding, research and development, commercialization of proprietary drone technologies, financial reporting consolidation, compliance, legal, development and technology operational shared best practices.
- (b) **Scale and Immediate Path to Profitability.** The Combined Company's scale, operational synergies and efficiencies is expected to assist with achieving a path to profitability.
- (c) **Market Expansion Opportunities.** The Combined Company is expected to provide shareholders with exposure to DDC's advanced operational and proprietary cargo drone technology and remote operating capabilities combined with Volatus' existing drone service offerings. Entering into new end markets, including the emerging cargo drone sector, is expected to have significant long-term upside for the Combined Company.
- (d) **Track Record of Revenue Generation.** Combined fiscal year 2023 revenues among DDC and Volatus totalling approximately \$36.1 million.
- (e) **Commercialization of Proprietary Technologies.** The revenue profile of the Combined Company is anticipated to provide long-term growth potential for the Combined Company's portfolio of proprietary

technology and enhance its ability to realize value from DDC's existing proprietary drone technology. The Combined Company is expected to leverage Volatus' management team's strong commercial expertise to ensure optimal commercialization of DDC's technology portfolio.

- (f) **Global Expansion Opportunities.** The Combined Company, with its shared decades of technology and aviation experience as well as strong financial and operating metrics, is expected to have a leading presence globally as a diversified technology and service leader to drive both short- and long-term growth opportunities in existing and new markets. Enhanced geographic diversification is expected to provide market expansion opportunities for the Combined Company.
- (g) **Insider Support.** Directors and certain officers of DDC have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their DDC Shares in favour of the DDC Transaction Resolution. Directors and officers of Volatus have entered into irrevocable voting and support agreements pursuant to which they have agreed to vote their Volatus Shares in favour of the Volatus Arrangement Resolution.
- (h) **Increased Public Float and Liquidity.** DDC Shareholders and Volatus Shareholders are expected to experience greater liquidity by participating in the Combined Company with a more widely-held shareholder base.
- (i) **Fairness Opinions.** National Bank has provided an opinion to the DDC Special Committee and the DDC Board, a copy of which is attached as Schedule D to this Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the Consideration to be paid by DDC pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC. Echelon Capital Markets has provided an opinion to the Volatus Special Committee and the Volatus Board, a copy of which is attached as Schedule E to this Information Circular, that, as of May 20, 2024, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the Consideration to be paid to Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders.
- (j) **Arm's-Length Negotiations.** The terms of the Business Combination Agreement and the Transaction are the result of a comprehensive arm's-length negotiation process, undertaken with the oversight and participation of DDC's and Volatus' respective legal counsel and financial advisors. The DDC Special Committee and Volatus Special Committee each took an active role in overseeing and providing guidance and instructions to management and their respective advisors in respect of the strategic review process and negotiations concerning the Transaction. The terms of the Business Combination Agreement treat all DDC Shareholders and Volatus Shareholders equitably and fairly.
- (k) **Ability to Accept a Superior Proposal.** The Business Combination Agreement permits each of the DDC Board and the Volatus Board, in exercise of its fiduciary duties, to respond, prior to their respective Transaction Meeting, to certain unsolicited acquisition proposals that are more favourable, from a financial point of view, to their respective Shareholders than the Transaction. The Business Combination Agreement provides that, notwithstanding the non-solicitation covenants contained in the Business Combination Agreement, if one of the Parties' boards of directors receives an unsolicited Acquisition Proposal that did not result from a breach of that Party's non-solicitation covenants and that Party's board of directors determines in good faith after consultation with its financial advisors and outside legal counsel is or would reasonably be expected to constitute a Superior Proposal, then that Party may enter into discussions or negotiations or otherwise assist the Person making such Acquisition Proposal, provided the requirements of the Business Combination Agreement are met, and that Party's board of directors retains the ability to consider and respond to the Superior Proposal prior to their respective Transaction Meeting on the specific terms and conditions set forth in the Business Combination Agreement, including the payment of the Termination Fee to the other Party, if a Superior Proposal is accepted. See "*The Business Combination Agreement – Covenants Regarding Acquisition Proposals*" and "*The Business Combination Agreement – Termination Fee and Expense Reimbursement*".

- (l) **Shareholder Approval Required.** The Transaction must be approved by the affirmative vote of a simple majority of the votes cast by DDC Shareholders present in person or represented by proxy at the DDC Meeting and entitled to vote thereat. The Volatus Arrangement must be approved by the affirmative vote of not less than two-thirds (66⅔%) of the votes by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting. See "*Information Concerning the DDC Meeting*", "*Matters to be Considered at the DDC Meeting*", "*Information Concerning the Volatus Meeting*" and "*Matters to be Considered at the Volatus Meeting*".
- (m) **Determination of Fairness by the Court.** Completion of the Volatus Arrangement is conditional upon receipt of the Final Order. The Court will consider, during the hearing for the Final Order, the procedural and substantive fairness of the terms and conditions of the Volatus Arrangement.
- (n) **Financial, Legal and Other Advice.** Extensive financial, legal and other advice was provided to the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board. This advice included detailed financial advice from highly qualified and experienced financial advisors as to the potential value that might have resulted from other strategic alternatives reasonably available to DDC and Volatus.
- (o) **Ability to Close.** The Parties believe that each of the Parties are committed to completing the Transaction and has a proven track record of completing deals, and anticipate that the Parties will be able to complete the Transaction, in accordance with the terms of the Business Combination Agreement, within a reasonable time and in any event prior to the Outside Date.
- (p) **Dissent Rights.** Registered Volatus Shareholders who do not vote in favour of the Volatus Arrangement will have the right to require a judicial appraisal of their Volatus Shares and obtain fair value pursuant to the proper exercise of Dissent Rights.
- (q) **100% Acquisition of Volatus Shares.** The Volatus Arrangement involves the acquisition of 100% of the Volatus Shares and, under the Volatus Plan of Arrangement, all Volatus Shareholders are treated identically and fairly.

In reaching their determination, the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board each also considered a number of potential risks and potential negative factors relating to the Transaction, including the following:

- (a) Risks of Non-Completion. The risks to DDC or Volatus, as applicable, if the Transaction is not completed in a timely manner or at all, including the costs incurred in pursuing the Transaction, the potential requirement to pay a Termination Fee or Expense Reimbursement to the other Party in certain circumstances, the diversion of management resources away from the conduct of the business of DDC or Volatus, as applicable, and the resulting uncertainty which might result in their respective customers, suppliers, distributors, partners or other counterparties delaying or deferring decisions concerning, or evaluating their relationships with, DDC or Volatus, as applicable.
- (b) Limitations on Solicitation and Termination Fee. The Business Combination Agreement contains limitations on the ability of DDC or Volatus, as applicable, to solicit additional interest from third parties for Acquisition Proposals, including the required parameters in order to proceed with a Superior Proposal, and the potential requirement to pay a Termination Fee to the other Party in certain circumstances.
- (c) Restrictions on Business. The restrictions imposed pursuant to the Business Combination Agreement on the conduct of the business and operations of DDC or Volatus, as applicable, during the period between the execution of the Business Combination Agreement and the completion of the Transaction.
- (d) Failure to Obtain Regulatory and Other Approvals. The risk that Required Approvals and other approvals will not be obtained or that such approvals will unduly delay Closing.

- (e) Dilution. The DDC Shareholders or Volatus Shareholders, as applicable, will be subject to dilution of their interests in the business of DDC or Volatus, as applicable, upon completion of the Transaction.
- (f) Risk Factors Relating to the Combined Company. The risk factors relating to DDC, as the Combined Company following Closing, described under the heading "*Risk Factors – Risk Factors Relating to the Combined Company*".

In reaching their determination, the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board each also considered and evaluated, among other things:

- current industry, economic and market conditions and trends; and
- the interests of other stakeholders, including creditors, suppliers, employees, customers and the communities in which DDC or Volatus, as applicable, operates.

General

The recommendations of the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board, as applicable, were based upon the totality of the information presented and considered by them. The foregoing is a summary of the information and factors considered by the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board, as applicable, and is not intended to be exhaustive but includes a summary of the material information and factors considered by them in their consideration of the Transaction. In view of the variety of factors and the amount of information considered in connection with their evaluation of the Transaction, the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board, as applicable, did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching their recommendations. The recommendations made by the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board, as applicable, were made after consideration of the factors noted above, other factors and in light of their respective knowledge of the business, financial condition and prospects of DDC and Volatus, respectively, and taking into account the advice of their legal and financial advisors. Individual members of the DDC Board and the Volatus Board, may have assigned different weights to different factors, and each of the DDC Special Committee, the DDC Board, the Volatus Special Committee and the Volatus Board may have assigned different weights to the factors which were applicable to all Parties.

The reasons of the DDC Board and the Volatus Board, as applicable, for recommending the Transaction to their respective Shareholders include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

Effect of the Volatus Arrangement

Pursuant to the Volatus Plan of Arrangement, on the Effective Date, the following matters are anticipated to be effected sequentially in connection with the Volatus Arrangement, in the following order without any further act or formality:

- (a) each Volatus Share held by each Volatus Dissenting Shareholder shall be, and shall be deemed to be, transferred and assigned to Volatus by the holder thereof for cancellation, without any further act or formality on the part of the holder (free and clear of all Liens) and:
 - (i) Volatus shall be obliged to pay the amount therefor determined and payable in accordance with the Volatus Plan of Arrangement;
 - (ii) the name of such Volatus Dissenting Shareholder shall be removed from the securities register of Volatus as a holder of Volatus Shares and such holder shall cease to be the holder of such shares and to have any rights as a Volatus Shareholder other than the right to be paid the fair value for such Volatus Shares as determined and payable in accordance with the Volatus Plan of Arrangement;

- (iii) the Volatus Shares so transferred will be cancelled;
 - (iv) such Volatus Dissenting Shareholder immediately prior to such transfer and assignment shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Volatus Shares to Volatus; and
 - (v) the stated capital account maintained by Volatus in respect of the Volatus Shares shall be reduced by an amount equal to the product obtained when (A) the amount of the stated capital account in respect of the Volatus Shares immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Volatus Shares transferred and cancelled pursuant to the Volatus Plan of Arrangement and the denominator of which is the number of Volatus Shares outstanding immediately prior to the Effective Time;
- (b) each issued and outstanding Volatus Share (other than Volatus Shares held by the Volatus Dissenting Shareholders) shall be, and shall be deemed to be, transferred by the holder thereof, without any further act or formality on the part of the holder, to DDC (free and clear of all Liens), in exchange for the Consideration, and:
- (i) the holders of such Volatus Shares shall cease to be the holders thereof and to have any rights as holders of such Volatus Shares other than the right to receive the Consideration per Volatus Share in accordance with the Volatus Plan of Arrangement;
 - (ii) such holders' names shall be removed from the register of the Volatus Shares maintained by or on behalf of Volatus;
 - (iii) DDC shall be deemed to be the transferee and the legal and beneficial holder of such Volatus Shares (free and clear of all Liens) and shall be entered as the registered holder of such Volatus Shares in the register of the Volatus Shares maintained by or on behalf of Volatus; and
 - (iv) each Former Volatus Shareholder shall be entered in the register of the DDC Common Shares maintained by or on behalf of DDC as the registered holder of the DDC Common Shares which such holder is entitled to receive pursuant to the Volatus Plan of Arrangement;
- (c) each Volatus Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be, and shall be deemed to be, exchanged for a New DDC Option to acquire from DDC, other than as provided in the Volatus Plan of Arrangement, the number of DDC Common Shares equal to the product obtained when (A) the number of Volatus Shares subject to such Volatus Option immediately prior to the Effective Time, is multiplied by (B) the Exchange Ratio, provided that if the foregoing would result in the issuance of a fraction of a DDC Common Share on any particular exercise of New DDC Options, then the number of DDC Common Shares otherwise issued shall be rounded down to the nearest whole number of DDC Common Shares; and the exercise price per DDC Common Share subject to a New DDC Option shall be an amount equal to the quotient obtained by dividing: (A) the exercise price per Volatus Share subject to such Volatus Option immediately before the Effective Time, by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a Volatus Option for a New DDC Option. Therefore, notwithstanding the foregoing, in the event that the In-the-Money Amount in respect of a New DDC Option immediately following the exchange exceeds the In-the-Money Amount in respect of the Volatus Option for which it is exchanged immediately prior to the exchange, the number of DDC Common Shares which may be acquired on exercise of the New DDC Option will be adjusted accordingly with effect at and from the effective time of the exchange to ensure that the In-the-Money Amount in respect of the New DDC Option immediately following the exchange does not exceed the In-the-Money

Amount in respect of the Volatus Option immediately prior to the exchange. All other terms and conditions of each of the New DDC Options, including the term to expiry, will be the same as the Volatus Option for which it was exchanged, provided that: (A) the expiry date for New DDC Options held by a person who ceases to be an eligible participant pursuant to the DDC Stock Option Plan at (or immediately before or after) the Effective Time may, if approved by the DDC Board as constituted immediately following the completion of the Arrangement, not be accelerated to a date less than twelve (12) months from the Effective Time by reason of such person ceasing to be an eligible participant; and (B) each New DDC Option shall otherwise be governed by and be subject to the terms of the DDC Stock Option Plan. Any document previously evidencing Volatus Options will thereafter evidence and be deemed to evidence the New DDC Options issued in exchange therefor and no certificates evidencing the New DDC Options will be issued and the New DDC Options shall be governed by and be subject to such certificates, other than as amended by the Volatus Plan of Arrangement;

- (d) the Volatus Option Plan shall be, and shall be deemed to be, terminated and of no further force and effect;
- (e) in accordance with the terms of the Volatus Warrants, each holder of a Volatus Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Volatus Warrant, in accordance with its terms, and shall accept in lieu of each Volatus Share to which such holder was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the Consideration;
- (f) each Volatus Debenture that is not converted or redeemed, whether conditionally or otherwise, prior to the Effective Time, shall, without any further action on the part of any holder of such Volatus Debentures, be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture Indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places; and
- (g) all Volatus Preferred Shares outstanding immediately prior to the Effective Time shall remain outstanding unaffected by the Volatus Plan of Arrangement, and DDC covenants and agrees to, or to cause Volatus to, abide by all of the covenants and obligations of Volatus under the Articles of Volatus as of the Effective Time.

Pursuant to the Volatus Plan of Arrangement, in no event will any holder of Volatus Shares be entitled to a fractional DDC Common Share under the Volatus Arrangement. Where the aggregate number of DDC Common Shares to be issued to a holder of Volatus Shares as consideration under the Volatus Arrangement would result in a fraction of a DDC Common Share being issuable, then the number of DDC Common Shares to be received by such holder of Volatus Shares will be rounded down to the nearest whole number of DDC Common Shares without any additional compensation or cost.

Upon completion of the Transaction, Volatus will become a wholly-owned subsidiary of DDC (as the Combined Company) and the members of the Volatus Board will be determined by the Combined Company.

The principal effect of the Volatus Arrangement is that: (a) Volatus will continue as a wholly-owned subsidiary of DDC, as a result of which all of the property and assets of Volatus will become indirectly held by DDC; and (b) existing Volatus Shareholders will continue to hold an indirect interest in the property and assets of Volatus through the DDC Common Shares that they receive pursuant to the Volatus Arrangement. The Volatus Arrangement does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either DDC or Volatus on a consolidated basis.

DDC Fairness Opinion

DDC engaged National Bank to act as its financial advisor to review potential strategic transactions. National Bank and DDC confirmed the terms of such engagement pursuant to a letter agreement dated January 25, 2024. Pursuant to such letter agreement, National Bank agreed to provide DDC with various advisory services in connection with the Transaction, including, if requested, the provision of the DDC Fairness Opinion.

National Bank is not an "associated" or "affiliated" entity or an "issuer insider" (as such terms are defined in MI 61-101) of DDC, Volatus, or any of their respective associates or affiliates, nor is it acting as a financial advisor to Volatus in connection with the Transaction.

At a meeting of the DDC Special Committee and the DDC Board on May 20, 2024, National Bank delivered a verbal fairness opinion to the DDC Special Committee and the DDC Board, which opinion was subsequently confirmed in writing and in which National Bank stated that, as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be paid by DDC to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to DDC. The full text of the DDC Fairness Opinion is attached as Schedule D to this Information Circular.

The DDC Fairness Opinion was prepared at the request of the DDC Special Committee and the DDC Board and it is for the sole use and benefit of DDC Special Committee and DDC Board in considering the Transaction, and may not be used by any other person or relied upon by any other person and is not a recommendation to any DDC Shareholder as to how to vote or act on any matter relating to the Volatus Arrangement. National Bank performed a variety of financial and comparative analyses, including, but not limited to, trading and historical share price trading analysis, precedent transaction analysis, comparable companies trading analysis and a discounted cash flow analysis in order to prepare the DDC Fairness Opinion. National Bank was not asked to prepare, and has not prepared, a formal valuation or appraisal of DDC, Volatus or any of their respective securities or assets, and the DDC Fairness Opinion should not be construed as such. The DDC Fairness Opinion is not, and should not be construed as, advice concerning the price at which securities of DDC or Volatus may trade or be valued on any future date. The DDC Fairness Opinion expresses no view or opinion regarding, any legal, tax or accounting matters concerning the Business Combination Agreement. National Bank has relied upon and has assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained from public sources, or provided by DDC and its respective affiliates, directors, officers and representatives. In addition, National Bank has expressed no views as to, and the DDC Fairness Opinion does not address, the relative merits of the Transaction as compared to other business strategies or transactions that may be available to DDC or the decision of the DDC Board to proceed with the Transaction. The DDC Fairness Opinion was not intended to be and does not constitute a recommendation to the DDC Special Committee or the DDC Board, and is not a recommendation to any DDC Shareholder or any other Person on how to act or vote with respect to the Volatus Arrangement.

The DDC Fairness Opinion addresses only the fairness to DDC, from a financial point of view, of the Consideration to be paid to the Volatus Shareholders by DDC pursuant to the Volatus Arrangement. National Bank expresses no view or opinion as to any other terms or aspects of the Transaction.

In deciding to recommend and approve the Volatus Arrangement, the DDC Special Committee and the DDC Board considered, among other things, the DDC Fairness Opinion. The DDC Fairness Opinion was only one of many factors considered by the DDC Special Committee and the DDC Board in evaluating the Transaction and should not be viewed as determinative of the views either of the DDC Special Committee or the DDC Board with respect to the Transaction or the Consideration to be paid to Volatus Shareholders by DDC pursuant to the Volatus Arrangement.

National Bank received a fixed fee for delivering the DDC Fairness Opinion, with such fee being payable whether or not the Transaction is completed. Pursuant to its engagement letter with National Bank, DDC has also agreed to pay National Bank a success fee, contingent on completion of the Transaction and payable in cash. In the event that the Transaction is not completed and DDC or any affiliate of DDC receives a Termination Fee, DDC will pay National Bank a portion of such Termination Fee. DDC has agreed to reimburse National Bank for their reasonable out-of-pocket expenses, whether or not the Transaction is completed, and to indemnify National Bank against losses and claims arising from its engagement. The DDC Special Committee and the DDC Board considered the fact that a substantial portion of National Bank's fees are contingent upon the consummation of the Transaction, which the DDC Special Committee and the DDC Board considered to be a reasonably customary compensation structure for financial

advisors in similar transactions and concluded that National Bank's fee arrangement would not impair its ability to provide objective advice.

The foregoing is only a summary of the DDC Fairness Opinion and is qualified in its entirety by the full text of the DDC Fairness Opinion. The DDC Special Committee and the DDC Board urge DDC Shareholders to read the DDC Fairness Opinion carefully in its entirety. The full text of the written DDC Fairness Opinion, setting out the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by National Bank, is attached as Schedule D to this Information Circular. The preparation of a fairness opinion, such as the DDC Fairness Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description.

Recommendation of the DDC Special Committee

The DDC Special Committee was formed to review and evaluate the Transaction, oversee and supervise the process carried out by DDC in negotiating and entering into the Business Combination Agreement and to make recommendations to the DDC Board regarding the Transaction.

After careful consideration and review of the Business Combination Agreement and the DDC Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", having consulted with its legal and financial advisors, the DDC Special Committee determined (with one member dissenting) that the Transaction is in the best interests of DDC and that the Transaction is fair to DDC.

Accordingly, the DDC Special Committee recommended that the DDC Board approve the Transaction and enter into the Business Combination Agreement and that the DDC Board recommend that DDC Shareholders vote FOR the DDC Transaction Resolution, the full text of which is set forth in Schedule A to this Information Circular. See "*Matters to be Considered at the DDC Meeting*".

Recommendation of the DDC Board

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the DDC Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", in consultation with management, DDC's legal advisors and National Bank, the DDC Board has: (a) determined that the Transaction is in the best interests of DDC; (b) approved the Transaction and the entering into by DDC of the Business Combination Agreement; and (c) resolved to recommend that the DDC Shareholders vote FOR the DDC Transaction Resolution.

Accordingly, the Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the Volatus Arrangement Resolution, the full text of which is set forth in Schedule A to this Information Circular. See "*Matters to be Considered at the DDC Meeting*".

Volatus Fairness Opinion

Volatus engaged Echelon Capital Markets to act as its financial advisor to review potential strategic transactions. Echelon Capital Markets and Volatus confirmed the terms of such engagement pursuant to a letter agreement dated February 1, 2024 (the "**Echelon Engagement Letter**"). Pursuant to the Echelon Engagement Letter, Echelon Capital Markets agreed to provide Volatus with various advisory services in connection with the Transaction, including, if requested, the provision of the Volatus Fairness Opinion.

Echelon Capital Markets is not an "associated" or "affiliated" entity or an "issuer insider" (as such terms are defined in MI 61-101) of DDC, Volatus, or any of their respective associates or affiliates, nor is it acting as a financial advisor to DDC in connection with the Transaction.

At a meeting of the Volatus Special Committee and the Volatus Board on May 16, 2024, Echelon Capital Markets presented certain analysis to the Volatus Special Committee and the Volatus Board, and subsequently delivered a verbal fairness opinion to the Volatus Special Committee and the Volatus Board, which opinion was reconfirmed on May 20, 2024, and subsequently confirmed in writing and in which Echelon Capital Markets stated that, as of the date

thereof and based upon and subject to the matters set forth therein, including the assumptions, limitations and qualifications set forth therein and such other matters as Echelon Capital Markets considered relevant, the Consideration to be paid to the Volatus Shareholders pursuant to the Volatus Arrangement is fair, from a financial point of view, to the Volatus Shareholders. The full text of the Volatus Fairness Opinion is attached as Schedule E to this Information Circular.

The Volatus Fairness Opinion was provided for the exclusive use of the Volatus Special Committee and the Volatus Board in considering the Volatus Arrangement and is not intended to be, and did not, and does not, constitute, a recommendation to the Volatus Special Committee and the Volatus Board as to whether they should have approved the Volatus Agreement nor as to how any Volatus Shareholder should vote on any matter relating to the Volatus Arrangement and Echelon Capital Markets express no opinion as to whether holders of convertible securities of Volatus should exercise any conversion or other rights. The Volatus Fairness Opinion is not to be used by any other person or relied upon by any person other than the Volatus Special Committee and the Volatus Board without the express prior written consent of Echelon Capital Markets. The Volatus Fairness Opinion does not address the relative merits of the Volatus Arrangement as compared to other transactions or strategic alternatives that might be available to Volatus. In considering the fairness from a financial point of view, Echelon Capital Markets considered the Volatus Arrangement from the perspective of the Volatus Shareholders generally, and did not consider the specific circumstances of any particular Volatus Shareholder.

Echelon Capital Markets was not asked to prepare, and did not prepare, a formal valuation or appraisal of Volatus or of any of Volatus' affiliates or any of their respective securities or assets, and the Volatus Fairness Opinion should not be construed as such.

The Volatus Fairness Opinion addresses only the fairness to the Volatus Shareholders, from a financial point of view, of the Consideration to be paid to the Volatus Shareholders by DDC pursuant to the Volatus Arrangement. Echelon Capital Markets expresses no view or opinion as to any other terms or aspects of the Transaction.

In deciding to recommend and approve the Volatus Arrangement, the Volatus Special Committee and the Volatus Board considered, among other things, the Volatus Fairness Opinion. The Volatus Fairness Opinion was only one of many factors considered by the Volatus Special Committee and the Volatus Board in evaluating the Transaction and should not be viewed as determinative of the views either of the Volatus Special Committee or the Volatus Board with respect to the Transaction or the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement.

Echelon Capital Markets received a fixed fee for rendering the Volatus Fairness Opinion, with such fee being payable whether or not the Transaction is completed. Pursuant to the Echelon Engagement Letter, Volatus has also agreed to pay Echelon Capital Markets a success fee, contingent on completion of the Transaction, a portion of which is payable in DDC Common Shares as shares of the Combined Company and the remainder and significant portion of which is payable in cash. Pursuant to the Echelon Engagement Letter, the number of DDC Common Shares that Echelon Capital Markets will be entitled to on completion of the Transaction is calculated based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV on the Effective Date. Based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024, Echelon Capital Markets would be entitled to 397,667 DDC Common Shares. In the event that the Transaction is not completed and Volatus is entitled to the Termination Fee, Echelon Capital Markets will be entitled to a portion of the Termination Fee calculated in accordance with the engagement letter. Volatus has agreed to reimburse Echelon Capital Markets for their reasonable out-of-pocket expenses, whether or not the Transaction is completed, and to indemnify Echelon Capital Markets against certain liabilities and expenses arising from its engagement. The Volatus Special Committee and the Volatus Board considered the fact that a substantial portion of Echelon Capital Markets' fees are contingent upon the consummation of the Transaction, which the Volatus Special Committee and the Volatus Board considered to be a reasonably customary compensation structure for financial advisors in similar transactions and concluded that Echelon Capital Markets' fee arrangement would not impair its ability to provide objective advice.

The foregoing is only a summary of the Volatus Fairness Opinion and is qualified in its entirety by the full text of the Volatus Fairness Opinion. The Volatus Special Committee and the Volatus Board urge Volatus Shareholders to read the Volatus Fairness Opinion carefully in its entirety. The full text of the written Volatus Fairness Opinion, setting out the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Echelon Capital Markets, is attached as Schedule E to this Information Circular. The preparation of a

fairness opinion, such as the Volatus Fairness Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description.

Recommendations of the Volatus Special Committee

The Volatus Special Committee was formed to review and evaluate the Volatus Arrangement, oversee and supervise the process carried out by Volatus in negotiating and entering into the Business Combination Agreement and to make recommendations to the Volatus Board regarding the Volatus Arrangement.

After careful consideration and review of the Business Combination Agreement and the Volatus Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", having consulted with its legal and financial advisors, the Volatus Special Committee has unanimously determined that the Volatus Arrangement is in the best interests of Volatus and that the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement is fair.

Accordingly, the Volatus Special Committee unanimously recommended that the Volatus Board approve the Volatus Arrangement and enter into the Business Combination Agreement and that the Volatus Board recommend that Volatus Shareholders vote FOR the Volatus Arrangement Resolution. See "*Matters to be Considered at the Volatus Meeting*".

Recommendations of the Volatus Board

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the Volatus Fairness Opinion, and such other matters considered relevant including, but not limited to, the factors described under the section titled "*The Transaction – Reasons for the Transaction*", in consultation with management, Volatus' legal and financial advisors and Echelon Capital Markets, and following the receipt of the unanimous recommendation of the Volatus Special Committee, the Volatus Board has unanimously: (a) determined that the Volatus Arrangement is in the best interests of Volatus; (b) determined that the Consideration to be received by Volatus Shareholders pursuant to the Volatus Arrangement is fair; (c) approved the Volatus Arrangement and the entering into by Volatus of the Business Combination Agreement; and (d) resolved to recommend that the Volatus Shareholders vote FOR the Volatus Arrangement Resolution.

Accordingly, the Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the Volatus Arrangement Resolution. See "*Matters to be Considered at the Volatus Meeting*".

Procedure for the Transaction to Become Effective

Procedural Steps

The Volatus Arrangement is proposed to be carried out pursuant to Section 182 of the OBCA. The following procedural steps must be taken in order for the Transaction to become effective:

- the Volatus Arrangement Resolution must receive the requisite Volatus Shareholder Approval at the Volatus Meeting in the manner set forth in the Interim Order;
- the DDC Transaction Resolution must receive the requisite DDC Shareholder Approval at the DDC Meeting;
- the Court must grant the Final Order approving the Volatus Arrangement;
- all other conditions to the Transaction, as set forth in the Business Combination Agreement, including the receipt of all Required Approvals, must be satisfied or waived by the appropriate Party; and
- the Volatus Articles of Arrangement in respect of the Volatus Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, must be filed with the Director.

There is no assurance that the conditions set forth in the Business Combination Agreement will be satisfied or waived on a timely basis or that the Court will grant the Final Order approving the Volatus Arrangement. See "Risk Factors".

Upon the conditions set forth in the Business Combination Agreement being satisfied or waived, DDC and Volatus intend to file the Volatus Articles of Arrangement and a copy of the Final Order in respect of the Volatus Arrangement, together with such other materials as may be required by the Director, with the Director in order to give effect to the Volatus Arrangement.

DDC Shareholder Approval

The DDC Transaction Resolution must be approved by a simple majority of the votes cast by the DDC Shareholders present in person or represented by proxy at the DDC Meeting. If the DDC Transaction Resolution does not receive the requisite DDC Shareholder Approval, the Transaction may not be completed on the terms expected or at all. See "*The Transaction – Procedure for the Transaction to Become Effective*" and "*Matters to be Considered at the DDC Meeting*".

Unless otherwise directed, the Persons named in the form of proxy for the DDC Meeting intend to vote FOR the DDC Transaction Resolution in the form set out at Schedule A to this Information Circular. See "*Matters to be Considered at the DDC Meeting*".

Volatus Shareholder Approval

Pursuant to the terms of the Interim Order, the Volatus Arrangement Resolution must, subject to further order of the Court, be approved by not less than two-thirds (66⅔%) of the votes cast on the Volatus Arrangement Resolution by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting.

The Volatus Arrangement Resolution must receive the Volatus Shareholder Approval in order for Volatus to seek the Final Order and complete the Volatus Arrangement and the Transaction on the Effective Date in accordance with the Final Order and the Business Combination Agreement. See "*The Transaction – Procedure for the Transaction to Become Effective*" and "*Matters to be Considered at the DDC Meeting*".

Unless otherwise directed, the Persons named in the form of proxy for the Volatus Meeting intend to vote FOR the Volatus Arrangement Resolution, substantially the form set out at Schedule B to this Information Circular. See "*Matters to be Considered at the DDC Meeting*".

Volatus Court Approval

The OBCA requires the Court to approve the Volatus Arrangement. On July 10, 2024, Volatus obtained the Interim Order providing for the calling and holding of the Volatus Meeting, Dissent Rights and other procedural matters. Copies of the Interim Order and the Volatus Notice of Application are attached as Schedule F and Schedule G, respectively, to this Information Circular.

The Court hearing in respect of the Volatus Final Order is expected to take place at 10:00 a.m. (Toronto time) on August 27, 2024, or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as the Court may direct, in person before a Judge of the Ontario Supreme Court of Justice (Commercial List), subject to the approval of the DDC Transaction Resolution and the Volatus Arrangement Resolution. At the hearing, the Court will consider, among other things, the procedural and substantive fairness of the terms and conditions of the Volatus Arrangement and the rights and interests of every Person affected. The Court may approve the Volatus Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Under the terms of the Interim Order, each Volatus Shareholder will have the right to appear and make submissions at the application for the Final Order. Any Person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving Volatus, at the address set out below, not less than five days before the date of the hearing of the application for the Final Order, a

notice of appearance, including his, her or its address for service, together with all materials on which he, she or it intends to rely at the application.

The notice of appearance and supporting materials must be delivered, within the time specified, to DDC and Volatus at the following addresses:

Solicitors for Volatus

Affleck Greene McMurtry LLP

Suite 200, 365 Bay Street
Toronto, ON M5H 2V1
Attention: Meredith Hayward

Solicitors for DDC

Bennett Jones LLP

1 First Canadian Place, Suite 3400
Toronto, ON M5X 1A4
Attention: Joseph Blinick

Subject to the Court ordering otherwise, only those Persons who file a notice of appearance in compliance with the Interim Order will be provided with notice of the materials to be filed with the Court and the opportunity to make submissions in support or opposition of the Final Order. If the hearing is postponed, adjourned or rescheduled, then subject to further order of the Court, only those Persons having previously served a notice of appearance in compliance with the Interim Order will be given notice of the postponement, adjournment or rescheduled date.

Volatus Shareholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

Assuming the Final Order is granted and the other conditions to closing contained in the Business Combination Agreement are satisfied or waived to the extent legally permissible, then DDC and Volatus will thereafter give effect to the Transaction in accordance with the terms of the Business Combination Agreement and the Volatus Plan of Arrangement.

The DDC Common Shares and New DDC Options to be issued and exchanged pursuant to the Volatus Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption on the basis of the approval of the Court, and similar exemptions from registration under applicable U.S. state securities laws. The Section 3(a)(10) Exemption exempts the issuance of securities issued in exchange for one or more *bona fide* outstanding securities, claims or property interests, from the general requirements of registration under the U.S. Securities Act where the fairness of the terms and conditions of such issuance and exchange has been approved by a court of competent jurisdiction or governmental entity that is expressly authorized by Applicable Laws to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all Persons to whom the securities will be issued have the right to appear and receive timely and adequate notice thereof.

For further information regarding the Court hearing in connection with the Final Order and the rights of Volatus Securityholders in connection with the Court hearing, see the Interim Order attached at Schedule F to this Information Circular and the Volatus Notice of Application attached at Schedule G to this Information Circular. The Volatus Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is the only such notice of that proceeding.

Required Approvals

In addition to the shareholder approvals described above, the Required Approvals will also be required in order to consummate the Transaction, as further described below.

The DDC Shares are currently listed and posted for trading on the TSXV under the symbol "FLT". It is a condition of Closing that the TSXV shall have approved certain matters relating to the Transaction, including the issuance and listing of the DDC Common Shares issuable in connection with the Transaction and the issuance and listing of the DDC Shares upon the exercise or conversion, as applicable, of the New DDC Options, the Volatus Warrants and the Volatus Debentures following the Effective Time. See *"Matters to be Considered at the DDC Meeting – Approval of the DDC Transaction Resolution"*.

As of the date hereof, the Parties have applied to the TSXV for approval of the matters set forth above and have received conditional approval. Listing of the DDC Common Shares issuable in connection with the Transaction is subject to DDC fulfilling all of the requirements of the TSXV.

The Volatus Shares are currently listed and posted for trading on the TSXV under the symbol "VOL". Following completion of the Transaction, Volatus will become a wholly-owned subsidiary of DDC, and it is anticipated that DDC will, in connection with the Transaction, apply to the applicable Canadian securities regulators to: (a) have Volatus cease to be a reporting issuer following completion of the Transaction; and (b) have the Volatus Shares delisted from the TSXV following, or concurrently with, the completion of the Transaction. Certain Volatus Warrants are currently listed on the TSXV under the symbol "VOL.WT.A". Following completion of the Transaction, such Volatus Warrants will remain listed and posted for trading on the TSXV.

Volatus Shareholders and DDC Shareholders should be aware that the final approvals have not yet been given by the regulatory authorities referred to above. Neither DDC nor Volatus can provide any assurances that such approvals will be obtained.

Procedure for Exchange of Volatus Shares

Exchange of Certificates

Before the Effective Time, DDC will deposit or cause to be deposited with the Depositary the aggregate number of DDC Common Shares required to be issued to the Volatus Shareholders (other than Volatus Dissenting Shareholders) in accordance with the Volatus Plan of Arrangement. Such DDC Common Shares will be held by the Depositary for the benefit of and be held on behalf of such Former Volatus Shareholders for distribution to such Former Volatus Shareholders in accordance with the provisions of the Volatus Plan of Arrangement.

Upon surrender to the Depositary for cancellation of the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, which immediately prior to the Effective Time represented one or more Volatus Shares, together with the Volatus Letter of Transmittal and such additional documents and instruments duly executed and completed as the Depositary may reasonably require, the Volatus Shareholder of such surrendered Volatus Share Certificate(s) or Volatus DRS Statement(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Volatus Shareholder as soon as practicable after the Effective Time a DDC DRS Statement representing the applicable DDC Common Shares that such Volatus Shareholder is entitled to receive in accordance with the Volatus Plan of Arrangement, less any amounts withheld pursuant to the Volatus Plan of Arrangement, and the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, representing the Volatus Shares so surrendered shall forthwith be cancelled. Until surrendered, each Volatus Share Certificate or Volatus DRS Statement, as applicable, that immediately prior to the Effective Time represented a Volatus Share shall be deemed after the Effective Time to represent the applicable DDC Common Shares that such Volatus Shareholder received in accordance with the Volatus Plan of Arrangement, less any amounts withheld pursuant to the Volatus Plan of Arrangement.

A DDC DRS Statement representing the DDC Common Shares will be issued in the name of the Registered Volatus Shareholder so deposited. Unless the Person who deposits Volatus Shares instructs the Depositary to hold the DDC DRS Statement representing the DDC Common Shares for pick-up by checking the appropriate box in the Volatus Letter of Transmittal, such DDC DRS Statement will be mailed to the mailing address provided in the Volatus Letter of Transmittal. If no mailing address is provided, such DDC DRS Statement will be forwarded to the address of the Person as shown on the applicable register of Volatus. Volatus Shareholders who selected the pick-up option will be required to contact the Depositary to confirm availability of pick-up. If pick-up is not available at such time, the Depositary will mail the DDC DRS Statement representing the DDC Common Shares to such Volatus Shareholder in accordance with the information provided on the register or in the Volatus Letter of Transmittal.

Notwithstanding the provisions of the Transaction and the Volatus Letter of Transmittal, DDC DRS Statements representing the DDC Common Shares will not be mailed if DDC and Volatus determine that delivery thereof by mail may be delayed. Persons entitled to a DDC DRS Statement and other relevant documents that are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited Volatus Share Certificates and Volatus DRS Statements representing Volatus Shares, in respect of which DDC DRS Statements representing the DDC Common Shares are being issued, were originally deposited upon application to the Depositary, until such time as DDC has determined that delivery by mail will no longer be delayed. DDC DRS Statements and other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Volatus Shares were deposited and payment for those Volatus Shares shall be deemed to have been immediately made upon such deposit.

To the extent that a Registered Volatus Shareholder does not deliver Volatus Share Certificates and Volatus DRS Statements representing their Volatus Shares and all other required documents to the Depositary on or before the sixth (6th) anniversary of the Effective Date, then the DDC Common Shares that such Registered Volatus Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof, the DDC DRS Statements representing such DDC Common Shares shall be delivered to DDC by the Depositary and the same shall be cancelled by DDC, and the interest of the Registered Volatus Shareholder in such DDC Common Shares shall be terminated as of such date.

DDC, Volatus and the Depositary will be entitled to deduct and withhold from any Consideration otherwise payable to a Former Volatus Shareholder, such amounts as DDC, Volatus or the Depositary are required to deduct and withhold with respect to such payment under any provision of Applicable Laws.

The Depositary will receive agreed compensation for its services in connection with the Volatus Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by DDC and Volatus against certain liabilities under applicable securities laws and expenses in connection therewith.

Surrender of Volatus Share Certificates

If you are a Registered Volatus Shareholder, you should have received a Volatus Letter of Transmittal. If the Volatus Arrangement Resolution is passed and the Transaction is implemented, in order to receive the DDC DRS Statements representing the DDC Common Shares, Registered Volatus Shareholders must complete and sign the Volatus Letter of Transmittal and deliver it, together with the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, representing their Volatus Shares, and the other relevant documents required by the instructions set out therein, to the Depositary in accordance with the instructions contained in the Volatus Letter of Transmittal. Volatus Shareholders can request additional copies of the Volatus Letter of Transmittal by contacting the Depositary. The Volatus Letter of Transmittal is also available under Volatus' profile on SEDAR+ at www.sedarplus.ca.

The Volatus Letter of Transmittal contains procedural information relating to the Volatus Arrangement and should be reviewed carefully. The deposit of Volatus Shares pursuant to the procedures in the Volatus Letter of Transmittal will constitute a binding agreement between the depositing Registered Volatus Shareholder and DDC upon the terms and subject to the conditions of the Volatus Arrangement.

In all cases, delivery of the DDC DRS Statements representing the DDC Common Shares for Volatus Shares deposited will be made only after timely receipt by the Depositary of Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, representing such Volatus Shares, together with a properly completed and duly executed Volatus Letter of Transmittal relating to such Volatus Shares, with signatures guaranteed if so required in accordance with the instructions in the Volatus Letter of Transmittal, and any other required documents.

Prior to the Effective Time, where a Volatus Share Certificate has been destroyed, lost or stolen, the Registered Volatus Shareholder of that Volatus Share Certificate should request from TSX Trust a replacement Volatus Share Certificate. After the Effective Time, where a Volatus Share Certificate has been destroyed, lost or stolen, the Registered Volatus Shareholder of that Volatus Share Certificate should complete the Volatus Letter of Transmittal as fully as possible and forward it, together with an affidavit of the person claiming such Volatus Share Certificate to be destroyed, lost or stolen, describing the loss, theft or destruction to the Depositary at its office specified in the Volatus Letter of Transmittal and an indemnity bond satisfactory to the DDC, Volatus and the Depositary. The Depositary will respond

with replacement requirements that must be satisfied in order for the undersigned to receive the DDC DRS Statements representing the DDC Common Shares in accordance with the Volatus Arrangement.

If a Volatus Letter of Transmittal is executed by a Person other than the Registered Volatus Shareholder of the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, deposited therewith, the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, must be endorsed or be accompanied by an appropriate share transfer power of attorney properly completed by the Registered Volatus Shareholder, and the signature on such endorsement or share transfer power of attorney must correspond exactly to the name of the Registered Volatus Shareholder as registered or as appearing on the Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, and must be guaranteed by an Eligible Institution.

Subsequent to the Effective Time, all questions as to validity, form, eligibility (including timely receipt) and acceptance of any Volatus Shares deposited pursuant to the Volatus Arrangement will be determined by DDC in its sole discretion. DDC reserves the absolute right to determine whether to accept or reject any or all Volatus Letters of Transmittal not in the proper form. Depositing Registered Volatus Shareholders agree that such determination shall be final and binding.

The method of delivery of Volatus Share Certificate(s) or Volatus DRS Statement(s), as applicable, and all other required documents is at the option and risk of the Person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary. DDC and Volatus recommend that such documents be delivered by hand to the Depositary and a receipt obtained. However, if documents are mailed, DDC and Volatus recommend that registered mail be used and that appropriate insurance be obtained. Delivery by hand at the office of the Depositary may not be possible. Registered Volatus Shareholders seeking to utilize this option should contact the Depositary to confirm the availability of hand delivery.

If you are not a Registered Volatus Shareholder, you should carefully follow the instructions from the Intermediary that holds Volatus Shares on your behalf in order to receive the DDC Common Shares for your Volatus Shares.

Stock Exchange Listing and Delisting Matters

On May 17, 2024, the last trading day on which the DDC Shares and Volatus Shares traded prior to announcement of the Transaction, the closing price of the DDC Shares on the TSXV was \$0.195 and the closing price of the Volatus Shares on the TSXV was \$0.145. On July 10, 2024, the closing price of the DDC Shares on the TSXV was \$0.185 and the closing price of the Volatus Shares on the TSXV was \$0.18.

For information with respect to the trading history of the DDC Shares and the Volatus Shares, see "*Information Concerning DDC – Trading Price and Volume*" in Schedule I to this Information Circular and "*Information Concerning Volatus – Trading Price and Volume*" in Schedule J to this Information Circular.

The Volatus Shares are currently listed for trading on the TSXV under the symbol "VOL". Following completion of the Transaction, Volatus will become a wholly-owned subsidiary of DDC, and it is anticipated that the Volatus Shares will be delisted from the TSXV and DDC will apply to the applicable Canadian securities regulators to have Volatus cease to be a reporting issuer in the jurisdictions in which it is currently a reporting issuer. It is anticipated that certain Volatus Warrants that are listed on the TSXV under the trading symbol "VOL.WT.A" will remain listed on the TSXV following completion of the Transaction. See "*Cautionary Note Regarding Forward-Looking Statements*".

It is a condition of Closing that the TSXV shall have approved certain matters relating to the Transaction, including the issuance and listing of the DDC Common Shares issuable in connection with the Transaction and the issuance and listing of the DDC Shares upon the exercise or conversion, as applicable, of the New DDC Options, the Volatus Warrants and the Volatus Debentures following the Effective Time. See *Matters to be Considered at the DDC Meeting – Approval of the DDC Transaction Resolution*".

As of the date hereof, the Parties have applied to the TSXV for approval of the matters set forth above, and have received conditional approval. Listing of the DDC Common Shares issuable in connection with the Transaction is subject to DDC fulfilling all of the requirements of the TSXV.

Volatus Shareholders and DDC Shareholders should be aware that the final approvals have not yet been given by the regulatory authorities referred to above. Neither DDC nor Volatus can provide any assurances that such approvals will be obtained.

Expenses

Except as otherwise expressly provided in the Business Combination Agreement, all costs and expenses, including fees, disbursements and charges of counsel, financial advisors and accountants, incurred in connection with the Business Combination Agreement and the transactions contemplated thereby shall be paid by the Party incurring such costs and expenses, whether or not the Effective Time shall have occurred.

Effective Date

If the DDC Transaction Resolution and the Volatus Arrangement Resolution are passed at the respective meetings, and all conditions disclosed under "*The Business Combination Agreement – Conditions to the Transaction Becoming Effective*" are met or waived in accordance with the terms of the Business Combination Agreement, it is anticipated that the Transaction will be completed as soon as practicable following the date on which the conditions to completion of the Transaction are satisfied or waived with effect as of 12:01 a.m. (Toronto time) on such date. Subject to receipt of the Required Approvals, DDC and Volatus presently intend that the Transaction will be completed as soon as practicable following the completion of the DDC Meeting, the Volatus Meeting, and the issuance of the Final Order. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

Differences in Rights between the BCBCA and the OBCA

Following completion of the Transaction, the rights of the Former Volatus Shareholders (as the holders of the Volatus Shares received pursuant to the Transaction) will be governed by the BCBCA. In general terms, the BCBCA provides shareholders substantively the same rights as are available to shareholders under the OBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. However, there are some important differences between the two.

The following is a summary comparison of certain provisions of the BCBCA and the OBCA which pertain to rights of the Volatus Shareholders and DDC Shareholders. Reference should be made to the full text of both statutes and the regulations thereunder for particulars of any difference between them. This summary is not intended to be exhaustive, and the Volatus Shareholders and DDC Shareholders should consult their legal and other professional advisers regarding all of the implications of the Volatus Arrangement which may be of importance to them.

Amendments to Charter Documents/Fundamental Changes

Under both the BCBCA and OBCA, certain fundamental changes such as a proposed amalgamation or continuation of a corporation out of the jurisdiction require a special resolution passed by two-thirds (66⅔%) of the votes cast on the resolution by holders of shares of each class entitled to vote at a meeting of shareholders of the corporation.

Sale of Undertaking

Under the OBCA, if a sale, lease or exchange of all or substantially all of the property of a corporation would affect a particular class or series of shares in a manner that is different than the shares of another class or series entitled to vote, then such class or series of shares are entitled to a separate class or series vote, regardless of whether or not such shares otherwise carry the right to vote. Under the BCBCA, there is no similar requirement for non-voting shareholders affected by such transaction to approve the disposition of the corporation's undertaking. For such a transaction, the BCBCA requires a special resolution passed by two-thirds (66⅔%) of the votes cast by holders of shares of each class entitled to vote at a meeting of shareholders of the company.

While the shareholder approval thresholds will be the same under the BCBCA and the OBCA, there are differences in the nature of the sale which requires such approval, i.e., a sale of all or substantially all of the "undertaking" under the BCBCA and sale of all or substantially all the "property" under the OBCA.

Requisition of Meetings

The BCBCA provides that shareholders who, at the date on which the requisition is received by the company, hold in the aggregate not less than 5% of the issued shares of the company that carry the right to vote at general meetings may give notice to the directors of a company requiring them to call and hold a general meeting within four months, subject to certain exceptions. No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting. If the directors do not send notice of a general meeting within 21 days of receiving the requisition, the requisitioning shareholders, or any one or more of them holding, in the aggregate, more than 2.5% of the issued shares of the company that carry the right to vote at general meetings, may send notice of a general meeting to be held to transact the business stated in the requisition.

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors of a corporation to call and hold a meeting of shareholders of a corporation for the purposes stated in the requisition. A requisition must state the business to be transacted at a meeting. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

Rights of Dissent

The BCBCA provides that a shareholder who dissents to certain actions being taken by a company may exercise a right of dissent, whether or not the shareholder's shares carry the right to vote, and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable in respect of:

- a resolution to alter the articles to alter restrictions on the powers of the company or on the business the company is permitted to carry on;
- a resolution to adopt an amalgamation agreement;
- a resolution to approve an amalgamation into a foreign jurisdiction;
- a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- any other resolution, if dissent is authorized by the resolution; or
- any court order that permits dissent.

The OBCA contains a similar dissent remedy, subject to certain qualifications and provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right under the OBCA is applicable in the event that the corporation resolves to:

- amend its articles to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- amend its articles to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

- amalgamate with another corporation;
- be continued under the laws of another jurisdiction; or
- sell, lease or exchange all or substantially all its property.

A notable distinction between the BCBCA and OBCA is that the BCBCA allows any shareholder, regardless of whether their shares carry a right to vote, to dissent, whereas the OBCA only allows for a holder of a class or series entitled to vote on a resolution to dissent.

Oppression Remedies

The OBCA and BCBCA allow a court to grant relief where a prejudicial effect to a shareholder is merely threatened.

Under the BCBCA, a shareholder of a company has the right to apply to the court on the grounds that:

- the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or
- some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make any interim or final order it considers appropriate including an order to prohibit any act proposed by the company.

Under the OBCA a registered shareholder, beneficial shareholder, former registered shareholder or beneficial shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering corporation, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates: (a) any act or omission of a corporation or its affiliates effects or threatens to effect a result; (b) the business or affairs of a corporation or its affiliates are or have been or are threatened to be carried on or conducted in a manner; or (c) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or director of a company may, with leave of the court, prosecute a legal proceeding in the name and on behalf of a company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation.

Similarly, under the OBCA, a "complainant", defined under Section 245 of the OBCA as including a registered or beneficial shareholder or a current or former director or officer of a company, or any other person who the court considers to be a proper person to make an application under Section 246 of the OBCA, may with leave of the court, bring an action in the name and on behalf of the corporation or any of its subsidiaries or intervene in an action to which any such body corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation.

Additionally, under the OBCA and BCBCA, a condition precedent to a complainant bringing a derivative action is that the complainant has given at least 14 days' notice to the directors of a corporation of the complainant's intention to make an application to the court to bring such a derivative action.

Directors

Both the BCBCA and OBCA provide that a public corporation must have a minimum of three directors.

Under the BCBCA, a director ceases to hold office when the term of office of that director expires in accordance with Section 128(1) of the BCBCA.

Under the OBCA, directors hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election. Shareholders of a corporation may by ordinary resolution at an annual or special meeting of shareholders remove any director from office. Additionally, at least one-third of the members of the board of directors cannot be officers or employees of an offering corporation or its affiliates.

Neither the BCBCA nor the OBCA provide any Canadian or provincial residency requirements for directors.

Quorum – Directors' Meeting

Both the BCBCA and the OBCA state that quorum of directors' meetings consists of a majority of directors or the minimum number of directors required by the articles (subject to the articles or by-laws).

Place of Shareholders' Meetings

Under the BCBCA, a shareholders' meeting may be held in British Columbia, or may be held at a location outside of British Columbia if:

- the location is provided for in the articles,
- the articles do not restrict the company from approving a location outside of British Columbia for the holding of the general meeting and the location for the meeting is
 - approved by the resolution required by the articles for that purpose, or
 - if no resolution is required for that purpose by the articles, approved by ordinary resolution, or
- the location for the meeting is approved in writing by the Registrar before the meeting is held.

Under the OBCA, a shareholders' meeting may be held in or outside Ontario as the directors determine subject to the articles and any unanimous shareholders' agreement of the corporation.

Notice of Shareholders' Meetings

Under the BCBCA, a company must send notice of the date and time and, if applicable, the location of a general meeting of the company at least the prescribed number of days but not more than 2 months before the meeting to each shareholder entitled to attend the meeting and to each director.

Under the OBCA, an offering corporation must give notice not less than 21 days and not more than 50 days before the meeting to each shareholder entitled to vote at the meeting, to each director and to the auditor of the corporation. Reporting issuers are also subject to the requirements of NI 54-101 which provides for minimum notice periods of greater than the minimum 21-day period in either statute.

Shareholder Proposals

Under the BCBCA, a shareholder entitled to vote at a meeting of shareholders who has been a registered owner or beneficial owner of such shares for an uninterrupted period of at least two years before the date of the signing of the proposal may submit a proposal to the company.

Under the OBCA, a shareholder entitled to vote at a meeting of shareholders may submit a notice of a proposal to the corporation and discuss at the meeting any matter in respect of which the shareholder would have been entitled to submit a proposal.

Solicitation of Proxies

Under the OBCA, a person who solicits proxies, other than by or on behalf of management of the corporation, must send a dissident's information circular in prescribed form to the auditor of the corporation, to each shareholder whose proxy is solicited and to certain other recipients, subject to exceptions, including where the total number of shareholders whose proxies are solicited is 15 or fewer or where the solicitation is conveyed by public broadcast in certain prescribed circumstances, in which case a person soliciting proxies, other than by or on behalf of management of the corporation, may solicit proxies without sending a dissident's information circular. There is no similar provision in the BCBCA.

Telephonic or Electronic Meetings

Under the OBCA and BCBCA, unless the articles or by-laws state otherwise, meetings of shareholders may be held by telephonic or electronic means and shareholders may participate in and vote at the meeting by such means.

Registered Office

Under the BCBCA, a company must maintain a registered office and records office in British Columbia and may change office and mailing address if permitted by the articles, or if the articles are silent as to the manner in which a change of address is to be authorized, by a directors' resolution. Under the OBCA, the registered office of a corporation must be in Ontario at a location specified in the corporation's articles and may be relocated to a different municipality or geographic township with shareholder approval.

Corporate Records

The BCBCA allows for certain records, after 7 years from the date on which they were received for deposit at the records office, to be kept by the company at a location other than the records office so long as those records can be produced from that other location by the person who maintains the records office for the company on 48 hours' notice, not including Saturdays and Holidays. The OBCA and related Ontario statutes require records to be kept at its registered office or such other place in Ontario designated by the directors.

THE BUSINESS COMBINATION AGREEMENT

The steps of the Transaction, as set out in the Business Combination Agreement, are summarized under "*The Transaction – Effect of the Volatus Arrangement*." The general description of the Business Combination Agreement that follows is qualified in its entirety by reference to the full text of the Business Combination Agreement, which is available under the respective profiles of DDC and Volatus on SEDAR+ at www.sedarplus.ca.

General

DDC and Volatus entered into the Business Combination Agreement on May 20, 2024. Pursuant to the Business Combination Agreement, DDC has agreed to acquire all of the Volatus Shares by way of the Volatus Arrangement, in an all-equity business combination transaction.

Under the terms of the Business Combination Agreement, if the Transaction becomes effective, the Volatus Shareholders (other than Volatus Dissenting Shareholders) will receive 1.785 DDC Common Shares for each Volatus Share held, representing the Exchange Ratio.

In the Business Combination Agreement, each of DDC and Volatus provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs. The assertions embodied in those representations and warranties are solely for the purposes of the Business Combination Agreement. Certain representations and warranties may not be accurate and complete as of any specified date because they are qualified by certain disclosure provided by each Party to the other, or are subject to a

standard of materiality or are qualified by reference to a Material Adverse Effect. Therefore, DDC Shareholders and Volatus Shareholders should not rely on the representations and warranties as statements of factual information.

In the Business Combination Agreement, DDC and Volatus also provide covenants to one another, including among other things, that each of DDC and Volatus will, and will cause each of its subsidiaries to, as applicable, subject to the terms of the Business Combination Agreement, conduct business only in the ordinary course of business and in compliance with Applicable Laws; use commercially reasonable efforts to maintain and preserve intact the current organization, assets and business of DDC and Volatus, as applicable; keep available the services of its employees, consultants, and independent contractors, as a group, and to maintain satisfactory relationships with suppliers, employees, consultants, contractors, Governmental Authorities and others having business relationships with Volatus, as applicable, and their respective subsidiaries from the date of the Business Combination Agreement to the Effective Date; and will, except with the prior written consent of DDC, as expressly required or permitted by the Business Combination Agreement, or as required by Applicable Laws or any Governmental Authority, or as contemplated in the Disclosure Letters, comply with specific covenants in furtherance of such covenant.

Under the Business Combination Agreement, DDC and Volatus have agreed to seek DDC Shareholder Approval and Volatus Shareholder Approval, respectively, for the Transaction. DDC and Volatus have each agreed to use their respective commercially reasonable efforts to satisfy the conditions to the Transaction set forth in the Business Combination Agreement, all in accordance with the terms thereof.

Conditions to the Transaction Becoming Effective

In order for the Transaction and the other transactions contemplated by the Business Combination Agreement to be completed, certain conditions must have been satisfied (or in certain cases, waived) on or before the Effective Date, including but not limited to the conditions summarized below:

1. Mutual Conditions:

- (a) the TSXV Approval will have been obtained and will have not been rescinded;
- (b) the Transaction Resolutions will have been approved and adopted at the DDC Meeting and Volatus Meeting, as applicable;
- (c) the Final Order in respect of the Volatus Arrangement will have been obtained on terms acceptable to the Parties, each acting reasonably;
- (d) no Governmental Authority will have enacted, issued, promulgated, enforced or entered any Governmental Order that is in effect and has the effect of making the transactions contemplated by the Business Combination Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated under the Business Combination Agreement to be rescinded following the completion thereof;
- (e) no Action will have been commenced against the Parties that would prevent the Closing and no injunction or restraining order will have been issued by any Governmental Authority and be in effect, which restrains or prohibits any transaction contemplated under the Business Combination Agreement;
- (f) DDC will have received conditional approval from the TSXV in respect of the listing of the: (i) DDC Common Shares to be issued pursuant to the Volatus Arrangement; (ii) the DDC Common Shares issuable on the exercise of the New DDC Options; (iii) the DDC Common Shares issuable on the exercise of the Volatus Warrants; (iv) the DDC Common Shares issuable on conversion of the Volatus Debentures; and (v) any other DDC Common Shares to be issued in connection with the Transaction as further described under the Business Combination Agreement; and
- (g) the sum of the percentage of the issued and outstanding Volatus Shares for which Dissent Rights have been duly exercised and not withdrawn and will not be more than 5%, provided that this condition may be waived in writing by the Parties.

2. Additional Conditions in Favour of DDC:

- (a) Other than certain fundamental representations and warranties of Volatus, the representations and warranties of Volatus set out in the Business Combination Agreement and any certificate or other writing delivered pursuant thereto will be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date of the Business Combination Agreement and on and as of the Effective Time with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects). The fundamental representations and warranties of Volatus excluded in the foregoing statement will be true and correct in all respects on and as of the date of the Business Combination Agreement and on and as of the Effective Time with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects).
- (b) Volatus will have duly performed and complied in all material respects with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it before or on the Effective Time; *provided that*, with respect to agreements, covenants and conditions that are qualified by materiality, Volatus will have performed such agreements, covenants and conditions, as so qualified, in all respects.
- (c) All approvals, consents and waivers required by Volatus as specified in the Volatus Disclosure Letter will have been received, and executed counterparts thereof will have been delivered to DDC, at or before the Effective Time.
- (d) From the date of the Business Combination Agreement, there will not have occurred any Material Adverse Effect with respect to Volatus, nor will any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, would reasonably be expected to result in a Material Adverse Effect with respect to Volatus.
- (e) DDC will have received a certificate, dated the Effective Date and signed by a duly authorized officer of Volatus that each of the conditions relating to the truth of its representations and warranties and the performance of its obligations and covenants, have been satisfied.

3. Additional Conditions in Favour of Volatus:

- (a) Other than certain fundamental representations and warranties of DDC, the representations and warranties of DDC set out in the Business Combination Agreement and any certificate or other writing delivered pursuant thereto will be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date of the Business Combination Agreement and on and as of the Effective Time with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects). The fundamental representations and warranties of DDC excluded in the foregoing statement will be true and correct in all respects on and as of the date of the Business Combination Agreement and on and as of the Effective Time with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which will be determined as of that specified date in all respects).
- (b) DDC will have duly performed and complied in all material respects with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it before or on the Effective Time; *provided that*, with respect to agreements, covenants and

conditions that are qualified by materiality, DDC will have performed such agreements, covenants and conditions, as so qualified, in all respects.

- (c) All approvals, consents and waivers required by DDC as specified in the DDC Disclosure Letter have been received, and executed counterparts thereof will have been delivered to Volatus, at or before the Effective Time.
- (d) From the date of the Business Combination Agreement, there will not have occurred any Material Adverse Effect with respect to DDC, nor will any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, would reasonably be expected to result in a Material Adverse Effect with respect to DDC.

Governance Matters

Pursuant to the Business Combination Agreement, on the Effective Date and concurrent with Closing, DDC covenanted and agreed to:

- (a) cause each of its directors to resign effective as of the Closing (unless otherwise agreed to by the Parties) and to deliver such resignations to DDC at the Closing, all in a form acceptable to the Parties, each acting reasonably, and reconstitute the DDC Board to be comprised of five (5) directors as follows:
 - three (3) nominees of Volatus (being Ian McDougall, Glen Lynch and Andrew Leslie); and
 - two (2) nominees of DDC (being Larry Taylor and Kevin Sherkin).
- (b) appoint Ian McDougall as chair of the DDC Board; and
- (c) cause each of its officers to resign effective as of the Closing (unless otherwise agreed to by the Parties) and appoint certain individuals to serve as officers, employees, advisors or consultants of DDC.

Pursuant to the Business Combination Agreement, on the Effective Date and concurrent with Closing, Volatus covenanted and agreed to:

- (a) use its reasonable commercial efforts to cause each of its directors to resign effective as of the Closing (unless otherwise agreed to by the Parties) and to deliver such resignations to DDC at the Closing, all in a form acceptable to the Parties.

In addition, on the Effective Date, each of DDC and Volatus covenants and agrees to use its reasonable commercial efforts to work together in good faith to establish an advisory committee (the "**Advisory Committee**"). The Advisory Committee shall be composed of four (4) members (being Michael Della Fortuna, Vijay Kanwar, Sam Ingram and Gordon Silverman) for the purpose of providing strategic advice to the Combined Company following implementation of the Volatus Arrangement. The Advisory Committee shall meet electronically from time to time not less frequently than on a semi-annual basis and may meet on an ad hoc basis at such other time as may be agreed by DDC and Volatus.

Covenants Regarding Acquisition Proposals

Except as expressly provided in the Business Combination Agreement, both DDC and Volatus, severally, have agreed not to, and to cause its Subsidiaries and their respective Representatives not to:

1. solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding (other than a confidentiality agreement as described under "*The Business Combination Agreement – Notice of Superior Proposal and Right to Match*") any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal with respect to that Party;

2. enter into, engage in, knowingly encourage or otherwise participate in any discussions or negotiations with any Person (other than the other Party and its subsidiaries) regarding an Acquisition Proposal with respect to that Party, or any inquiry, proposal or offer that reasonably would be expected to constitute an Acquisition Proposal with respect to that Party, provided that such Party may: (a) provide a written response (with a copy to the other Party) to any Person for the purposes of seeking clarification of the terms of such Acquisition Proposal; (b) advise any Person of the restrictions of the Business Combination Agreement; and (c) advise any Person making an Acquisition Proposal to that Party that the DDC Board has determined that such Acquisition Proposal does not constitute or could not reasonably be expected to constitute a Superior Proposal with respect to that Party, in each case, if, in so doing, no other information that is prohibited from being communicated under the Business Combination Agreement is communicated to such Person;
3. make, or propose publicly to make a Change in Recommendation with respect to that Party, or fail to publicly reaffirm (without qualification) the DDC Board Recommendation or the Volatus Board Recommendation;
4. accept or enter into, or propose publicly to accept or enter into, any letter of intent, agreement in principle, agreement, understanding or arrangement in respect of an Acquisition Proposal with respect to that Party, unless such Acquisition Proposal constitutes, or would reasonably be expected to constitute a Superior Proposal with respect to that Party in accordance with the Business Combination Agreement; or
5. make any public announcement or take any other action inconsistent with, or that would reasonably be likely to be regarded as detracting from, the approval, recommendation or declaration of advisability of the Party's board of directors of the transactions contemplated in the Business Combination Agreement.

The Business Combination Agreement requires that each of DDC and Volatus, severally, will, and will cause their respective Subsidiaries and Representatives to, immediately cease any existing solicitation, discussions, negotiations or other activities commenced prior to the date of the Business Combination Agreement with any Person (other than the other Party and their respective Affiliates) conducted by such Party or any of its Affiliates or Representatives with respect to any inquiry, proposal or offer that constitutes, or would reasonably be expected to constitute or lead to, an Acquisition Proposal with respect to that Party, and, in connection therewith, such Party will:

1. discontinue access to and disclosure of its and its Subsidiaries' confidential information (and not allow access to or disclosure of any such confidential information, or any data room, virtual or otherwise) and will as soon as possible request; and
2. use its commercially reasonable efforts to exercise all rights it has (or cause its Subsidiaries to exercise any rights that they have) to require the return or destruction of all confidential information regarding such Party and its Subsidiaries previously provided in connection therewith to any Person other than the other two Parties to the extent such information has not already been returned or destroyed and use commercially reasonable efforts to ensure that such obligations are fulfilled.

Both Parties have represented and warranted as of the date of the Business Combination Agreement that neither such Party nor any of its Subsidiaries have waived any standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which such Party or any of its Subsidiaries are a party, except to permit submissions of expressions of interest prior to the date of the Business Combination Agreement, and such Party has represented and warranted that all such standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which such Party or any of its Subsidiaries are a party will, if applicable and in accordance with their terms, remain enforceable.

In connection therewith, both Parties have covenanted and agreed that: (a) it will enforce each standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which such Party or any of its Subsidiaries are a party; and (b) neither Party nor any of its Subsidiaries nor any of their respective Representatives has released or will, without the prior written consent of the other two Parties (which may be unreasonably withheld, conditioned or delayed), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting such Party, or any of its Subsidiaries, under any standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which such Party or any of its Subsidiaries are a party.

Notification of Acquisition Proposals

The Business Combination Agreement requires each Party to, as soon as practicable, and in any event, within 24 hours, notify the Party (orally at first and then in writing, in each case within 24 hours) if it receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal with respect to such Party or any request received by such Party or any of its Subsidiaries or their Representatives for non-public information relating to, or for access to the properties, books or records of, such Party or any of its Subsidiaries by any person that informs such Party or any of its Subsidiaries or their Representatives that it is considering making an Acquisition Proposal with respect to such Party, of such Acquisition Proposal, inquiry, proposal, request or offer, including the identity of the Person making such Acquisition Proposal, inquiry, proposal, request or offer and the material terms and conditions thereof and copies of all material or substantive documents received in respect of, from or on behalf of any such Person. Each Party will keep the other Party fully informed of the status of substantive developments and substantive discussions and negotiations with respect to such Acquisition Proposal, inquiry, proposal, request or offer, including any material changes, modifications or other amendments thereto.

Notice of Superior Proposal and Right to Match

Under the terms of the Business Combination Agreement, if at any point prior to the Party's respective Transaction Meeting, that Party receives an unsolicited *bona fide* Acquisition Proposal, which its board of directors has determined, in good faith after consultation with its outside financial and legal advisors, constitutes or would reasonably be expected to constitute a Superior Proposal (disregarding, for the purposes of such determination, any due diligence or access condition to which such Acquisition Proposal is subject), then that Party may, prior to its Transaction Meeting, then, and only in such case, that Party may provide the Person making such Acquisition Proposal with, or access to, for a period of no more than two weeks, information regarding that Party or any of its Subsidiaries, but only to the extent that the other Party had previously been, or is concurrently, provided with, or has access to, the same information, if, and only if:

1. that Party has entered into a confidentiality and standstill agreement on customary terms (including a twelve (12) month standstill); and
2. that Party has been, and continues to be, in compliance with the section of the Business Combination Agreement pertaining to that Party's Acquisition Proposals.

If a Party receives an Acquisition Proposal that constitutes a Superior Proposal for such Party prior to the approval of that Party's Transaction Resolution by its shareholders, then that Party's board of directors may authorize that Party to enter into a definitive agreement with respect to such Superior Proposal if, and only if all of the following are satisfied:

1. that Party's board of directors determines in good faith that the Acquisition Proposal constitutes a Superior Proposal for such Party;
2. the approval of that Party's Transaction Resolution has not been obtained;
3. that Party has been, and continues to be, in compliance with the section of the Business Combination Agreement pertaining to that Party's Acquisition Proposals;
4. that Party has forthwith provided the other Party with a notice in writing that there is a Superior Proposal for that Party together with all documentation related to and detailing the Superior Proposal, including a copy of any proposed agreement relating to such Acquisition Proposal and, if applicable, a written notice from that Party's board of directors regarding the value or range of values in financial terms that the Party's board of directors has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered in such Superior Proposal;
5. five Business Days (a "**Response Period**") will have elapsed from the date the other Party received the notice and documentation referred to in Item 4 above;

6. if the other Party has proposed to amend the terms of the Transaction as described below, such Party's board of directors will have determined, in good faith, after consultation with its outside financial and legal advisors, that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Transaction by the other Party;
7. that Party concurrently terminates the Business Combination Agreement in accordance with a section thereof which triggers an obligation to pay the Termination Fee; and
8. that Party has previously, or concurrently will have, paid to the other Party the Termination Fee.

Under the Business Combination Agreement, during a Response Period, or such longer period as the Party receiving an Acquisition Proposal may approve for such purpose, the other Party will have the opportunity (but not the obligation), to propose to amend the terms of the Business Combination Agreement, including an increase in, or modification of, the Consideration.

The board of directors of the Party receiving such Acquisition Proposal will review any such proposal to determine in good faith and after consultation with its outside legal counsel and financial advisors, whether the other Party's proposal to amend the Business Combination Agreement would result in the Acquisition Proposal ceasing to be a Superior Proposal. If the Party's board of directors determines that the Acquisition Proposal is not a Superior Proposal as compared to the proposed amendments to the terms of the Business Combination Agreement, it will promptly advise the other Party and negotiate in good faith with the Party an amended agreement reflecting such proposed amendments.

Each successive modification of any Acquisition Proposal will constitute a new Acquisition Proposal for the purposes of the Business Combination Agreement and the other Party will be afforded a new Response Period in respect of each such Acquisition Proposal from the date on which the other Party received the notice and documentation referred to in Item 4 above in respect of such new Superior Proposal from the Party receiving such Superior Proposal.

In circumstances where a Party receiving a Superior Proposal provides the other Party with notice of a Superior Proposal and all documentation contemplated by Item 4 above on a date that is less than seven Business Days prior to the Party's Transaction Meeting, such Party may, or if and as requested by the other Party, that Party will, either proceed with or postpone its Transaction Meeting to a date that is not more than seven Business Days after the scheduled date of such Transaction Meeting, as directed by the other Party, provided, however, that such Transaction Meeting will not be adjourned or postponed to a date later than the seventh Business Day prior to the Outside Date.

Furthermore, under the Business Combination Agreement, each Party is required to advise its Subsidiaries and its Representatives of the prohibitions set out in the Business Combination Agreement pertaining to Acquisition Proposals for that Party, and any violation of the restrictions set forth in those provisions by that Party, its Subsidiaries or Representatives is deemed to be a breach of those provisions by that Party.

Termination

The Business Combination Agreement may be terminated at any time prior to the Effective Time, in the circumstances specified in the Business Combination Agreement, including:

1. by mutual written agreement of the Parties;
2. by either Party, if:
 - (a) the Effective Time will not have occurred on or before the Outside Date, except that the right to terminate the Business Combination Agreement will not be available to any Party whose failure to fulfil any of its covenants or obligations, or breach of any of its representations and warranties, under the Business Combination Agreement has been a primary cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date;
 - (b) after the date of the Business Combination Agreement, there will be enacted or made any Applicable Laws or Governmental Order that remains in effect and that makes consummation of the Transaction

illegal or otherwise prohibits or enjoins any Party from consummating the Transaction and such Applicable Laws, Governmental Order or injunction will have become final and non-appealable;

- (c) the DDC Transaction Resolution is not approved by the DDC Shareholders at the DDC Meeting, except that the right to terminate the Business Combination Agreement will not be available to any Party whose failure to fulfill any of its obligations or breach of any of its covenants under the Business Combination Agreement has been a primary cause of, or resulted in, the failure to receive approval of the DDC Transaction Resolution; or
- (d) the Volatus Arrangement Resolution is not approved by the Volatus Shareholders at the Volatus Meeting, except that the right to terminate the Business Combination Agreement will not be available to any Party whose failure to fulfill any of its obligations or breach of any of its covenants under the Business Combination Agreement has been a primary cause of, or resulted in, the failure to receive such approval of the Volatus Arrangement Resolution.

all as further detailed in the Business Combination Agreement;

3. by DDC, if:

- (a) prior to the approval of the Transaction Resolutions: (i) a Volatus Change in Recommendation occurs; (ii) the Volatus Board authorizes Volatus to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a Volatus Superior Proposal; or (iii) Volatus will have breached its obligations regarding Acquisition Proposals;
- (b) prior to the approval of the DDC Transaction Resolution at the DDC Meeting, the DDC Board authorizes DDC to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a DDC Superior Proposal;
- (c) a Material Adverse Effect has occurred in respect of Volatus, that is incapable of being cured on or prior to the Outside Date; or
- (d) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Volatus set forth in the Business Combination Agreement will have occurred, which breach or failure to perform: (i) is incapable of being cured by Volatus, as applicable, on or prior to the Outside Date or otherwise is not cured by the earlier of (x) thirty (30) days following written notice by DDC to Volatus, as applicable, of such breach, and (y) the Outside Date; and (ii) would cause certain conditions set forth in the Business Combination Agreement not to be satisfied; provided that DDC is not then in breach of the Business Combination Agreement and has not failed to perform any covenant or other agreement in the Business Combination Agreement so as to cause certain conditions set forth in the Business Combination Agreement not to be satisfied;

all as further detailed in the Business Combination Agreement;

4. by Volatus, if:

- (a) prior to the approval of all of the Transaction Resolutions: (i) a DDC Change in Recommendation occurs; (ii) the DDC Board authorizes DDC to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a DDC Superior Proposal; or (iii) DDC will have breached its obligations regarding Acquisition Proposals;
- (b) prior to the approval of the Volatus Arrangement Resolution at the Volatus Meeting, the Volatus Board authorizes Volatus to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a Volatus Superior Proposal;

- (c) a Material Adverse Effect has occurred in respect of DDC that is incapable of being cured on or prior to the Outside Date; or
- (d) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of DDC set forth in the Business Combination Agreement will have occurred, which breach or failure to perform: (i) is incapable of being cured by DDC prior to the Outside Date or otherwise is not cured by the earlier of (x) thirty (30) days following written notice by Volatus to DDC of such breach, and (y) the Outside Date; and (ii) would cause certain conditions set forth in the Business Combination Agreement not to be satisfied; provided that Volatus is not then in breach of the Business Combination Agreement or has not failed to perform any covenant or other agreement in the Business Combination Agreement so as to cause certain conditions set forth in the Business Combination Agreement not to be satisfied;

all as further detailed in the Business Combination Agreement.

The Business Combination Agreement requires the Party desiring to terminate the Business Combination Agreement to give notice of such termination to the other Party specifying in reasonable detail the basis for such Party's exercise of its termination right.

Termination Fee and Expense Reimbursement

Termination Fee Payable by DDC

The Business Combination Agreement provides that a Termination Fee will be payable by DDC to Volatus upon termination of the Business Combination Agreement in certain specified circumstances, including where the Business Combination Agreement is terminated:

- (a) by DDC, if prior to the approval of the DDC Transaction Resolution at the DDC Meeting, the DDC Board authorizes DDC to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a DDC Superior Proposal;
- (b) by Volatus, if prior to the approval of all of the Transaction Resolutions, a DDC Change in Recommendation has occurred;
- (c) by either Party, if the DDC Transaction Resolution is not approved at the DDC Meeting: (i) following a DDC Change in Recommendation; or (ii) if DDC has breached its obligations regarding Acquisition Proposals;
- (d) by either Party if:
 - (i) the Effective Time has not occurred on or before the Outside Date; or
 - (ii) the DDC Transaction Resolution is not approved at the DDC Meeting,

but only if, upon such termination event, (x) prior to the date of termination, a *bona fide* written DDC Acquisition Proposal will have been publicly announced or otherwise publicly disclosed by any Person (other than Volatus, any Affiliates thereof, or any Representative acting on behalf of Volatus or any Affiliates thereof) (and, if the DDC Meeting is held, such DDC Acquisition Proposal has not expired or been withdrawn at least two Business Days prior to the date of the DDC Meeting; and (y) within 12 months following the date of such termination, (A) a DDC Acquisition Proposal (whether or not such DDC Acquisition Proposal is the same DDC Acquisition Proposal referred to in paragraph (x) above) will have been consummated or effected, or (B) DDC or its Subsidiaries enter into a definitive agreement in respect of a DDC Acquisition Proposal (whether or not such DDC Acquisition Proposal is the same DDC Acquisition Proposal referred to in paragraph (x) above), which DDC Acquisition Proposal is consummated or effected (whether or not within such 12 month period); *provided that* for purposes of this termination event, the references to "20% or

more" in the definition of DDC Acquisition Proposal will be deemed to be references to "50% or more",

all subject to the terms and conditions of, and as further set forth in, the Business Combination Agreement.

Termination Fee Payable by Volatus

The Business Combination Agreement provides that a Termination Fee will be payable by Volatus to DDC upon termination of the Business Combination Agreement in certain specified circumstances, including where the Business Combination Agreement is terminated:

- (a) by Volatus, if prior to the approval of the Volatus Arrangement Resolution at the Volatus Meeting, the Volatus Board authorizes Volatus to enter into a definitive agreement (other than certain confidentiality agreements permitted by the Business Combination Agreement) with respect to a Volatus Superior Proposal;
- (b) by DDC if prior to the approval of all of the Transaction Resolutions, a Volatus Change in Recommendation has occurred;
- (c) by either Party, if the Volatus Arrangement Resolution is not approved at the Volatus Meeting:
 - (i) following a Volatus Change in Recommendation; or (ii) if Volatus has breached its obligations regarding Acquisition Proposals;
- (d) by any Party if:
 - (i) the Effective Time has not occurred on or before the Outside Date; or
 - (ii) the Volatus Arrangement Resolution is not approved at the Volatus Meeting,

but only if, upon such termination event, (x) prior to the date of termination, a *bona fide* written Volatus Acquisition Proposal will have been publicly announced or otherwise publicly disclosed by any Person (other than DDC, any Affiliates thereof, or any Representative acting on behalf of DDC or any Affiliates thereof) (and, if the Volatus Meeting is held, such Volatus Acquisition Proposal has not expired or been withdrawn at least two Business Days prior to the date of the Volatus Meeting; and (y) within 12 months following the date of such termination, (A) a Volatus Acquisition Proposal (whether or not such Volatus Acquisition Proposal is the same Volatus Acquisition Proposal referred to in paragraph (x) above) will have been consummated or effected, or (B) Volatus or its Subsidiaries enter into a definitive agreement in respect of a Volatus Acquisition Proposal (whether or not such Volatus Acquisition Proposal is the same Volatus Acquisition Proposal referred to in paragraph (x) above), which Volatus Acquisition Proposal is consummated or effected (whether or not within such 12 month period); *provided that* for purposes of this termination event, the references to "20% or more" in the definition of Volatus Acquisition Proposal will be deemed to be references to "50% or more",

all subject to the terms and conditions of, and as further set forth in, the Business Combination Agreement.

Expense Reimbursement

The Business Combination Agreement provides that the Expense Reimbursement will be payable in certain circumstances. If the Business Combination Agreement is terminated due to a breach of any representation or warranty or due to the failure to perform any covenant or agreement set forth in the Business Combination Agreement by one Party, subject to the cure periods set forth therein, and either:

- (A) either Party is in breach of its representations and warranties or failed to perform any covenant or agreement set forth in the Business Combination Agreement, then such Party shall pay the Expense Reimbursement to the other Party which has not breached its representations and warranties or failed to perform any covenant or agreement set forth in the Business Combination Agreement; or

- (B) either Party failed to obtain the requisite shareholder approval set forth in the Business Combination Agreement, then such Party shall pay the Expense Reimbursement to the other Party.

Expenses

Except as otherwise expressly provided in the Business Combination Agreement, each Party will pay all fees, costs and expenses incurred by such Party in connection with the Business Combination Agreement and the Transaction.

Indemnification

Each Party will, and will cause its Subsidiaries to, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of such Party and its Subsidiaries under Applicable Laws and under the Articles or other constating documents of such Party and/or its Subsidiaries or under any agreement or contract of any indemnified person with such Party or with any of its Subsidiaries, and acknowledges that such rights will survive the completion of the transactions contemplated by the Business Combination Agreement, and, to the extent within the control of such Party, such Party will ensure that the same will not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such indemnified person and will continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date.

Amendment

The Business Combination Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Information Circular, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Volatus Shareholders who beneficially own Volatus Shares immediately prior to the Effective Time and dispose of their Volatus Shares pursuant to the Volatus Arrangement, and who at all relevant times, for purposes of the Tax Act, (a) hold their Volatus Shares, and will hold any DDC Common Shares acquired pursuant to the Volatus Arrangement, as capital property, and (b) deal at arm's length with both of, and are not affiliated with either of, Volatus and DDC (each such Volatus Shareholder, a "**Holder**").

Generally, Volatus Shares and DDC Common Shares will be considered to be capital property to the holder thereof provided that they are not used or held in the course of carrying on a business of trading or dealing in securities and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Volatus Shareholders who are resident in Canada for purposes of the Tax Act and who might not otherwise be considered to hold their Volatus Shares or DDC Common Shares, as applicable, as capital property may, in certain circumstances, be entitled to have their Volatus Shares and DDC Common Shares and any other "Canadian security" (as defined in the Tax Act), owned by such holders in the taxation year in which the election is made, and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Volatus Shareholders should consult their own tax advisors regarding the potential application and consequences of this election in their particular circumstances.

This summary does not apply to a Holder: (a) that is a partnership; (b) that beneficially owns their Volatus Shares through a partnership; (c) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules; (d) that is a "specified financial institution" (as defined in the Tax Act); (e) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (f) that has made a "functional currency" election under section 261 of the Tax Act; (g) that has acquired, or acquires, Volatus Shares upon the exercise of a Volatus Option or pursuant to any other employee compensation plan; (h) that is a corporation resident in Canada that is, or becomes, (or does not deal at "arm's length", within the meaning of the Tax Act, with a corporation resident in Canada that is or becomes), as part of a transaction or event or series of transactions or events that includes the Volatus Arrangement, controlled by a non-resident corporation, a non-resident individual, a non-resident trust or a group of persons (comprising any combination of non-resident corporations, non-resident individuals and non-resident trusts) that do not deal with each other at arm's length, for purposes of section 212.3 of the Tax Act; (i) that has entered into, or enters into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with

respect to its Volatus Shares or DDC Common Shares; (j) that receives dividends on its Volatus Shares or DDC Common Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act); or (k) that is exempt from tax under Part I of the Tax Act. **Such Holders should consult their own tax advisors.**

In addition, this summary does not address the Canadian federal income tax considerations applicable to holders of Volatus Options, Volatus Warrants, or Volatus Debentures in connection with the Volatus Arrangement. **Such holders should consult their own tax advisors.**

This summary is based upon the provisions of the Tax Act and the regulations thereunder in force on the date of this Information Circular and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("CRA") made publicly available prior to the date of this Information Circular. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Information Circular (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted in their current form; however no assurance can be given that any of the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative or assessing practices and policies of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary assumes that DDC will not make a joint election with any Volatus Shareholder under section 85 of the Tax Act in respect of the exchange of Volatus Shares for DDC Common Shares pursuant to the Volatus Arrangement.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences to a Holder will vary depending on the particular circumstances of the Holder, including the province or provinces in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Holders should consult their own legal and tax advisors with respect to the tax consequences of the transactions described in this Information Circular based on their own particular circumstances.

Currency Conversion

Subject to certain exceptions that are not discussed herein, for the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of securities (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must generally be converted into Canadian dollars based on the rate quoted by the Bank of Canada for the exchange of the foreign currency for Canadian dollars on the date such amounts arise, or such other rate of exchange as is acceptable to the Minister of National Revenue.

Holders Resident in Canada

The following summary under this heading "*Holders Resident in Canada*" is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Volatus Holder**").

The following portion of this summary, other than the portion under the heading "*Holders Resident in Canada – Dissenting Resident Volatus Holders*", applies to Resident Volatus Holders that are not Volatus Dissenting Shareholders.

Exchange of Volatus Shares for DDC Common Shares

Under the Volatus Arrangement, Volatus Shareholders (other than Volatus Dissenting Shareholders) will exchange their Volatus Shares for DDC Common Shares, in accordance with the Volatus Plan of Arrangement.

A Resident Volatus Holder will generally be eligible to treat the exchange of Volatus Shares for DDC Common Shares pursuant to the Volatus Arrangement as an automatic tax-deferred rollover under the provisions of section 85.1 of the Tax Act, with the result that such Resident Volatus Holder will be deemed to have disposed of the Resident Volatus Holder's Volatus Shares for proceeds of disposition equal to the Resident Volatus Holder's adjusted cost base of such Volatus Shares, and to have acquired such DDC Common Shares received by it at a cost equal to such adjusted cost base.

The automatic tax-deferral treatment described above in connection with a Resident Volatus Holder's exchange of Volatus Shares for DDC Common Shares pursuant to the Volatus Arrangement will not apply where the Resident Volatus Holder has, in its income tax return for the taxation year in which the Volatus Arrangement becomes effective, included in computing its income for the year any portion of the gain or loss otherwise determined from the disposition of such exchanged Volatus Shares. A Resident Volatus Holder that includes in income any portion of the gain or loss otherwise determined in respect of the disposition of Volatus Shares pursuant to the Volatus Arrangement will be deemed to have disposed of such Volatus Shares for proceeds of disposition equal to the fair market value of the DDC Common Shares received in exchange therefor at the effective time of the exchange. In that case, the Resident Volatus Holder will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Volatus Holder of the Volatus Shares immediately before the exchange, while the cost to the Resident Volatus Holder of the DDC Common Shares acquired on the exchange will be equal to the fair market value of such DDC Common Shares at the effective time of the exchange.

For purposes of determining the adjusted cost base to a Resident Volatus Holder of the holder's DDC Common Shares, the cost of the DDC Common Shares acquired by the Resident Volatus Holder pursuant to the Volatus Arrangement will be averaged with the adjusted cost base of any other DDC Common Shares held by the Resident Volatus Holder as capital property at such time.

See "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Taxation of Capital Gains and Capital Losses

For capital gains and capital losses realized on or after June 25, 2024, under Proposed Amendments announced in the Federal Budget on April 16, 2024 and introduced in Parliament on June 10, 2024 in a Notice of Ways and Means Motion (the "**2024 Capital Gains Proposals**"), and subject to certain transitional rules discussed below, generally, a Resident Volatus Holder is required to include in computing its income two-thirds of the amount of any such capital gain (a "**taxable capital gain**") realized in the year, and is required to deduct two-thirds of the amount of any such capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Volatus Holder. However, under the 2024 Capital Gains Proposals, a Resident Volatus Holder that is an individual (excluding most types of trusts) is required to include in income only one-half of net capital gains realized (including net capital gains realized indirectly through a trust or partnership) in a taxation year (and on or after June 25, 2024) up to a maximum of \$250,000, with the two-thirds inclusion rate applying to the portion of net capital gains realized in the year (and on or after June 25, 2024) that exceed \$250,000. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act (as proposed to be amended by the 2024 Capital Gains Proposals).

Subject to transitional rules in the 2024 Capital Gains Proposals, for a capital gain or capital loss realized prior to June 25, 2024, only one-half of such capital gain would be included in income as a taxable capital gain and one-half of such capital loss would constitute an allowable capital loss. Under the 2024 Capital Gains Proposals, different inclusion rates (or a blended inclusion rate) may apply for taxation years that begin before and end on or after June 25,

2024 (the "**Transitional Year**"). As a result, for its Transitional Year, a Resident Volatus Holder will be required to separately identify capital gains and capital losses realized before June 25, 2024 ("**Period 1**") and those realized on or after June 25, 2024 ("**Period 2**"). Capital gains and capital losses from the same period will first be netted against each other. A net capital gain (or net capital loss) will arise if capital gains (or capital losses) from one period exceed capital losses (or capital gains) from that same period. A Resident Volatus Holder would effectively be subject to the higher inclusion rate of two-thirds in respect of its net capital gains (or net capital losses) arising in Period 2, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 1. Conversely, a Resident Volatus Holder would effectively be subject to the lower inclusion rate of one-half in respect of its net capital gains (or net capital losses) arising in Period 1, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 2.

The annual \$250,000 threshold for a Resident Volatus Holder that is an individual (excluding most types of trusts) will be fully available in 2024 without proration and will apply only in respect of net capital gains realized in Period 2 less any net capital loss from Period 1. Certain other limitations to the \$250,000 threshold may apply.

Under the 2024 Capital Gains Proposals, two-thirds of capital losses realized prior to June 25, 2024 will be deductible against capital gains realized on or after June 25, 2024 included in income at the two-thirds inclusion rate.

The foregoing summary only generally describes the considerations applicable under the 2024 Capital Gains Proposals, and is not an exhaustive summary of the considerations that could arise in respect of the 2024 Capital Gains Proposals. Furthermore, the announcements accompanying the 2024 Capital Gains Proposals indicated that additional draft legislation to implement the change to the capital gains inclusion rate will be released at the end of July 2024. Resident Volatus Holders should consult their own tax advisors with regard to the 2024 Capital Gains Proposals.

The amount of any capital loss otherwise realized by a Resident Volatus Holder that is a corporation on a disposition or deemed disposition of a Volatus Share may be reduced by the amount of certain dividends received or deemed to be received by it on such share (and, in certain circumstances, a share for which such share was exchanged), in each case to the extent and under the circumstances specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns such shares. **Resident Volatus Holders to whom these rules may be relevant should consult their own tax advisors.**

A Resident Volatus Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout the relevant taxation year or that is a "substantive CCPC" (as defined in the Tax Act) at any time in the relevant taxation year, may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes amounts in respect of net taxable capital gains..

Disposition of DDC Common Shares Following the Volatus Arrangement

A Resident Volatus Holder who disposes, or is deemed to dispose, of a DDC Common Share following the completion of the Volatus Arrangement (other than a disposition of a DDC Common Share to DDC, unless such disposition is the purchase by DDC in the open market in the manner in which shares are normally purchased by a member of the public in the open market) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to the Resident Volatus Holder immediately before the disposition.

See "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" above for a general description of the treatment of capital gains and capital losses under the Tax Act.

Dividends on DDC Common Shares

A Resident Volatus Holder generally will be required to include in computing its income for a taxation year any dividends received or deemed to be received on such Resident Volatus Holder's DDC Common Shares during such taxation year.

In the case of a Resident Volatus Holder who is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules generally applicable to dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit if, and to the extent, DDC designates any portion of a particular dividend to be an "eligible dividend" in accordance with the Tax Act. There may be limitations on the ability of DDC to designate dividends as eligible dividends.

In the case of a Resident Volatus Holder that is a corporation, the amount of any taxable dividend received or deemed to be received on such Resident Volatus Holder's DDC Common Shares and included in the Resident Volatus Holder's income for the taxation year generally will be deductible in computing the Resident Volatus Holder's taxable income. In certain circumstances, subsection 55(2) of the Tax Act may deem a taxable dividend received by a Resident Volatus Holder that is a corporation as proceeds of disposition or a capital gain. **Resident Volatus Holders that are corporations should consult their own tax advisors having regard to their own circumstances.**

A Resident Volatus Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable under Part IV of the Tax Act to pay an additional tax (refundable in certain circumstances) on dividends received or deemed to be received on the DDC Common Shares to the extent that such dividends are deductible in computing the Resident Volatus Holder's taxable income for the taxation year.

Minimum Tax

Capital gains realized and dividends received or deemed to be received by a Resident Volatus Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. The Proposed Amendments announced in the 2024 federal Budget, and other previously-announced proposals, propose to make significant amendments to the alternative minimum tax for taxation years that begin after 2023. Resident Volatus Holders should consult their own independent tax advisors with respect to the potential alternative minimum tax consequences to them having regard to their own particular tax circumstances, including the potential implications of the Proposed Amendments in respect of the minimum tax.

Dissenting Resident Volatus Holders

The following portion of this summary is generally applicable to a Resident Volatus Holder that is a Volatus Dissenting Shareholder (a "**Dissenting Resident Volatus Holder**").

A Dissenting Resident Volatus Holder who, as a result of the valid exercise of Dissent Rights, is entitled to be paid the fair value of their Volatus Shares by Volatus, will be deemed to have received a taxable dividend in the taxation year of payment equal to the amount, if any, by which such payment (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the "paid-up capital" (determined for purposes of the Tax Act) attributable to such Dissenting Resident Volatus Holder's Volatus Shares immediately before their surrender to Volatus pursuant to the Volatus Arrangement. The tax consequences described above under the heading "*Holders Resident in Canada – Dividends on DDC Common Shares*" will generally apply with respect to any such deemed dividend.

In addition, a Dissenting Resident Volatus Holder will be considered to have disposed of such Volatus Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court), less the amount of any deemed dividend arising on the surrender of such Volatus Shares as described above. The Dissenting Resident Volatus Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Volatus Shares immediately before their surrender to Volatus pursuant to the Volatus Arrangement. Any such capital gain or capital loss will be subject to the same tax treatment as described above under the heading "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Interest, if any, awarded by the Court to a Dissenting Resident Volatus Holder will be included in the Dissenting Resident Volatus Holder's income for the purposes of the Tax Act.

Dissenting Resident Volatus Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of Dissent Rights.

Holders Not Resident in Canada

The following summary under this heading "*Holders Not Resident in Canada*" is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act: (a) is not resident in Canada and is not deemed to be resident in Canada; (b) does not use or hold, and is not deemed to use or hold, its Volatus Shares (or any DDC Common Shares) in, or in the course of carrying on, a business in Canada; (c) is not a person who carries on an insurance business in Canada and elsewhere; (d) is not an "authorized foreign bank" (as defined in the Tax Act); and (e) is not a "foreign affiliate" (as defined in the Tax Act) of a person resident in Canada (a "**Non-Resident Volatus Holder**").

The following portion of this summary, other than the portion under the heading "*Holders Not Resident in Canada – Dissenting Non-Resident Volatus Holders*", applies to Non-Resident Volatus Holders that are not Volatus Dissenting Shareholders.

Exchange of Volatus Shares for DDC Common Shares

A Non-Resident Volatus Holder will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on the exchange of its Volatus Shares for DDC Common Shares pursuant to the Volatus Arrangement unless such Volatus Shares are (or are deemed to be) "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Volatus Holder at the time of such exchange and the Non-Resident Volatus Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided that the Volatus Shares continue to be listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes Tiers 1 and 2 of the TSXV) at the time they are disposed of by a Non-Resident Volatus Holder, the Volatus Shares will only be "taxable Canadian property" of the Non-Resident Volatus Holder if, at any time during the 60-month period immediately preceding the disposition, both of the following conditions are satisfied concurrently: (a) one or any combination of (i) the Non-Resident Volatus Holder, (ii) persons with whom the Non-Resident Volatus Holder did not deal at arm's length for purposes of the Tax Act, and (iii) partnerships in which the Non-Resident Volatus Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Volatus, and (b) more than 50% of the fair market value of the Volatus Shares at such time was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), or options in respect of, or interests in, or for civil law rights in, any such properties. Notwithstanding the foregoing, a Volatus Share may also be deemed to be "taxable Canadian property" in certain circumstances, subject to the detailed rules in the Tax Act. Non-Resident Volatus Holders should consult their own tax advisors in this regard.

Even if the Volatus Shares are "taxable Canadian property" of a Non-Resident Volatus Holder, such Non-Resident Volatus Holder may be exempt from Canadian tax on any capital gain realized on the exchange of its Volatus Shares pursuant to the Volatus Arrangement by virtue of an applicable income tax treaty or convention to which Canada is a signatory. Non-Resident Volatus Holders whose Volatus Shares may constitute "taxable Canadian property" should consult their own tax advisors in this regard.

If the Volatus Shares are or are deemed to be "taxable Canadian property" of a Non-Resident Volatus Holder and such Non-Resident Volatus Holder is not eligible for relief pursuant to an applicable income tax treaty or convention, then the exchange of such Non-Resident Volatus Holder's Volatus Shares pursuant to the Volatus Arrangement will generally be subject to the same Canadian tax consequences applicable to a Resident Volatus Holder with respect to the exchange of such Resident Volatus Holder's Volatus Shares pursuant to the Volatus Arrangement as discussed above under the heading "*Holders Resident in Canada – Exchange of Volatus Shares for DDC Common Shares*", including qualifying for the automatic tax-deferred rollover under section 85.1 of the Tax Act.

The cost to a Non-Resident Volatus Holder of the DDC Common Shares acquired on the exchange of Volatus Shares pursuant to the Volatus Arrangement will be computed in the same manner as described above with respect to a

Resident Volatus Holder under the heading "*Holders Resident in Canada – Exchange of Volatus Shares for DDC Common Shares*".

Disposition of DDC Common Shares Following the Arrangement

A Non-Resident Volatus Holder who, following the completion of the Volatus Arrangement, disposes, or is deemed to dispose, of a DDC Common Share will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on such disposition unless, at the time of disposition, such share is or is deemed to be "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Volatus Holder and the Non-Resident Volatus Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided that the DDC Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes Tiers 1 and 2 of the TSXV) at the time they are disposed of by the Non-Resident Volatus Holder, the DDC Common Shares generally will only be "taxable Canadian property" of the Non-Resident Volatus Holder if, at any time during the 60-month period immediately preceding the disposition, both of the following conditions are satisfied concurrently: (a) one or any combination of (i) the Non-Resident Volatus Holder, (ii) persons with whom the Non-Resident Volatus Holder did not deal at arm's length for purposes of the Tax Act, and (iii) partnerships in which the Non-Resident Volatus Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of DDC, and (b) more than 50% of the fair market value of the DDC Common Shares at such time was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), or options in respect of, or interests in, or for civil law rights in, any such properties.

A DDC Common Share acquired by a Non-Resident Volatus Holder upon the exchange of Volatus Shares for DDC Common Shares pursuant to the Volatus Arrangement may also be deemed to be "taxable Canadian property" of the Non-Resident Volatus Holder for a period of 60 months following the Effective Date if, at the time of such exchange, such Volatus Shares constituted "taxable Canadian property" of the Non-Resident Volatus Holder. Non-Resident Volatus Holders should consult their own tax advisors in this regard.

Even if the DDC Common Shares are "taxable Canadian property" of a Non-Resident Volatus Holder, such Non-Resident Volatus Holder may be exempt from Canadian tax on any capital gain realized on the disposition of such shares by virtue of an applicable income tax treaty or convention to which Canada is a signatory. Non-Resident Volatus Holders should consult their own tax advisors in this regard.

If the DDC Common Shares are or are deemed to be "taxable Canadian property" to a Non-Resident Volatus Holder and such Non-Resident Volatus Holder is not eligible for relief pursuant to an applicable income tax treaty or convention, then the disposition of the Non-Resident Volatus Holder's DDC Common Shares generally will be subject to the same Canadian tax consequences applicable to a Resident Volatus Holder with respect to the disposition of such Resident Volatus Holder's DDC Common Shares as discussed above under the heading "*Holders Resident in Canada – Disposition of DDC Common Shares Following the Arrangement*".

Dividends on DDC Common Shares

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Volatus Holder on DDC Common Shares will be subject to Canadian non-resident withholding tax. Under the Tax Act, the rate of withholding is 25% of the gross amount of the dividend. The withholding rate may be reduced pursuant to the provisions of an applicable income tax treaty or convention. Under the Canada–United States Tax Convention (1980), as amended (the "**Canada–U.S. Tax Treaty**"), the withholding rate on any such dividend beneficially owned by a Non-Resident Volatus Holder that is a resident of the United States for purposes of the Canada–U.S. Tax Treaty and fully entitled to the benefits of such treaty (a "**U.S. Treaty Holder**") is generally reduced to 15% (or 5% in the case of a U.S. Treaty Holder that is a company beneficially owning at least 10% of the voting shares of DDC).

Dissenting Non-Resident Volatus Holders

The following portion of this summary applies to a Non-Resident Volatus Holder that is a Volatus Dissenting Shareholder (a "**Dissenting Non-Resident Volatus Holder**").

A Dissenting Non-Resident Volatus Holder who, as a result of the exercise of Dissent Rights, is entitled to be paid the fair value of their Volatus Shares by Volatus will be deemed to have received a taxable dividend in the taxation year of payment equal to the amount, if any, by which such payment (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the "paid-up capital" (determined for purposes of the Tax Act) attributable to such Dissenting Non-Resident Volatus Holder's Volatus Shares immediately before their surrender to Volatus pursuant to the Volatus Arrangement. Any such deemed dividend will be subject to Canadian withholding tax at the same rate as described above under the heading "*Holders Not Resident in Canada – Dividends on DDC Common Shares*" with respect to dividends on the DDC Common Shares.

In addition, a Dissenting Non-Resident Volatus Holder will be considered to have disposed of such Volatus Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court), less the amount of any deemed dividend arising on the surrender of such shares as described above. A Dissenting Non-Resident Volatus Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Volatus Shares immediately before their surrender to Volatus pursuant to the Volatus Arrangement. A Dissenting Non-Resident Volatus Holder will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on the disposition of its Volatus Shares unless such Volatus Shares are "taxable Canadian property" of the Non-Resident Volatus Holder and the Non-Resident Volatus Holder is not entitled to relief under an applicable income tax treaty or convention, as discussed above under the heading "*Holders Not Resident in Canada – Exchange of Volatus Shares for DDC Common Shares*".

Interest, if any, awarded by the Court to a Dissenting Non-Resident Volatus Holder will not be subject to Canadian withholding tax, provided that such interest does not constitute "participating debt interest" as defined in the Tax Act.

Dissenting Non-Resident Volatus Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Dissent Rights.

Eligibility for Investment

The DDC Common Shares received by Volatus Shareholders pursuant to the Volatus Arrangement will be "qualified investments" under the Tax Act at a particular time for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, first home savings account or tax-free savings account (collectively, "**Registered Plans**") or a trust governed by a deferred profit sharing plan ("**DPSP**") if, at the particular time, (A) such DDC Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes Tiers 1 and 2 of the TSXV), or (B) DDC is a "public corporation" for purposes of the Tax Act.

Notwithstanding that the DDC Common Shares may be "qualified investments" under the Tax Act for Registered Plans as described above, the holder of, or annuitant or subscriber under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of any DDC Common Shares held in a Registered Plan if such shares are a "prohibited investment" for the particular Registered Plan. A DDC Common Share generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with DDC for purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in DDC. Notwithstanding the foregoing, a DDC Common Share generally will not be a "prohibited investment" for a Registered Plan if such share is "excluded property" as defined in subsection 207.01(1) of the Tax Act for a Registered Plan.

Volatus Shareholders who hold their Volatus Shares through a Registered Plan should consult their own tax advisors as to whether any DDC Common Shares receivable pursuant to the Volatus Arrangement will be a "prohibited investment" in their particular circumstances.

SECURITIES LAW MATTERS

Interests of Certain Persons in the Transaction

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of DDC or Volatus, none of the Persons who have been directors or executive officers of DDC or Volatus since the commencement of DDC's or Volatus' (as applicable) most recently completed financial year and none of the associates or affiliates of any of the foregoing Persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the DDC Meeting or the Volatus Meeting (as applicable), other than the approval of the Transaction as further detailed below. See "*The Transaction*".

Certain directors and officers of Volatus are also Volatus Shareholders and/or holders of Volatus Securities, and, accordingly, such individuals have an interest in the Volatus Arrangement Resolution as, in the event of approval of the Volatus Arrangement Resolution, such individuals will be entitled to receive DDC Common Shares in connection with the Transaction. See also "*The Transaction – Background to the Transaction*".

Volatus

As at the date of this Information Circular, the directors and executive officers of Volatus and their associates beneficially owned, controlled or directed, directly or indirectly, an aggregate of 78,275,027 Volatus Shares, representing approximately 62.28% of the outstanding Volatus Shares. All of the Volatus Shares held by such directors and executive officers of Volatus and their associates will be treated in the same fashion under the Volatus Arrangement as Volatus Shares held by any other Volatus Shareholder.

As at the date of this Information Circular, the directors and executive officers of Volatus held an aggregate of 6,519,230 Volatus Options, representing approximately 80.80% of the outstanding Volatus Options, and 555,600 Volatus Warrants and no Volatus Debentures. All Volatus Options will be exchanged for New DDC Options exercisable for DDC Common Shares in accordance with the terms of the Volatus Plan of Arrangement. If the Arrangement is completed, the directors and executive officers of Volatus and their associates will receive in exchange for such Volatus Shares an aggregate of approximately 139,720,920 DDC Common Shares and approximately 11,636,825 New DDC Options. The Volatus Shares, Volatus Options, Volatus Warrants and Volatus Debentures held by each director and executive officer of Volatus are set out in the table below.

As at the date of this Information Circular, Volatus did not beneficially own, control or direct, directly or indirectly, any DDC Shares. As at the date of this Information Circular, the directors and officers of Volatus, as a group, did not beneficially own, control or direct, directly or indirectly, any DDC Shares.

Summary of Interests of Directors and Officers of Volatus in the Volatus Arrangement

The following table sets forth the number and percentage of DDC Common Shares that are expected to be beneficially owned, controlled or directed by the current directors and officers of Volatus immediately following the Transaction, as well as the securities of each of Volatus and DDC beneficially owned, controlled or directed by such Persons as of the date of this Information Circular:

Name and Volatus Position	Number and Percentage of Volatus Shares Held ⁽¹⁾⁽²⁾	Number and Percentage of Volatus Options Held ⁽¹⁾⁽³⁾	Number and Percentage of Volatus Warrants Held ⁽¹⁾⁽⁴⁾	Number and Percentage of Volatus Debentures Held ⁽¹⁾⁽⁵⁾	Number and Percentage of DDC Common Shares Held ⁽¹⁾⁽⁶⁾	Number and Percentage of DDC Common Shares to be Issued at Closing ⁽⁷⁾
Glen Lynch President, CEO and Director	38,461,667 (30.60%)	1,500,000 ⁽⁸⁾ (18.59%)	Nil	Nil	Nil	68,654,075 (15.29%)

Name and Volatus Position	Number and Percentage of Volatus Shares Held ⁽¹⁾⁽²⁾	Number and Percentage of Volatus Options Held ⁽¹⁾⁽³⁾	Number and Percentage of Volatus Warrants Held ⁽¹⁾⁽⁴⁾	Number and Percentage of Volatus Debentures Held ⁽¹⁾⁽⁵⁾	Number and Percentage of DDC Common Shares Held ⁽¹⁾⁽⁶⁾	Number and Percentage of DDC Common Shares to be Issued at Closing ⁽⁷⁾
Ian McDougall Chair and Director	39,017,267 ⁽⁹⁾ (31.04%)	1,208,461 ⁽¹⁰⁾ (14.98%)	555,600 (3.54%)	Nil	Nil	69,645,821 (15.51%)
Sam Ingram Director	2,500 (0.00%)	408,461 ⁽¹¹⁾ (5.06%)	Nil	Nil	Nil	4,462 (0.00%)
Gordon Silverman Director	Nil	400,000 ⁽¹²⁾ (4.99%)	Nil	Nil	Nil	Nil
Andrew Leslie Director	Nil	400,000 ⁽¹³⁾ (4.99%)	Nil	Nil	Nil	Nil
Abhinav Singhvi Chief Financial Officer	317,692 (0.25%)	1,000,000 ⁽¹⁴⁾ (12.40%)	Nil	Nil	Nil	567,080 (0.13%)
Luc Massé Executive Vice President	230,938 (0.18%)	952,308 ⁽¹⁵⁾ (11.80%)	Nil	Nil	Nil	412,224 (0.09%)
Robert Walker Chief Operating Officer	244,963 (0.19%)	650,000 ⁽¹⁶⁾ (8.06%)	Nil	Nil	Nil	437,258 (0.10%)
TOTAL:	78,275,027 (62.28%)	6,519,230 (80.80%)	555,600 (3.54%)	0 (0.00%)	0 (0.00%)	139,720,920 (31.12%)

Notes:

- (1) The information as to the number and percentage of Volatus Shares beneficially owned, controlled or directed, as at the date of this Information Circular, has been obtained from each applicable individual directly.
- (2) Percentage calculated on a non-diluted basis, based on an aggregate of 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date.
- (3) Percentage calculated, based on an aggregate of 8,067,691 Volatus Options issued and outstanding as of the Volatus Record Date.
- (4) Percentage calculated, based on an aggregate of 15,688,369 Volatus Warrants issued and outstanding as of the Volatus Record Date.
- (5) Percentage calculated, based on an aggregate principal amount of \$2,646,000 of Volatus Debentures issued and outstanding as of the Volatus Record Date.
- (6) Percentage calculated on a non-diluted basis, based on an aggregate of 224,199,312 DDC Shares issued and outstanding as of the DDC Record Date.
- (7) Based on the assumption that there will be approximately 448,942,492 DDC Shares issued and outstanding following completion of the Transaction, based on: (a) 224,199,312 DDC Shares issued and outstanding as of the DDC Record Date, excluding DDC Shares issuable pursuant to all other convertible securities, (b) 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date, excluding Volatus Shares issuable pursuant to all other convertible securities, and (c) 397,667 DDC Shares issuable to Echelon Capital Markets pursuant to the Echelon Engagement Letter, based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024 (see "*The Transaction – The Volatus Fairness Opinion*"). In particular, the foregoing assumes that prior to Closing: (i) no Volatus Options outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (ii) no Volatus Warrants outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (iii) no Volatus Debentures outstanding as at the Volatus Record Date will be converted into Volatus Shares; (iv) no DDC Common Shares will be issued to holders of Volatus Options, Volatus Warrants and Volatus Debentures on the date of Closing; and (v) no DDC Options outstanding as of the DDC Record Date will be exercised into DDC Common Shares. The number of DDC Common Shares issued to Former Volatus Shareholders has been adjusted for rounding, to reflect that the number of DDC Common Shares issued to each Registered Volatus Shareholder will be rounded down to the nearest whole number.
- (8) As of the Volatus Record Date, Mr. Lynch held 1,500,000 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 2,677,500 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.

- (9) These Volatus Shares are held by Delta-Mike Inc., a company controlled by Mr. McDougall.
- (10) As of the Record Date, Mr. McDougall also held 1,208,461 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 2,157,102 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (11) As of the Volatus Record Date, Mr. Ingram held 408,461 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 729,102 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (12) As of the Volatus Record Date, Mr. Silverman held 400,000 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 714,000 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (13) As of the Volatus Record Date, Mr. Leslie held 400,000 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 714,000 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (14) As of the Volatus Record Date, Mr. Singhvi held 1,000,000 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 1,785,000 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (15) As of the Volatus Record Date, Mr. Massé held 952,308 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 1,699,869 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.
- (16) As of the Volatus Record Date, Mr. Walker held 650,000 Volatus Options, all of which, if not exercised prior to Closing, will be exchanged for 1,160,250 New DDC Options on Closing in accordance with the Volatus Plan of Arrangement.

DDC

As at the date of this Information Circular, the directors and executive officers of DDC and their associates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 35,000 DDC Shares, representing approximately 0.02% of the issued and outstanding DDC Shares. As at the date of this Information Circular, the directors and executive officers of DDC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 3,766,667 DDC Options, representing approximately 42% of the issued and outstanding DDC Options. DDC may grant additional DDC Options between the Business Combination Agreement Date and completion of the Volatus Arrangement. The DDC Options held by each individual director and named executive officers as at December 31, 2023 are set forth in the DDC AGM Schedule. See Schedule L to this Information Circular.

As at the date of this Information Circular, DDC did not beneficially own, control or direct, directly or indirectly, any Volatus Shares. The directors and officers of DDC, as a group, did not beneficially own, control or direct, directly or indirectly, any Volatus Shares.

Combined Company Appointments

Following the Effective Date, the board of directors of the Combined Company will be comprised of five (5) directors, three (3) of which will be nominees of Volatus (being Ian McDougall, Glen Lynch and Andrew Leslie) and two (2) of which will be nominees of DDC (being Larry Taylor and Kevin Sherkin). Ian McDougall will be appointed as the chair of the Combined Company's Board.

In addition, in the event of approval of the Volatus Arrangement Resolution, certain of the directors and officers of Volatus may continue as a director, officer or employee, as applicable, of Volatus or DDC following completion of the Transaction, and, accordingly, such individual(s) have an interest in the Volatus Arrangement Resolution in connection with their continued position with Volatus or new position with the Combined Company, and may receive potential future grants of Options or other incentive securities under the DDC Stock Option Plan or DDC Equity Incentive Plan following the Effective Date.

All benefits received, or to be received, by directors or executive officers of Volatus as a result of the Transaction are, and will be, solely in connection with their services as directors or employees of Volatus or as Volatus Shareholders. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such Person for securities of Volatus, nor is it, or will it be, conditional on the Person supporting the Volatus Arrangement.

Despite the fact that the Volatus Arrangement may constitute a "business combination" under MI 61-101, since certain related parties who would otherwise be entitled to receive a "collateral benefit" (as defined in MI 61-101) as a consequence of the Volatus Arrangement, have waived their right to receive such a "collateral benefit", Volatus is not required to obtain "minority approval" (as defined in MI 61-101) of the Volatus Arrangement in accordance with MI 61-101. See "*Securities Law Matters – MI 61-101*".

The Volatus Special Committee and the Volatus Board was aware of these interests and considered them when reaching their respective recommendations.

Interest of Informed Persons in Material Transactions

Other than as disclosed in this Information Circular, including the Schedules hereto and under the heading above entitled "*Interests of Certain Persons in the Transaction*", no "informed person" (as defined in NI 51-102) of DDC or Volatus, nor any of the respective associates or affiliates of any such informed person, has had any material interest, direct or indirect, in any transaction since the commencement of DDC's or Volatus' (as applicable) most recently completed financial year or in any proposed transaction which has materially affected or would materially affect DDC or Volatus (as applicable).

Canadian Securities Laws

The following is only a general overview of certain requirements of Canadian securities laws relating to the Transaction that are not discussed elsewhere in this Information Circular but may be applicable to Volatus Shareholders.

The issuance of the DDC Common Shares pursuant to the Transaction will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The DDC Common Shares issued pursuant to the Transaction may be resold in each of the provinces and territories of Canada provided: (a) that DDC is a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a "control distribution" as defined in NI 45-102; (c) no unusual effort is made to prepare the market or create a demand for those securities; (d) no extraordinary commission or consideration is paid in respect of that trade; and (e) if the selling securityholder is an "insider" or "officer" of DDC (as such terms are defined by applicable Canadian securities laws), the insider or officer has no reasonable grounds to believe that DDC is in default of applicable Canadian securities laws.

To the extent that a Volatus Shareholder resides in a non-Canadian jurisdiction, the DDC Common Shares received by Volatus Shareholder may be subject to certain additional trading restrictions under Applicable Laws. All Volatus Shareholders residing outside Canada are advised to consult their own legal advisors regarding such resale restrictions.

U.S. Securities Laws

All DDC Common Shares issued in connection with the Volatus Arrangement and issuable in connection with the exercise of New DDC Options to holders who are not Canadian within the meaning of the CTA, will be automatically converted into one DDC Variable Voting Share for each DDC Common Share so issued without any further act of DDC or the holder. Each DDC Share confers the right to receive notice and to attend all meetings of DDC Shareholders and to one vote, subject to the voting restrictions and adjustments attached to DDC Variable Voting Shares, as discussed under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*".

The following discussion is a general overview of certain requirements of U.S. federal securities laws applicable to U.S. Securityholders in connection with the Volatus Arrangement. All U.S. Securityholders are urged to consult with their own legal counsel to ensure that the resale of DDC Variable Voting Shares and New DDC Options, as applicable, issued to them under the Volatus Arrangement complies with applicable securities laws. Further information applicable to U.S. Securityholders under U.S. securities laws is disclosed under the heading "*Information for U.S. Securityholders*".

The following discussion does not address the Canadian securities laws that will apply to the issue of DDC Variable Voting Shares and New DDC Options or the resale of the DDC Variable Voting Shares and New DDC Options in Canada by U.S. Securityholders. U.S. Securityholders reselling their DDC Variable Voting Shares and New DDC Options, as applicable, in Canada must comply with Canadian securities laws.

(a) Exemption for the Issuance of DDC Variable Voting Shares and New DDC Options

The DDC Shares to be issued to Volatus Shareholders in exchange for Volatus Shares and the New DDC Options to be issued to holders of Volatus Options pursuant to the Volatus Arrangement have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and such DDC Shares and New DDC Options will be issued in reliance upon the Section 3(a)(10) Exemption on the basis of the approval of the Court, and similar exemptions from registration under applicable U.S. state securities laws. The Section 3(a)(10) Exemption exempts the

issuance of securities issued in exchange for one or more *bona fide* outstanding securities, claims or property interests, from the general requirements of registration under the U.S. Securities Act where the fairness of the terms and conditions of such issuance and exchange has been approved by a court of competent jurisdiction or governmental entity that is expressly authorized by Applicable Laws to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all Persons to whom the securities will be issued have the right to appear and receive timely and adequate notice thereof.

The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Volatus Arrangement, and the fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption with respect to the DDC Shares and New DDC Options to be issued and exchanged pursuant to the Volatus Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the DDC Shares and New DDC Options by DDC in connection with the Volatus Arrangement.

(b) Resales of DDC Variable Voting Shares and New DDC Options Issued to U.S. Securityholders

The DDC Variable Voting Shares and New DDC Options received by U.S. Securityholders upon completion of the Volatus Arrangement may be resold without restriction under the U.S. Securities Act, except in respect of resales by Persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of DDC at the Effective Date or who have been affiliates of DDC within ninety days before the Effective Date.

Persons who may be deemed to be "affiliates" of an issuer pursuant to Rule 144 under the U.S. Securities Act are Persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

The resale rules applicable to U.S. Securityholders are summarized below. U.S. Securityholders are urged to consult with their own legal counsel to ensure that the resale of DDC Variable Voting Shares and New DDC Options issued to them pursuant to the Volatus Arrangement complies with all applicable securities legislation.

U.S. Securityholders who are not and have not been affiliates of DDC within ninety days prior to the Effective Date, and who will not be affiliates of DDC after the Effective Date, may resell the DDC Variable Voting Shares and New DDC Options issued to them in accordance with the Volatus Arrangement, as applicable, without restriction under the U.S. Securities Act.

U.S. Securityholders who are affiliates of DDC at the time of, or within ninety days before, their resale of DDC Variable Voting Shares or New DDC Options, as applicable, or who were affiliates of DDC as of or within ninety days prior to the Effective Date, will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the DDC Variable Voting Shares and New DDC Options, as applicable, issued to them. These U.S. Securityholders may not resell their DDC Variable Voting Shares and New DDC Options, as applicable, unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Rule 903 or Rule 904 of Regulation S or Rule 144 under the U.S. Securities Act, if available, as follows:

- *Resale of DDC Variable Voting Shares and New DDC Options, as applicable, Pursuant to Regulation S.* In general, under Rule 904 of Regulation S, Persons who are affiliates of DDC at the time of their resale of DDC Variable Voting Shares or New DDC Options, as applicable, solely by virtue of their status as an officer or director of DDC may sell DDC Variable Voting Shares outside of the United States in an "offshore transaction" (which would include a sale through the Toronto Stock Exchange, TSXV, the Canadian Securities Exchange, or Cboe Canada if applicable) if neither the seller nor any Person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale (other than a usual and customary broker's commission). For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered in reliance on Regulation S" in a sale transaction. Certain additional restrictions are applicable to a holder of DDC Variable Voting Shares or New DDC Options, as applicable, who is an affiliate of DDC at the time of

their resale of DDC Variable Voting Shares or New DDC Options, as applicable, other than by virtue of his or her status as an officer or director of DDC.

- *Resale of DDC Variable Voting Shares and New DDC Options, as applicable, Pursuant to Rule 144.* In general, Persons who are affiliates of DDC at the time of, or within ninety days before, their resale of DDC Shares or New DDC Options, as applicable, or who were affiliates of DDC as of or within ninety days prior to the Effective Date, may sell or transfer DDC Variable Voting Shares or New DDC Options, as applicable, in accordance with the provisions of Rule 144, if available, provided that during any three-month period, the number of such DDC Variable Voting Shares and New DDC Options, as applicable, sold does not exceed the greater of one percent of the then outstanding shares of the same class being sold, or, if the class is listed on a United States securities exchange, the average weekly trading volume during the four-week period preceding the date filing of a notice of sale on Form 144, and other requirements under Rule 144 under the U.S. Securities Act are met, including specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about DDC.
- (c) Exercise of New DDC Options and Volatus Warrants or Conversion of the Volatus Debentures after the Effective Time and the Re-Sale of DDC Variable Voting Shares Issuable Thereto

The holders of Volatus Options entitled to receive New DDC Options, the holders of Volatus Warrants entitled to receive DDC Variable Voting Shares upon exercise of such Volatus Warrants and the holders of Volatus Debentures entitled to receive DDC Variable Voting Shares upon exercise of such Volatus Debentures after the Effective Time who are in the United States or are, or are acting for the account or benefit of, U.S. Persons are advised that the Section 3(a)(10) Exemption does not exempt the issuance of securities upon the exercise or conversion of such New DDC Options, Volatus Warrants or Volatus Debentures, as applicable; therefore, the underlying DDC Variable Voting Shares issuable upon the exercise or conversion of the New DDC Options, Volatus Warrants or Volatus Debentures, if any, cannot be issued in the United States or to, or for the account or benefit of, a U.S. Person in reliance upon the Section 3(a)(10) Exemption and such New DDC Options, Volatus Warrants and Volatus Debentures, if any, may only be exercised pursuant to an effective registration statement or pursuant to a then available exemption from the registration requirements of the U.S. Securities Act and applicable securities laws of any state of the United States. Prior to the issuance of securities pursuant to any such exercise after the Effective Time, DDC may require evidence (which may include an opinion of counsel) reasonably satisfactory to DDC to the effect that the issuance of such securities does not require registration under the U.S. Securities Act or applicable securities laws of any state of the United States.

The securities received upon exercise or conversion of the New DDC Options, the Volatus Warrants and the Volatus Debentures after the Effective Time by holders in the United States or who are, or are acting for the account or benefit of, U.S. Persons will be "restricted securities", as such term is defined in Rule 144(a)(3) under the U.S. Securities Act, and may not be resold unless such securities are registered under the U.S. Securities Act and all applicable state securities laws, or unless an exemption from such registration requirements is available. Subject to certain limitations, any DDC Variable Voting Shares issuable upon the exercise or conversion of New DDC Options, Volatus Warrants or Volatus Debentures may be resold outside the United States without registration under the U.S. Securities Act pursuant to Regulation S in an "offshore transaction" (as such term is defined in Regulation S).

MI 61-101

Volatus is a reporting issuer in each of the provinces and territories of Canada, and is accordingly subject to applicable securities laws of each these provinces. In addition, certain securities regulatory authorities in the provinces and territories have adopted MI 61-101.

MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are Persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. If MI 61-101 applies to a proposed acquisition of a reporting issuer, then some of the following may be required: (a) enhanced disclosure in documents sent to security holders; (b) the approval of security holders excluding, among others, "interested parties" (as defined in MI 61-101); (c) a formal valuation of the equity securities being acquired, prepared by an independent and qualified valuator; and

(d) an independent committee of the board of directors of the reporting issuer to carry out specified responsibilities. The security holder protections provided by MI 61-101 go substantially beyond the requirements of corporate law.

The protections afforded by MI 61-101 apply to, among other transactions, "business combinations" (as defined in MI 61-101) which terminate the interests of security holders without their consent in certain circumstances, including, where, at the time the transaction is agreed to, a "related party" of the issuer (as defined in MI 61-101) is entitled to receive, directly or indirectly as a consequence of the transaction, a "collateral benefit" (as defined in MI 61-101). The directors and the executive officers of Volatus are all related parties of Volatus, as defined under MI 61-101.

A "collateral benefit" (as defined in MI 61-101) includes any benefit that a "related party" (as defined in MI 61-101) of Volatus (which includes, a director or executive officer of Volatus) is entitled to receive, directly or indirectly, as a consequence of the Transaction, including, without limitation, an increase in salary, a lump-sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of Volatus.

MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer where, among other things, (a) the benefit is not conferred for the purposes of increasing the value of the consideration paid to the related party for securities relinquished under the transaction, (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner, (c) full particulars of the benefits are disclosed in the disclosure document for the transaction, and (d) the related party and its associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer (the "**De Minimis Exemption**").

The employment agreements with Glen Lynch and Abhinav Singhvi provide that if Messrs. Lynch or Singhvi resign for any reason within ninety (90) days following a "change of control" of Volatus, then Mr. Lynch or Mr. Singhvi would be entitled to receive change of control payments in the amounts of 18 and 12 months, respectively, of salary (the "**Change of Control Payments**"). The Volatus Arrangement will constitute a change of control of Volatus within the meaning of Messrs. Lynch's and Singhvi's respective employment agreements. The Change of Control Payments, which Messrs. Lynch and Singhvi would be entitled to, are set out in the following table:

Name	Position with Volatus	Amount of Change of Control Payment
Glen Lynch	President and Chief Executive Officer	\$525,000
Abhinav Singhvi	Chief Financial Officer	\$190,000

Messrs. Lynch and Singhvi have each agreed to waive the right to any Change of Control Payment should they resign within ninety (90) days following the Effective Date of the Volatus Arrangement. As a result of these facts, no related party of Volatus will be entitled to receive a "collateral benefit" under the Volatus Arrangement and as such for the purpose of MI 61-101, the Volatus Arrangement will not be a "business combination" (as defined in MI 61-101) and accordingly the Volatus Arrangement will not require "minority approval" (as defined in MI 61-101) in accordance with MI 61-101.

It is currently contemplated that each of Messrs. Lynch and Singhvi's employment will continue with Volatus following completion of the Volatus Arrangement.

Pursuant to MI 61-101, Volatus is not required to obtain a formal valuation under MI 61-101 as: (a) no "interested party" (as defined in MI 61-101) of Volatus is, as a consequence of the Volatus Arrangement, directly or indirectly acquiring Volatus or its business or combining with Volatus, through an amalgamation, arrangement or otherwise, whether alone or with "joint actors"; and (b) neither the Volatus Arrangement nor any of the transactions contemplated thereunder, is a "related party transaction" (as defined in MI 61-101) for which Volatus would be required to obtain a formal valuation.

DISSENT RIGHTS

Volatus

The following description of the dissent procedures is a summary only and is not a comprehensive statement of the procedures to be followed by a Volatus Dissenting Shareholder who seeks payment of the fair value of its Volatus Shares, and is qualified in its entirety by the reference to the full text of the Interim Order, Section 185 of the OBCA, and the Volatus Plan of Arrangement, which are attached to this Information Circular as Schedule F, Schedule H and Schedule C, respectively. A Volatus Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA, as modified by the Interim Order and the Volatus Plan of Arrangement, and seek independent legal advice. Failure to comply strictly with the provisions of Section 185 of the OBCA, as modified by the Interim Order and the Volatus Plan of Arrangement, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

Any Registered Volatus Shareholder entitled to vote at the Volatus Meeting (being those holders of Volatus Shares of record at the close of business on July 12, 2024), is ultimately entitled to be paid the fair value of their Volatus Shares if such Registered Volatus Shareholder duly dissents in respect of the Volatus Plan of Arrangement in strict accordance with the Section 185 of the OBCA provided that the Volatus Arrangement becomes effective. A Registered Volatus Shareholder is not entitled to dissent with respect to such holder's Volatus Shares if such Registered Volatus Shareholder votes any of their Volatus Shares in favour of the Volatus Arrangement Resolution. A Volatus Dissenting Shareholder ceases to have any rights as a Volatus Shareholder, other than the right to be paid the fair value of such holder's Volatus Shares, and the Volatus Shares held by such Volatus Dissenting Shareholder will be deemed to be transferred and assigned by Volatus in accordance with the terms of the Volatus Plan of Arrangement.

Persons who are beneficial owners of Volatus Shares registered in the name of an Intermediary or in some other name who wish to dissent, should be aware that only the Registered Volatus Shareholders are entitled to dissent. Beneficial Holders of Volatus Shares are not entitled to exercise Dissent Rights. In addition to any other restrictions under Section 185 of the OBCA (as modified or supplemented by the Interim Order, the Volatus Plan of Arrangement and any other order of the Court), none of the following will be entitled to exercise Dissent Rights: (a) holders of Volatus Options, Volatus Warrants, Volatus Debentures and Volatus Preferred Shares; and (b) Volatus Shareholders who vote or have instructed (without revocation) a proxyholder to vote such Volatus Shares in favour of the Volatus Arrangement Resolution (but only in respect of such Volatus Shares).

The following brief summary of the rights of Registered Volatus Shareholders to dissent from the Volatus Arrangement Resolution is not a comprehensive statement of the procedures to be followed by a Volatus Dissenting Shareholder who seeks payment of the fair value of their Volatus Shares. This summary is qualified in its entirety by the provisions of Section 185 of the OBCA, the Interim Order and the Volatus Plan of Arrangement which are attached to this Information Circular as Schedule H, Schedule F and Schedule C, respectively. The Court has the discretion to alter the Dissent Rights described herein.

A Registered Volatus Shareholder's failure to follow exactly the procedures set forth in Section 185 of the OBCA, as modified or supplemented by the Interim Order, the Volatus Plan of Arrangement and any other order of the Court, will result in the loss of such Registered Volatus Shareholder's Dissent Rights. Any Volatus Shareholder that wishes to dissent in respect of the Volatus Arrangement Resolution should obtain their own legal advice.

Volatus Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Volatus Shares held by them and in respect of which Dissent Rights have been validly exercised to Volatus free and clear of all Liens as provided in Sections 2.3(a) and 2.5 of the Volatus Plan of Arrangement and if they are:

- ultimately entitled to be paid fair value for such Volatus Shares, then such Volatus Dissenting Shareholders shall be paid the fair value of such Volatus Shares by Volatus, which shall be the fair value of such Volatus Shares as of the close of business on the day before the Volatus Arrangement Resolution is adopted by Volatus Shareholders, and such Volatus Dissenting Shareholders shall not be entitled to any other payment or consideration, including any payment that would be payable under the Volatus Arrangement had such Volatus Shareholders not exercised their Dissent Rights in respect of such Volatus Shares; or

- ultimately not entitled, for any reason, to be paid fair value for such Volatus Shares, then such Volatus Dissenting Shareholders shall be deemed to have participated in the Volatus Arrangement on the same basis as a non-dissenting holder of Volatus Shares.

In no circumstances shall DDC, Volatus or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Volatus Shares in respect of which such Dissent Rights are sought to be exercised. For greater certainty, DDC, Volatus and any other person shall not be required to recognize Volatus Dissenting Shareholders as Volatus Shareholders in respect of which Dissent Rights have been validly exercised after the completion of the transfer of such Volatus Shares in accordance with the Volatus Plan of Arrangement at the Effective Time, and the names of such Volatus Dissenting Shareholders shall be removed from the register of holders of Volatus Shares in respect of the Volatus Shares for which Dissent Rights have been validly exercised at the same time as the completion of such transfer at the Effective Time. There can be no assurance that a Volatus Dissenting Shareholder will receive consideration for its Volatus Shares of equal or greater value to the consideration that such Dissenting Shareholder would have received under the Volatus Arrangement.

The exercise of Dissent Rights does not deprive a Registered Volatus Shareholder of the right to vote at the Volatus Meeting; however, a registered Shareholder who has submitted a Notice of Dissent (as defined below) and who votes in favour of the Volatus Arrangement Resolution will no longer be considered a Volatus Dissenting Shareholder with respect to the Volatus Shares voted in favour of the Volatus Arrangement Resolution. A vote against the Volatus Arrangement Resolution or an abstention will not constitute a Notice of Dissent, but a Registered Volatus Shareholder need not vote its Volatus Shares against the Volatus Arrangement Resolution in order to dissent. A Volatus Shareholder is not entitled to exercise Dissent Rights in respect of the Volatus Arrangement Resolution if such holder votes any of the Volatus Shares held by such holder in favour of the Volatus Arrangement Resolution.

A Volatus Dissenting Shareholder is required to send a written objection to the Volatus Arrangement Resolution to Volatus prior to the Volatus Meeting (the "**Notice of Dissent**"). The execution or exercise of a proxy against the Volatus Arrangement Resolution or not voting on the Volatus Arrangement Resolution does not constitute a written objection for purposes of the right to dissent under Section 185 of the OBCA.

Volatus shall, within 10 days after the Volatus Arrangement Resolution is approved by the Volatus Shareholders, send to each applicable Volatus Dissenting Shareholder a notice that the Volatus Arrangement Resolution has been adopted, stating that Volatus intends to act, or has acted, on the authority of the Volatus Arrangement Resolution and advise the Volatus Dissenting Shareholder of the manner in which dissent is to be completed under Section 185 of the OBCA.

If the Volatus Arrangement Resolution is approved by the Volatus Shareholders as required at the Volatus Meeting, and if Volatus notifies the Volatus Dissenting Shareholders of its intention to act upon the Volatus Arrangement Resolution, pursuant to Section 185 of the OBCA, the Volatus Dissenting Shareholder is then required, within 20 days after receipt of such notice, to send to Volatus a signed written notice setting out the Volatus Dissenting Shareholder's name and address, the number of Volatus Shares in respect of which the Volatus Dissenting Shareholder dissents and that the Volatus Dissent Right is being exercised in respect of all of the Volatus Dissenting Shareholder's Volatus Shares. The written notice shall also include demand for payment of the fair value of such Volatus Shares. Within 30 days after sending such written notice, the Volatus Dissenting Shareholder must send to Volatus or TSX Trust, transfer agent of Volatus, a share certificate or certificates, if any, representing the Volatus Shares in respect of which the Volatus Dissenting Shareholder has exercised Dissent Rights.

A Volatus Dissenting Shareholder who does not send to Volatus or TSX Trust, transfer agent of Volatus, as applicable, within the required period of time, the required notices or the certificates representing the Volatus Shares in respect of which the Volatus Dissenting Shareholder has dissented may forfeit its Dissent Rights. Upon delivery of these documents, the Volatus Dissenting Shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the Volatus Shares, except where: (a) the Volatus Dissenting Shareholder withdraws the notice referred to above before Volatus makes an offer, (b) Volatus fails to make an offer and the Volatus Dissenting Shareholder withdraws notice, or (c) the proposal contemplated in the Volatus Arrangement Resolution does not proceed, in which case the Volatus Dissenting Shareholder's rights are reinstated as of the date the Volatus Dissenting Shareholder sent the notice referred to above.

If the matters provided for in the Volatus Arrangement Resolution become effective, then Volatus will be required to send, not later than the seventh day after the later of the Effective Date and the day the Notice of Dissent is received, to each Volatus Dissenting Shareholder whose Notice of Dissent has been received, a written offer to pay for the Volatus Shares of such Volatus Dissenting Shareholder for such amount as the Volatus Board considers to be fair value accompanied by a statement showing how the fair value was determined, unless there are reasonable grounds for believing that Volatus is, or after the payment would be, unable to pay its liabilities as they become due or the realizable value of Volatus' assets would thereby be less than the aggregate of its liabilities.

Volatus must pay for the Volatus Shares of a Volatus Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Volatus Dissenting Shareholder, but any such offer lapses if Volatus does not receive an acceptance thereof within 30 days after such offer has been made. Every offer made by Volatus for Volatus Shares shall be on the same terms.

If such offer is not made or accepted within 50 days after the Effective Date, Volatus may apply to the Court to fix the fair value of such Volatus Shares. There is no obligation of Volatus to apply to the Court. If Volatus fails to make such an application, a Volatus Dissenting Shareholder has the right to so apply within a further 20 days or within such further period as the Court may allow.

Addresses for Notice of Dissent

All Notice of Dissent to Volatus of dissent to the Volatus Arrangement Resolution pursuant to Section 185 of the OBCA should be addressed to the attention of the individual set out below and be received not later than 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the Volatus Meeting, or any date to which the Volatus Meeting may be postponed or adjourned to:

Wildeboer Dellelce LLP
365 Bay Street, Suite 800
Toronto, Ontario, M5H 2V1
Attention: Rory Cattanach
Email: rory@wildlaw.ca

If the sum of the percentage of the issued and outstanding Volatus Shares for which Dissent Rights have been exercised and not withdrawn is more than 5%, then either Party will have the right, in their discretion, to not complete the Transaction; provided that this right may be waived in writing by the Parties and such waiver shall be binding upon the non-waiving Party, as applicable. See "*The Business Combination Agreement – Conditions to the Transaction Becoming Effective*".

INFORMATION CONCERNING THE DDC MEETING

The DDC Meeting will be held in person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time), for the purposes set forth in the accompanying DDC Notice. Only DDC Shareholders who attend the DDC Meeting in person or who have duly submitted proxies prior to 1:00 p.m. (Toronto time) on the date that is two Business Days (excluding Saturdays, Sundays and holidays) prior to the DDC Meeting, being August 15, 2024, (or any adjournment or postponement thereof) will have their votes counted at the DDC Meeting.

Purpose of the DDC Meeting

This Information Circular is furnished in connection with the solicitation of proxies by management of DDC for use at the DDC Meeting.

At the DDC Meeting, DDC Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the DDC AGM Resolutions, as more particularly described herein, the DDC Transaction Resolution, as more particularly described herein, and to transact such further or other business as may properly come before the DDC Meeting or any postponement or adjournment thereof. See Schedule A for the full text of the DDC Transaction

Resolution and Schedule L for information concerning the DDC AGM Restrictions. See "*Matters to be Considered at the DDC Meeting*".

Solicitation of Proxies

The solicitation is made by or on behalf of management of DDC and will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or employees of DDC at nominal cost. Directors, officers or employees will not receive any extra compensation for such activities. To encourage your vote, you may be contacted by DDC's proxy solicitation agent, Carson Proxy. In connection with proxy solicitation services, DDC expects to pay Carson Proxy a fee of up to \$50,000 for services provided, plus the aggregate amount of the per call fees payable in connection with calls to retail holders of DDC Shares. The cost of soliciting proxies from DDC Shareholders will be borne by DDC.

DDC may pay brokers or other persons holding DDC Shares in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Information Circular to beneficial owners of DDC Shares and obtaining proxies therefrom. The cost of any such solicitation from DDC Shareholders will be borne by DDC.

No Person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by DDC. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

Notice-and-Access

DDC is using notice-and-access to provide DDC Shareholders with electronic access to the DDC Notice, this Information Circular and form of proxy or voting information form, as applicable, in connection with the Transaction and the DDC Meeting (collectively, the "**DDC Meeting Materials**") pursuant to NI 51-102 and NI 54-101 of the CSA. Pursuant to the notice-and-access provisions, Registered DDC Shareholders and Beneficial Holders of DDC Shares will be sent a notice package explaining how to access the DDC Meeting Materials and containing the form of proxy or voting instruction form, as applicable. The DDC Meeting Materials are available on DDC's website, at <https://dronedeliverycanada.com/investors/> and can also be accessed under DDC's SEDAR+ profile on www.sedarplus.ca. DDC Shareholders may contact Broadridge Financial Solutions, Canada (844-916-0609 (Toll Free English) or 844-973-0593 (Toll Free French)) to request a paper copy of the DDC Meeting Materials. There is no cost to DDC Shareholders for requesting a paper copy of the DDC Meeting Materials. Any DDC Shareholder wishing to request a paper copy of the DDC Meeting Materials should do so by 3:00 p.m. (Toronto time) on August 2, 2024, in order to receive and review the DDC Meeting Materials and submit their vote by 1:00 p.m. (Toronto Time) on August 15, 2024, as set out in the form of proxy accompanying this DDC Notice. Please retain the form of proxy accompanying this Information Circular as another will not be sent.

DDC will utilize a procedure known as 'stratification' in relation to its use of notice-and-access. Stratification occurs when a reporting issuer, while using notice-and-access, also provides a paper copy of the information circular to some shareholders of the reporting issuer with the notice package. In relation to the DDC Meeting, Registered DDC Shareholders, those Beneficial Holders of DDC Shares with existing instructions on their account to receive paper materials and Beneficial Holders of DDC Shares holding in excess of 100,000 DDC Shares will receive a paper copy of the DDC Meeting Materials.

Distribution to Beneficial Holders

The DDC Meeting Materials are being sent to both Registered DDC Shareholders and Beneficial Holders of DDC Shares. If you are a Beneficial Holder of DDC Shares, and DDC or its agent has sent the DDC Meeting Materials directly to you, your name and address and information about your holdings of DDC Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. In accordance with the requirements of NI 54-101, DDC is sending the DDC Meeting Materials directly to Non-Objecting Beneficial Owners of DDC Shares through the services of its transfer agent and registrar, Computershare. DDC will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the DDC Meeting Materials to Non-Objecting Beneficial Owners. In addition, DDC will cause its agent

to deliver copies of the DDC Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Objecting Beneficial Owners. DDC will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the DDC Meeting Materials to OBOs. The DDC Meeting Materials distributed to NOBOs and OBOs include a voting instruction form. Please carefully review the instructions on the voting instruction form for completion and deposit.

DDC may also utilize the Broadridge QuickVote service to assist DDC Shareholders with voting their DDC Shares. Certain Beneficial Holders of DDC Shares may be contacted by Carson Proxy to conveniently obtain a vote directly over the phone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the meeting.

Voting by Proxy

A Registered DDC Shareholder can vote by proxy whether or not he, she or it attends the DDC Meeting by depositing, at any time before the DDC Proxy Submission Deadline of 1:00 p.m. (Toronto time) August 15, 2024, or two (2) Business Days preceding the date of the DDC Meeting if postponed or adjourned, their proxy by mail, telephone, fax or over the internet in accordance with the instructions below:

<u>Mail/Hand Delivery:</u>	Mail or deliver your completed proxy to: Computershare Investor Services Inc. 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 Attention: Proxy Department
<u>Internet:</u>	Go to www.investorvote.com and enter the 15-digit meeting access number (located on the form of proxy accompanying this Information Circular).
<u>Telephone:</u>	1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) You will need to provide your 15-digit control number (located on the form of proxy accompanying this Information Circular).
<u>Fax:</u>	1-866-249-7775 or 1-416-263-9524 (if outside North America). You will need to provide your 15-digit control number (located on the form of proxy accompanying this Information Circular).

A Beneficial Holder of DDC Shareholder must follow the instructions included on the voting instruction form provided by their Intermediary.

If you have any questions about any of the foregoing information or require assistance in completing your form of proxy or voting instruction form for your DDC Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

Participation and Voting at the DDC Meeting

Registered DDC Shareholders who wish to vote in-person at the DDC Meeting should not complete or return the proxy included with this Information Circular. Beneficial Holders of DDC shares must provide voting instructions through their Intermediaries as described herein or in accordance with the relevant instructions received from their Intermediary. Beneficial Holders of DDC shares who wish to vote in-person at the DDC Meeting should be appointed as their own representatives for the DDC Meeting in accordance with the instructions provided by their Intermediaries.

DDC Shareholders can attend the DDC Meeting in person at the offices of Bennett Jones LLP, 100 King St W Suite 3400, Toronto, ON M5X 1A4 on August 19, 2024 at 1:00 p.m. (Toronto time).

Voting at the DDC Meeting will only be available for Registered DDC Shareholders and duly appointed proxyholders. Accordingly, Beneficial Holders of DDC shares who wish to vote at the DDC Meeting must carefully read the

instructions herein to duly appoint themselves as proxyholder and then register themselves as the duly appointed proxyholder in order to participate in and vote at the DDC Meeting.

Appointment and Revocation of Proxies

This Information Circular is accompanied by an instrument of proxy that permits Registered DDC Shareholders who do not attend the DDC Meeting to have their DDC Shares voted at the DDC Meeting by a proxyholder appointed by such Registered DDC Shareholder. The persons named in the enclosed proxy are directors and/or officers of DDC.

A Registered DDC Shareholder has the right to appoint a person (who need not be a DDC Shareholder) to attend and act for such DDC Shareholder on his, her or its behalf at the DDC Meeting other than the persons designated in the enclosed form of proxy (the "Appointee"). If you wish to appoint another person to vote your DDC Shares in person, please insert the name of the person you are appointing in the blank space provided in the form of proxy. Complete your proxy, date and sign the proxy and return it to Computershare using one of the methods outlined above, no later than 1:00 p.m. (Toronto time) on August 15, 2024 (excluding Saturdays, Sundays and holidays), or any adjournment or postponement thereof.

A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH COMPUTERSHARE BY THE DDC PROXY SUBMISSION DEADLINE OF 1:00 P.M. (TORONTO TIME) ON AUGUST 15, 2024 OR 48 HOURS PRIOR (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) TO THE DDC MEETING IF ADJOURNED OR POSTPONED.

If you do not wish to revoke all previously deposited proxies when attending the DDC Meeting, you should not vote again by ballot on the matters put forth at the DDC Meeting. In the event that you vote again by ballot on the matters put forth at the DDC Meeting, your previously deposited proxies will be revoked in respect of the matters voted upon.

A Registered DDC Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by Applicable Law, a proxy may be revoked by an instrument in writing executed by the Registered DDC Shareholder or by his or her attorney authorized in writing, or, if the Registered DDC Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with Computershare by mail to Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or by fax to 1-866-249-7775 or 1-416-263-9524 (if outside North America), at any time before the DDC Proxy Submission Deadline.

Only Registered DDC Shareholders have the right to revoke a proxy. Beneficial Holders of DDC shares that wish to change their voting instructions must, in sufficient time in advance of the DDC Meeting, contact Computershare or their Intermediary to arrange to change their voting instruction form or voting instructions, as applicable.

Exercise of Discretion by Proxies

DDC Shares represented by properly executed proxies in favour of the Persons named in the enclosed form of proxy will be voted for, voted against or withheld from voting in accordance with the instructions of the DDC Shareholder on any ballot that may be called for and, where the Person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the DDC Shares will be voted for, voted against or withheld from voting in accordance with the specifications so made. Where DDC Shareholders have properly executed proxies in favour of the Persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the DDC Shares represented thereby, such DDC Shares will be voted FOR the passing of the matters set forth in the DDC Notice. The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the DDC Notice and with respect to other matters that may properly come before the DDC Meeting. At the date hereof, management of DDC knows of no such amendments, variations or other matters to come before the DDC Meeting. However, if any other matters which at present are not known to management of DDC should properly come before the DDC Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Quorum

The DDC Articles provide that a quorum of DDC Shareholders shall be present at the DDC Meeting if at least two persons are present in person (one of whom shall be, or be representing, a Canadian (within the meaning of the CTA)), each being a DDC Shareholder entitled to vote at the DDC Meeting or a duly appointed proxy or proxyholder for an absent DDC Shareholder so entitled, holding or representing in the aggregate not less than 25% of the issued DDC Shares entitled to voting rights at the DDC Meeting. In the event that a quorum is not present at the time fixed for holding of the DDC Meeting, the DDC Meeting shall stand adjourned to the same day in the next week at the same time and place, or at such other date, time or location as the chair specifies on the adjournment.

Record Date

DDC has fixed the close of business on July 5, 2024 as the DDC Record Date for the purposes of determining DDC Shareholders entitled to receive the DDC Notice and vote at the DDC Meeting. As at the DDC Record Date, there were a total of 224,199,312 DDC Shares issued and outstanding.

Voting Shares and Principal Holders Thereof

In accordance with the provisions of the BCBCA, DDC will prepare a list of the holders of DDC Shares on the DDC Record Date. Each holder of DDC Shares named on the list will be entitled to vote the DDC Shares shown opposite their name on the list at the DDC Meeting.

To the knowledge of the directors and executive officers of the DDC, as at the date of this Information Circular, no Person beneficially owns, or controls or directs, directly or indirectly, voting securities of DDC carrying 10% or more of the voting rights attached to the DDC Shares.

Foreign Ownership Limits

The CTA requires that national holders of a domestic air service license be "Canadian", meaning that foreign ownership of DDC is limited to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in DDC. See "*Information Concerning DDC – Description of Capital Structure – Foreign Ownership Limits*" for a description of the CTA Amendments.

DDC received DDC Shareholder approval at the annual general and special meeting held on May 11, 2022 to revise the notice of articles (the "**DDC Notice of Articles**" and together with the DDC Articles, the "**DDC Constatng Documents**") and the DDC Articles, to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of "Canadian" in the CTA.

DDC Common Shares

Exercise of Voting Rights

The holders of DDC Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of DDC Shareholders, except in votes where holders of a specific class other than the DDC Common Shares are entitled to vote separately as a class under the BCBCA. Each DDC Common Share will confer the right to one vote.

Constraints on Share Ownership

Each DDC Common Shares may only be held, beneficially owned and controlled, directly or indirectly, by a person who is Canadian within the meaning of the CTA.

Conversion

Unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, an issued and outstanding DDC Common Share will be automatically converted into one DDC Variable Voting Share, without any further act of DDC or the holder, if such DDC Common Share is or becomes beneficially owned or

controlled, directly or indirectly, otherwise than by way of a security only, by a person who is not a Canadian within the meaning of the CTA.

The DDC Common Shares may not be converted into DDC Variable Voting Shares other than in accordance with the conversion procedures set out in the DDC Articles.

DDC Variable Voting Shares

Exercise of Voting Rights

The holders of DDC Variable Voting Shares are entitled to receive notice of, to attend and vote at all meetings of DDC Shareholders, except in votes where the holders of a specified class other than the DDC Variable Voting Shares are entitled to vote separately as a class as provided in the BCBCA.

DDC Variable Voting Shares will carry one vote per DDC Variable Voting Share held, unless any of the thresholds set forth below would otherwise be surpassed at any time, in which case the vote attached to a DDC Variable Voting Share will decrease as described below.

References below to the DDC Variable Voting Shares that a person "holds" or "held" shall refer to and include the DDC Variable Voting Shares held, beneficially owned or controlled, directly or indirectly by such person.

Single Non-Canadian Holder

If at any time:

- (a) a single non-Canadian (within the meaning of the CTA) holder of DDC Variable Voting Shares (a "**Single Non-Canadian Holder**"), either individually or in affiliation with any other person, holds a number of DDC Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board), or
- (b) the total number of votes that would be cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting,

then the vote attached to each DDC Variable Voting Share held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result: (a) the DDC Variable Voting Shares held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the aggregate votes attached to all issued and outstanding voting shares of DDC; and (b) the total number of votes cast by or on behalf of such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at the meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting.

Non-Canadian Holder Authorized to Provide Air Service

If at any time:

- (a) one or more non-Canadians (within the meaning of the CTA) authorized to provide an air service in any jurisdiction (each a "**Non-Canadian Holder Authorized to Provide Air Service**" and collectively "**Non-Canadian Holders Authorized to Provide Air Service**"), collectively hold, either individually or in affiliation with any other person, a number of DDC Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by any Single

Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder as set out above under "*Single Non-Canadian Holder*" (if any), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board), or

- (b) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder as set out above under "*Single Non-Canadian Holder*" (if any), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting,

then the vote attached to each DDC Variable Voting Share held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result: (a) the DDC Variable Voting Shares held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the aggregate votes attached to all issued and outstanding voting shares of DDC; and (b) the total number of votes cast by or on behalf of all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting.

General – All Holders of DDC Variable Voting Shares

If at any time:

- (a) the number of DDC Variable Voting Shares outstanding as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder as set out above under "*Single Non-Canadian Holder*" and after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service as set out above under "*Non-Canadian Holder Authorized to Provide Air Service*" (in each case, if any), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board), or
- (b) the total number of votes that would be cast by or on behalf of holders of DDC Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder as set out above under "*Single Non-Canadian Holder*" and after the application of the automatic proportionate decrease to the votes attached to all of the DDC Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service as set out above under "*Non-Canadian Holder Authorized to Provide Air Service*" (in each case, if any), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting,

then the vote attached to each DDC Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result: (a) the DDC Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the aggregate votes attached to all issued and outstanding voting shares of DDC; and (b) the total number of votes cast by or on behalf of holders of DDC Variable Voting Shares at any meeting do not exceed

49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the DDC Board) of the total number of votes cast at such meeting.

Constraints on Share Ownership

DDC Variable Voting Shares may only be owned or controlled by non-Canadians (within the meaning of the CTA).

Conversion

Each issued and outstanding DDC Variable Voting Share will be automatically converted into one DDC Common Share, without any further act on the part of DDC or the holder, if: (a) such DDC Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian (within the meaning of the CTA); or (b) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

DDC Variable Voting Shares may not be converted into DDC Common Shares other than in accordance with the conversion procedures set out in the DDC Articles.

The holders of DDC Common Shares and DDC Variable Voting Shares will vote together as a single class at the Meeting.

If you have any questions about the DDC Meeting, please contact Carson Proxy by telephone North American Toll-Free: 1-800-530-5189, Local and Text: 416-751-2066 or Email: info@carsonproxy.com.

Declaration of Canadian or Non-Canadian Status

Shareholders who wish to vote at the DDC Meeting either by completing and delivering a proxy or a voting information form or by attending and voting at the DDC Meeting, will be required to complete a declaration of ownership in order to enable DDC to comply with the restrictions imposed by the DDC Articles and the CTA on the ownership and voting of its DDC Shares. If you do not complete such declaration or if it is determined by DDC or Computershare that you incorrectly indicated (through inadvertence or otherwise) that the DDC Shares represented by the proxy are owned and controlled by a Canadian (within the meaning of the CTA), you will be deemed to be a non-Canadian (within the meaning of the CTA) for purposes of voting at the DDC Meeting. Such declaration is contained in the form of proxy or with the voting instruction form provided to you, as applicable.

DDC Support Agreements

The following is a summary of the principal terms of the voting and support agreements in respect of DDC entered into in connection with the Transaction (the "**DDC Voting and Support Agreements**"). This summary does not purport to be complete and is qualified in its entirety by reference to the DDC Voting and Support Agreements, copies of which are available under the DDC's profile on SEDAR+ at www.sedarplus.ca. The DDC Shares held by the DDC VSA Supporting Shareholders will be treated in the same fashion under the Transaction as DDC Shares held by any other DDC Shareholder.

Each of the DDC VSA Supporting Shareholders have entered into a DDC Voting and Support Agreement with DDC representing less than 1% of the outstanding DDC Shares. Each DDC Voting and Support Agreement provides that any Representative of the DDC VSA Supporting Shareholder that is a director or officer of DDC shall not be limited or restricted in any way whatsoever in the exercise of their fiduciary duties as a director or officer of DDC.

Each of the DDC VSA Supporting Shareholders under its irrevocable DDC Support and Voting Agreement, agreed, inter alia, not to:

- (a) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the DDC Subject Securities or tender any of the DDC Subject Securities to a take-over bid or enter into any agreement, arrangement, commitment or understanding in connection therewith other than: (i) any exercise of options or convertible securities of DDC exercisable for DDC

Shares in accordance with their terms; or (ii) to one or more of a parent, spouse, child or grandchild of, or a corporation, partnership, limited liability company or other entity controlled by, the DDC VSA Supporting Shareholder or a trust or account (including an RRSP, RESP, RRIF or similar account) existing for the benefit of such person or entity, provided that in such case and for greater certainty, any DDC Subject Securities acquired as a result thereof shall remain DDC Subject Securities and subject to the terms and conditions of the DDC Voting and Support Agreement and, in the case of a corporation, partnership, limited liability company or other entity controlled by, the DDC VSA Supporting Shareholder, provided that such entity remains controlled by the DDC VSA Supporting Shareholder in accordance with the expiry provisions of the DDC Voting and Support Agreements;

- (b) other than as set forth herein, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any DDC Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any DDC Subject Securities; or
- (c) requisition or join in the requisition of any meeting of any of the securityholders of DDC for the purpose of considering any resolution,

in each case without the prior written consent of Volatus.

The DDC VSA Supporting Shareholders also agreed to cause to be counted as present for purposes of establishing quorum and to vote all of the DDC Subject Securities (to the extent they carry a right to vote):

- (a) at any meeting of any of the securityholders of DDC at which the DDC VSA Supporting Shareholders or any registered or beneficial owner of the DDC Subject Securities are entitled to vote, including the DDC Meeting to be called to approve the Transaction; and
- (b) in any action by written consent of the securityholders of DDC, in favour of the approval, consent, ratification and adoption of the resolution approving the Transaction and the transactions contemplated by the Business Combination Agreement (and any actions required for the consummation of the transactions contemplated by the Business Combination Agreement).

In connection with the foregoing, subject to the DDC Voting and Support Agreement, the DDC VSA Supporting Shareholder agreed to deposit and to cause any beneficial owners of DDC Subject Securities eligible to be voted to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of its DDC Subject Securities (to the extent that they carry the right to vote) as soon as practicable following the mailing of the Information Circular and in any event at least five (5) Business Days prior to the DDC Meeting to be called to approve the Transaction, voting all such DDC Subject Securities (to the extent that they carry the right to vote) in favour of the resolution approving the Transaction and the transactions contemplated by the Business Combination Agreement (and any actions required for the consummation of the transactions contemplated by the Business Combination Agreement). The DDC VSA Supporting Shareholder agreed that it will not take, nor permit any person on its behalf to take, any action to withdraw, revoke, change, amend or invalidate any proxy or voting instruction form deposited pursuant to the DDC Voting and Support Agreement notwithstanding any statutory or other rights or otherwise which the DDC VSA Supporting Shareholder might have unless the DDC Voting and Support Agreement has at such time been previously terminated in accordance therewith. The DDC VSA Supporting Shareholders agreed to provide copies of each such proxy or voting instruction form (or screen shots evidencing electronic voting thereof) referred to above to Volatus as soon as reasonably practicable upon Volatus' request in accordance with the notice provisions in the DDC Voting and Support Agreement.

Pursuant to the DDC Voting and Support Agreements, the DDC VSA Supporting Shareholders will not: (a) exercise any dissent rights in respect of the Transaction and waive any such dissent rights; (b) contest in any way the approval of the Transaction by any Governmental Authority; or (c) take any other action of any kind, in each case which would reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the Transaction and the transactions contemplated by the Business Combination Agreement.

MATTERS TO BE CONSIDERED AT THE DDC MEETING

DDC Shareholders will be entitled to vote on the DDC Transaction Resolution and DDC AGM Resolutions at the DDC Meeting. Each DDC Shareholder of record on the DDC Record Date is entitled to vote at the DDC Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each DDC Share held, subject to voting restrictions and adjustments attached to the DDC Variable Voting Shares, as discussed under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*". See "*Information Concerning the DDC Meeting*".

Approval of the DDC Transaction Resolution

At the DDC Meeting, DDC Shareholders will be asked to vote to, among others, approve the DDC Transaction Resolution in substantially the form set out at Schedule A to this Information Circular. The DDC Transaction Resolution must be approved by a simple majority of the votes cast by DDC Shareholders present in person or represented by proxy at the DDC Meeting.

The Transaction, if completed, will result in the acquisition of all of the issued and outstanding Volatus Shares by DDC on the basis of the Exchange Ratio.

Based on the 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date, the Transaction would result in an aggregate of approximately 224,345,513 DDC Common Shares being issued to Former Volatus Shareholders pursuant to the Transaction based on the Exchange Ratio.

In addition, as at the Volatus Record Date, there were also an aggregate of 8,067,691 Volatus Options outstanding. Each Volatus Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be exchanged for a New DDC Option to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent. Each such New DDC Option will be issued pursuant to the DDC Stock Option Plan and shall have a vesting schedule and expiry date as determined in accordance with the DDC Stock Option Plan.

In addition, as at the Volatus Record Date, there were also an aggregate of 15,688,369 Volatus Warrants outstanding, which may be exercised into an aggregate of 15,688,369 Volatus Shares equivalent to an aggregate of approximately 28,003,738 DDC Common Shares based on the Exchange Ratio. Each holder of outstanding Volatus Warrants is entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms.

In addition, as at the Volatus Record Date, there were also an aggregate principal amount of \$2,646,000 Volatus Debentures outstanding, which may be converted into an aggregate of 5,292,000 Volatus Shares equivalent to an aggregate of approximately 9,446,220 DDC Common Shares based on the Exchange Ratio. Each outstanding Volatus Debenture will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places.

Based on the foregoing, and assuming no exercise or settlement of any Volatus convertible securities prior to Closing, the number of DDC Common Shares potentially issuable pursuant to the Transaction upon the exchange of Volatus Shares and upon the potential exercise of Volatus Options, exercise of Volatus Warrants and conversion of Volatus Debentures, respectively, is an aggregate of approximately 51,850,786 DDC Common Shares based on the Exchange Ratio.

In addition, if the Transaction is completed, Echelon Capital Markets will be entitled to a success fee partially payable in DDC Common Shares pursuant to the terms of the Echelon Engagement Letter. Based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024, Echelon Capital Markets would be entitled to receive 397,667 DDC Common Shares. See "*The Transaction – The Volatus Fairness Opinion*".

In order to ensure an adequate number of DDC Common Shares are approved for issuance pursuant to the Transaction to account for clerical and administrative matters, including the rounding of fractional DDC Common Share entitlements and the potential exercise or settlement, as applicable, of Volatus convertible securities prior to Closing, DDC Shareholder approval will be sought to issue up to 277,000,000 DDC Common Shares in connection with the transactions contemplated by the Transaction (including DDC Common Shares issuable upon exercise or conversion of New DDC Options, Volatus Warrants and Volatus Debentures and the DDC Common Shares issuable to Echelon Capital Markets). Notwithstanding the foregoing, assuming that none of the currently outstanding Volatus convertible securities will be exercised or settled prior to Closing, such that there will be no additional issuances of Volatus Shares prior to Closing, it is expected that, on Closing, DDC will issue approximately 224,345,513 DDC Common Shares to Former Volatus Shareholders, representing approximately 100% of the issued and outstanding DDC Shares immediately prior to Closing, and approximately 50% of the issued and outstanding common shares of the Combined Company following Closing.

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the DDC Fairness Opinion, and such other matters considered relevant, in consultation with management, DDC's legal advisors and National Bank, the DDC Board has: (a) determined that the Transaction is in the best interests of DDC; (b) approved the Transaction and the entering into by DDC of the Business Combination Agreement; and (c) resolved to recommend that the DDC Shareholders vote FOR the DDC Transaction Resolution.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC Transaction Resolution, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be voted against the DDC Transaction Resolution.

It is a condition to the completion of the Transaction that the DDC Transaction Resolution be approved by the DDC Shareholders at the DDC Meeting.

Approval of DDC AGM Resolutions

In addition to the DDC Transaction Resolution, the DDC Meeting will also be held for the following purposes:

1. to receive and consider the audited financial statements of DDC together with the auditor's report thereon for the year ended December 31, 2023 and December 31, 2022;
2. to appoint the independent auditor of DDC for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor (the "**DDC Auditor Resolution**");
3. to set the number of directors to hold office for the ensuing year at four (4) and, subject to and conditional on completion of the Transaction, to set the number of directors of the Combined Company at five (5) for the ensuing year, as more particularly described in the attached Information Circular;
4. to elect directors to hold office for the ensuing year and, subject to and conditional on completion of the Transaction, to elect directors for the Combined Company for the ensuing year, as more particularly described in the attached Information Circular,

(collectively, paragraphs 3 and 4 above being the "**DDC Director Appointment Resolution**");
5. to consider, and if deemed appropriate approve and confirm the DDC Stock Option Plan (the "**DDC Stock Option Plan Resolution**");

6. to consider, and if deemed appropriate approve and confirm the equity incentive plan of DDC, subject to and conditional on the completion of Transaction (the "**DDC Equity Incentive Plan Resolution**");
 7. to consider and, if deemed appropriate, pass, with or without variation, a special resolution approving the alteration to the DDC Articles to change the quorum for the transaction of business at meetings of DDC Shareholders (the "**DDC Articles Resolution**"); and
- (collectively, the DDC Auditor Resolution, the DDC Director Appointment Resolution, the DDC Stock Option Plan Resolution, the DDC Equity Incentive Plan Resolution and the DDC Articles Resolution are referred to as the "**DDC AGM Resolutions**")

The DDC Board unanimously recommend that DDC Shareholders vote FOR the DDC AGM Resolutions.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC AGM Resolutions, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be withheld or voted against the DDC AGM Resolutions.

INFORMATION CONCERNING THE VOLATUS MEETING

The Volatus Meeting will be held in person at the Toronto Airport Marriott Hotel, 901 Dixon Road, Toronto, Ontario M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time), for the purposes set forth in the accompanying Volatus Notice. Only Volatus Shareholders who attend the Volatus Meeting in person or who have duly submitted proxies prior to 10:00 a.m. (Toronto time) on the date that is two Business Days (excluding Saturdays, Sundays and holidays) prior to the Volatus Meeting, being August 21, 2024, (or any adjournment or postponement thereof) will have their votes counted at the Volatus Meeting.

Purpose of the Volatus Meeting

This Information Circular is furnished in connection with the solicitation of proxies by management of Volatus for use at the Volatus Meeting.

At the Volatus Meeting, Volatus Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the Volatus Arrangement Resolution approving the Volatus Arrangement, as more particularly described herein, and the Volatus AGM Resolutions, as more particularly described herein, and to transact such further or other business as may properly come before the Volatus Meeting or any postponement or adjournment thereof. See Schedule B for the full text of the Volatus Arrangement Resolution and Schedule M for information concerning the Volatus AGM Resolutions. See "*Matters to be Considered at the Volatus Meeting*".

Solicitation of Proxies

The solicitation is made by or on behalf of management of Volatus and will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or employees of Volatus at nominal cost. Directors, officers or employees will not receive any extra compensation for such activities. The cost of soliciting proxies from Volatus Shareholders will be borne by Volatus.

Volatus may pay brokers or other persons holding Volatus Shares in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Information Circular to beneficial owners of Volatus Shares and obtaining proxies therefrom. The cost of any such solicitation from Volatus Shareholders will be borne by Volatus.

No Person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by Volatus. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

Notice-and-Access

Volatus is using notice-and-access to provide Volatus Shareholders with electronic access to the Volatus Notice, this Information Circular, the form of proxy or voting information form, as applicable, and the Volatus Letter of Transmittal in connection with the Transaction and the Volatus Meeting (collectively, the "**Volatus Meeting Materials**") pursuant to NI 51-102 and NI 54-101 of the CSA. Pursuant to the notice-and-access provisions, Registered Volatus Shareholders and Beneficial Holders of Volatus Shares will be sent a notice package explaining how to access the Volatus Meeting Materials and containing the form of proxy or voting instruction form, as applicable. The Volatus Meeting Materials are available on TSX Trust's website, at <https://docs.tsxtrust.com/2430> and can also be accessed under Volatus' SEDAR+ profile on www.sedarplus.ca. Volatus Shareholders may request a paper copy of the Volatus Meeting Materials by contacting TSX Trust by phone at 1-866-600-5869 or by email at tsxtis@tmx.com. There is no cost to Volatus Shareholders for requesting a paper copy of the Volatus Meeting Materials. Any Volatus Shareholder wishing to request a paper copy of the Volatus Meeting Materials should do so by 10:00 a.m. (Toronto time) on August 14, 2024, in order to receive and review the Volatus Meeting Materials and submit their vote by 10:00 a.m. (Toronto Time) on August 21, 2024, as set out in the form of proxy accompanying this Volatus Notice. Please retain the form of proxy accompanying this Information Circular as another will not be sent.

Distribution to Beneficial Holders

The Volatus Meeting Materials are being sent to both Registered Volatus Shareholders and Beneficial Holders of Volatus Shares. If you are a Beneficial Holder of Volatus Shares, and Volatus or its agent has sent the Volatus Meeting Materials directly to you, your name and address and information about your holdings of Volatus Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. In accordance with the requirements of NI 54-101, Volatus is sending the Volatus Meeting Materials directly to Non-Objecting Beneficial Owners of Volatus Shares through the services of its transfer agent and registrar, TSX Trust. Volatus will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Volatus Meeting Materials to Non-Objecting Beneficial Owners. In addition, Volatus will cause its agent to deliver copies of the Volatus Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Objecting Beneficial Owners. Volatus will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Volatus Meeting Materials to OBOs. The Volatus Meeting Materials distributed to NOBOs and OBOs include a voting instruction form. Please carefully review the instructions on the voting instruction form for completion and deposit.

Voting by Proxy

A Registered Volatus Shareholder can vote by proxy whether or not he, she or it attends the Volatus Meeting by depositing, at any time before the Volatus Proxy Submission Deadline of 10:00 a.m. (Toronto time) August 21, 2024, or two (2) Business Days preceding the date of the Volatus Meeting if postponed or adjourned, their proxy by mail, fax or over the internet in accordance with the instructions below:

Mail/Hand Delivery: Mail your completed proxy to:

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, ON M5H 4H1
Attention: Proxy Department

Internet: Go to www.voteproxyonline.com and enter the 12-digit meeting access number.

Fax: 416-595-9593.

A Beneficial Holder of Volatus Shares must follow the instructions included on the voting instruction form provided by their Intermediary.

If you have any questions about any of the foregoing information or require assistance in completing your form of proxy or voting instruction form for your Volatus Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

Participation and Voting at the Volatus Meeting

Registered Volatus Shareholders who wish to vote in-person at the Volatus Meeting should not complete or return the proxy included with this Information Circular. Beneficial Holders of Volatus shares must provide voting instructions through their Intermediaries as described herein or in accordance with the relevant instructions received from their Intermediary. Beneficial Holders of Volatus shares who wish to vote in person at the Volatus Meeting should be appointed as their own representatives for the Volatus Meeting in accordance with the instructions provided by their Intermediaries.

Volatus Shareholders can attend the Volatus Meeting in person at the Toronto Airport Marriott Hotel, 901 Dixon Road, Toronto, Ontario, M9W 1J5 on August 23, 2024 at 10:00 a.m. (Toronto time).

Voting at the Volatus Meeting will only be available for Registered Volatus Shareholders and duly appointed proxyholders. Accordingly, Beneficial Holders of Volatus shares who wish to vote at the Volatus Meeting must carefully read the instructions herein to duly appoint themselves as proxyholder in order to participate in and vote at the Volatus Meeting.

Appointment and Revocation of Proxies

This Information Circular is accompanied by an instrument of proxy that permits Registered Volatus Shareholders who do not attend the Volatus Meeting to have their Volatus Shares voted at the Volatus Meeting by a proxyholder appointed by such Registered Volatus Shareholder. The persons named in the enclosed proxy are directors and/or officers of Volatus.

A Registered Volatus Shareholder has the right to appoint a person (who need not be a Volatus Shareholder) to attend and act for such Volatus Shareholder and on his, her or its behalf at the Volatus Meeting other than the persons designated in the enclosed form of proxy. Registered Volatus Shareholders who wish to appoint a proxyholder to represent them at the Volatus Meeting must complete and deposit their proxy prior to the Volatus Proxy Submission Deadline.

A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH TSX TRUST BY THE VOLATUS PROXY SUBMISSION DEADLINE OF 10:00 A.M. (TORONTO TIME) ON AUGUST 21, 2024 OR 48 HOURS PRIOR (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) TO THE VOLATUS MEETING IF ADJOURNED OR POSTPONED.

If you do not wish to revoke all previously deposited proxies when attending the Volatus Meeting, you should not vote again by ballot on the matters put forth at the Volatus Meeting. In the event that you vote again by ballot on the matters put forth at the Volatus Meeting, your previously deposited proxies will be revoked in respect of the matters voted upon.

A Registered Volatus Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by Applicable Law, a proxy may be revoked by an instrument in writing executed by the Registered Volatus Shareholder or by his or her attorney authorized in writing, or, if the Registered Volatus Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with TSX Trust by mail to TSX Trust Company, 301-100 Adelaide Street West, Toronto, ON M5H 4H1 or by fax to 416-595-9593, at any time before the Volatus Proxy Submission Deadline.

Only Registered Volatus Shareholders have the right to revoke a proxy. Beneficial Holders of Volatus Shares that wish to change their voting instructions must, in sufficient time in advance of the Volatus Meeting, contact TSX Trust or their Intermediary to arrange to change their voting instruction form or voting instructions, as applicable.

Exercise of Discretion by Proxies

Volatus Shares represented by properly executed proxies in favour of the Persons named in the enclosed form of proxy will be voted for, voted against or withheld from voting in accordance with the instructions of the Volatus Shareholder on any ballot that may be called for and, where the Person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the Volatus Shares will be voted for, voted against or withheld from voting in accordance with the specifications so made. Where Volatus Shareholders have properly executed proxies in favour of the Persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Volatus Shares represented thereby, such Volatus Shares will be voted FOR the passing of the matters set forth in the Volatus Notice. The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Volatus Notice and with respect to other matters that may properly come before the Volatus Meeting. At the date hereof, management of Volatus knows of no such amendments, variations or other matters to come before the Volatus Meeting. However, if any other matters, which at present are not known to management of Volatus, should properly come before the Volatus Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Quorum

The articles of Volatus provide that a quorum of Volatus Shareholders shall be present at the Volatus Meeting if at least two persons are present in person or by proxy, each of whom is entitled to vote at the Volatus Meeting. In the event that a quorum is not present at the time fixed for holding the Volatus Meeting, the Volatus Meeting shall stand adjourned to such date and to such time and place as may be determined by the Volatus Shareholders present at the Volatus Meeting.

Record Date

Volatus has fixed the close of business on July 12, 2024 as the Volatus Record Date for the purposes of determining Volatus Shareholders entitled to receive the Volatus Notice and vote at the Volatus Meeting. As at the Volatus Record Date, 125,683,761 Volatus Shares, carrying the right to one vote per Volatus Share at the Volatus Meeting, were issued and outstanding.

Voting Shares and Principal Holders Thereof

In accordance with the provisions of the OBCA, Volatus will prepare a list of the holders of Volatus Shares on the Volatus Record Date. Each holder of Volatus Shares named on the list will be entitled to vote the Volatus Shares shown opposite their name on the list at the Volatus Meeting.

Except as disclosed below, to the knowledge of the directors and executive officers of the Volatus, as at the date of this Information Circular, no Person beneficially owns, or controls or directs, directly or indirectly, voting securities of Volatus carrying 10% or more of the voting rights attached to the Volatus Shares.

Name	Number of Volatus Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Percentage of Outstanding Volatus Shares ⁽²⁾
Glen Lynch	38,461,667 Volatus Shares	30.6%
Ian McDougall ⁽²⁾	39,017,267 Volatus Shares	31.0%

Notes:

- (1) Percentage calculated on a non-diluted basis, based on an aggregate of 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date.
- (2) Ian McDougall indirectly holds his Volatus Shares through Delta-Mike Inc., a holding company beneficially owned by Ian McDougall.

Foreign Ownership Limits

The CTA requires that national holders of a domestic air service license be "Canadian", meaning that foreign ownership of Volatus is limited to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the

voting interests in Volatus. See "*Information Concerning Volatus – Description of Securities – Foreign Ownership Limits*".

Volatus Support Agreements

The following is a summary of the principal terms of the voting and support agreements in respect of Volatus entered into in connection with the Transaction (the "**Volatus Voting and Support Agreements**"). This summary does not purport to be complete and is qualified in its entirety by reference to the Volatus Voting and Support Agreements, copies of which are available under the Volatus' profile on SEDAR+ at www.sedarplus.ca. The Volatus Shares held by the Volatus VSA Supporting Shareholders will be treated in the same fashion under the Transaction as Volatus Shares held by any other Volatus Shareholder.

Each of the Volatus VSA Supporting Shareholders have entered into a Volatus Voting and Support Agreement with Volatus representing approximately 62% of the outstanding Volatus Shares. Each Volatus Voting and Support Agreement provides that any Representative of the Volatus VSA Supporting Shareholder that is a director or officer of Volatus shall not be limited or restricted in any way whatsoever in the exercise of their fiduciary duties as a director or officer of Volatus.

Each of the Volatus VSA Supporting Shareholders under its irrevocable Volatus Support and Voting Agreement, agreed, *inter alia*, not to:

- (a) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Volatus Securities held by Volatus VSA Supporting Shareholders (the "**Volatus Subject Securities**") or tender any of the Volatus Subject Securities to a take-over bid or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than (i) pursuant to the Volatus Arrangement, (ii) any exercise of options or other convertible securities of Volatus exercisable for Volatus Shares in accordance with their terms, or (iii) to one or more of a parent, spouse, child or grandchild of, or a corporation, partnership, limited liability company or other entity controlled by, the Volatus VSA Supporting Shareholder or a trust or account (including an RRSP, RESP, RRIF or similar account) existing for the benefit of such person or entity, provided that in such case and for greater certainty, any Volatus Subject Securities acquired as a result thereof shall remain Volatus Subject Securities and subject to the terms and conditions of the Volatus Voting and Support Agreement and, in the case of a corporation, partnership, limited liability company or other entity controlled by, the Volatus VSA Supporting Shareholder, provided that such entity remains controlled by the Volatus VSA Supporting Shareholder in accordance with the expiry provisions of the Volatus Voting and Support Agreements;
- (b) other than as set forth in the Volatus Voting and Support Agreements, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any Volatus Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Volatus Subject Securities; or
- (c) requisition or join in the requisition of any meeting of any of the securityholders of Volatus for the purpose of considering any resolution,

in each case without the prior written consent of DDC.

The Volatus VSA Supporting Shareholder also agreed to cause to be counted as present for purposes of establishing quorum and to vote all of the Volatus Subject Securities (to the extent they carry a right to vote):

- (a) at any meeting of any of the Volatus Shareholders at which the Volatus VSA Supporting Shareholder or any registered or beneficial owner of the Volatus Subject Securities are entitled to vote, including the Volatus Meeting to be called to approve the Volatus Arrangement; and
- (b) in any action by written consent of the securityholders of Volatus, in favour of the approval, consent, ratification and adoption of the resolution approving the Volatus Arrangement and the transactions contemplated by the Business Combination Agreement (and any actions required for the consummation of the transactions contemplated by the Business Combination Agreement).

In connection with the foregoing, subject to the Volatus Voting and Support Agreement, the Volatus VSA Supporting Shareholders agreed to deposit and to cause any beneficial owners of Volatus Subject Securities eligible to be voted to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of its Volatus Subject Securities (to the extent that they carry the right to vote) as soon as practicable following the mailing of the Information Circular and in any event at least five (5) Business Days prior to the Volatus Meeting to be called to approve the Volatus Arrangement, voting all such Volatus Subject Securities (to the extent that they carry the right to vote) in favour of the resolution approving the Volatus Arrangement. The Volatus VSA Supporting Shareholder agreed not to take, nor permit any person on its behalf to take, any action to withdraw, revoke, change, amend or invalidate any proxy or voting instruction form deposited pursuant to the Volatus Voting and Support Agreement notwithstanding any statutory or other rights or otherwise which the Volatus VSA Supporting Shareholder might have unless the Volatus Voting and Support Agreement has at such time been previously terminated in accordance with the Volatus Voting and Support Agreement. The Volatus VSA Supporting Shareholder agreed to provide copies of each such proxy or voting instruction form (or screen shots evidencing electronic voting thereof) referred to above to DDC as soon as reasonably practicable upon DDC's request in accordance with the notice provisions in the Volatus Voting and Support Agreement.

Pursuant to the Volatus Voting and Support Agreements, the Volatus VSA Supporting Shareholders will not: (a) exercise any dissent rights in respect of the Volatus Arrangement Resolution; and (b) contest in any way the approval of the Volatus Arrangement Resolution by any Governmental Authority; or (c) take any other action of any kind, in each case which would reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the Volatus Plan of Arrangement and the transactions contemplated by the Business Combination Agreement.

MATTERS TO BE CONSIDERED AT THE VOLATUS MEETING

Volatus Shareholders will be entitled to vote on the Volatus Arrangement Resolution and the Volatus AGM Resolutions at the Volatus Meeting. Each Volatus Shareholder of record on the Volatus Record Date is entitled to vote at the Volatus Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each Volatus Share held. See "*Information Concerning the Volatus Meeting*".

Approval of the Volatus Arrangement Resolution

At the Volatus Meeting, Volatus Shareholders will be asked to vote to, among others, approve the Volatus Arrangement Resolution in substantially the form set out at Schedule B to this Information Circular. The Volatus Arrangement Resolution must be approved by not less than two-thirds (66⅔%) of the votes cast on the Volatus Arrangement Resolution by Volatus Shareholders present in person or represented by proxy at the Volatus Meeting.

The Volatus Arrangement Resolution must receive the Volatus Shareholder Approval in order for Volatus to seek the Final Order and complete the Volatus Arrangement and the Transaction on the Effective Date in accordance with the Final Order and the Business Combination Agreement.

Notwithstanding the foregoing, the Volatus Arrangement Resolution proposed for consideration by the Volatus Shareholders authorizes the Volatus Board, without further notice to or approval of the Volatus Shareholders: (a) to amend the Business Combination Agreement or the Volatus Plan of Arrangement, to the extent permitted by the Business Combination Agreement and the Volatus Plan of Arrangement, as applicable; and (b) subject to the terms of the Business Combination Agreement, to disregard the approval of the Volatus Arrangement Resolution by the Volatus Shareholders and not proceed with the Volatus Arrangement or the Transaction at any time prior to the Effective Time. See Schedule B to this Information Circular for the full text of the Volatus Arrangement Resolution.

Having undertaken a thorough review of, and having carefully considered, the Business Combination Agreement and the Volatus Fairness Opinion, and such other matters considered relevant, in consultation with management, the Volatus Special Committee, Volatus' legal advisors and Echelon Capital Markets, the Volatus Board has unanimously (a) determined that the Transaction is in the best interests of Volatus, (b) determined the Transaction is fair to Volatus Shareholders, (c) approved the Transaction and the entering into by Volatus of the Business Combination Agreement and (d) resolved to recommend that the Volatus Shareholders vote in

favour of the Volatus Arrangement Resolution. Unless otherwise directed, the Persons named in the form of proxy for the Volatus Meeting intend to vote FOR the Volatus Arrangement Resolution.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the Volatus Arrangement Resolution, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be voted against the Volatus Arrangement Resolution.

It is a condition to the completion of the Transaction that the Volatus Arrangement Resolution be approved by the Volatus Shareholders at the Volatus Meeting.

Approval of Volatus AGM Resolutions

In addition to the Volatus Arrangement Resolution, the Volatus Meeting will also be held for the following purposes:

1. to receive and consider the audited financial statements of Volatus together with the auditor's report for the fiscal year ended December 31, 2023 and December 31, 2022;
2. to appoint the independent auditor of Volatus for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor (the "**Volatus Auditor Resolution**");
3. to set the number of directors to hold office for the ensuing year at five (5);
4. to elect directors to hold office for the ensuing year, as more particularly described in this Information Circular;
5. to reapprove Volatus' stock option plan (the "**Volatus Option Plan Resolution**"); and
6. to transact such further or other business as may properly come before the Volatus Meeting and any adjournments thereof.

(collectively, paragraphs 2 through 5 above comprise the "**Volatus AGM Resolutions**").

The Volatus Board unanimously recommends that Volatus Shareholders vote FOR each of the Volatus AGM Resolutions.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the Volatus AGM Resolutions, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be withheld or voted against the Volatus AGM Resolutions.

RISK FACTORS

Risk Factors Relating to the Transaction

DDC Shareholders and Volatus Shareholders should carefully consider the following risk factors relating to the Transaction before deciding to vote, or instruct their vote to be cast, to approve the matters relating to the Transaction. In addition to the risk factors relating to the Transaction set out below, DDC Shareholders and Volatus Shareholders should also carefully consider the risk factors set forth under "*Information Concerning DDC – Risk Factors*" in Schedule I to this Information Circular and "*Information Concerning Volatus– Risk Factors*" in Schedule J to this Information Circular, respectively, and in the DDC Documents incorporated by reference herein and other documents of Volatus incorporated by reference herein.

The Parties could fail to complete the Transaction or the Transaction may be completed on different terms.

There can be no assurance that the Transaction will be completed, or if completed, that it will be completed on the same or similar terms as those set out in the Business Combination Agreement. The completion of the Transaction is subject to the satisfaction of a number of conditions which include, among others, (a) obtaining necessary approvals, including certain required consents from third parties, the TSXV and regulatory authorities, approval of DDC Shareholders of the DDC Transaction Resolution and approval of Volatus Shareholders of the Volatus Arrangement

Resolution, and (b) performance by DDC and Volatus of their respective obligations and covenants in the Business Combination Agreement. If these conditions are not met or the Transaction is not completed for any other reason, Volatus Shareholders will not receive the DDC Common Shares.

In addition, if the Transaction is not completed, the ongoing business of DDC and/or Volatus may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Transaction, and DDC and/or Volatus could experience negative reactions from the financial markets, which could cause a decrease in the market price of the DDC Common Shares or Volatus Shares, particularly if the market price reflects market assumptions that the Transaction will be completed or completed on certain terms. DDC and/or Volatus may also experience negative reactions from their customers and employees and there could be negative impact on DDC and/or Volatus' ability to attract future acquisition opportunities. Failure to complete the Transaction or a change in the terms of the Transaction could each have a material adverse effect on DDC and/or Volatus' business, financial condition and results of operations.

Certain of the conditions precedent to the completion of the Transaction are outside of the control of the Parties.

The completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of the Parties. Among other things, completion of the Transaction is subject to the approval of the Court, the approval of the Transaction by the DDC Shareholders, the approval of the Volatus Arrangement by the Volatus Shareholders and obtaining the Required Approvals, including the TSXV Approval. A substantial delay in obtaining the Required Approvals or the imposition of unfavourable terms or conditions to the Required Approvals could delay the Closing and may adversely affect the business, financial condition or results of the Parties, or the Combined Company. There is no certainty, nor can the Parties provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, if the Transaction is not completed, the Parties could be subject to litigation related to the failure to complete the Transaction or to require the Parties to perform their respective obligations under the Business Combination Agreement.

Governmental Authorities or others could take action under antitrust or competition laws, including seeking to prevent the Transaction from occurring, to rescind or dissolve the Transaction or to conditionally approve the Transaction upon the divestiture of assets of the Parties or other remedies. There can be no assurance that a challenge to the Transaction on antitrust or competition law grounds will not be made, or if a challenge is made, whether or not it will be successful. The requirement to take certain actions or to agree to certain conditions to satisfy such antitrust requirements or obtain any such antitrust approvals may have a material and adverse effect on the business and affairs of the Combined Company after completion of the Transaction.

Even if all approvals and orders are obtained and conditions precedent to the completion of the Transaction are satisfied, no assurance can be made as to the terms, conditions and timing of such approvals, orders and consents. For example, these approvals, orders and consents may impose conditions on or require divestitures relating to the divisions, operations or assets of the Parties or may impose requirements, limitations or costs or place restrictions on the conduct of the Parties' respective businesses, and if such approvals, orders or consents require an extended period of time to be obtained, such extended period of time could increase the chance that an adverse event occurs with respect to the Parties. Such extended period of time may also increase the chance that other adverse effects with respect to the Parties could occur, such as the loss of key personnel. Each Party's obligation to complete the Transaction is also subject to the accuracy of the representations and warranties of each Party (subject to certain qualifications and exceptions) and the performance in all material respects of each Party's covenants under the Business Combination Agreement. As a result of these conditions, the Parties cannot provide assurance that the Transaction will be completed on the terms or timeline contemplated in the Business Combination Agreement, or at all.

The number of DDC Common Shares to be issued to Volatus Shareholders pursuant to the Exchange Ratio does not take into consideration the market value of the DDC Common Shares or the Volatus Shares.

The number of DDC Common Shares that Volatus Shareholders will receive under the Volatus Arrangement pursuant to the Exchange Ratio does not take into consideration the market value of the DDC Common Shares. Since the number of DDC Common Shares to be received in respect of each Volatus Share under the Volatus Arrangement will not be adjusted to reflect any change in the market value of the DDC Shares, the market value of DDC Common Shares received under the Volatus Arrangement may vary significantly from the market value at the date of announcement of the Business Combination Agreement. If the market price of the DDC Shares increases or decreases,

the value of the Consideration that Volatus Shareholders receive pursuant to the Volatus Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the DDC Shares at Closing will not be lower than the market price of such shares on the date of announcement of the Business Combination Agreement.

In addition, the number of DDC Common Shares being issued to Volatus Shareholders in connection with the Volatus Arrangement will not change as a result of decreases or increases in the market price of Volatus Shares. If the market price of the Volatus Shares increases or decreases, the relative value of the Consideration that Volatus Shareholders receive pursuant to the Volatus Arrangement will correspondingly decrease or increase. Many of the factors that affect the market price of DDC Shares and Volatus Shares are beyond the control of DDC and Volatus, respectively. These factors include changes in market perceptions of the industry, changes in the regulatory environment, political developments and prevailing conditions in the capital markets.

The Business Combination Agreement may be terminated in certain circumstances.

Each of DDC and Volatus has the right to terminate the Business Combination Agreement in certain circumstances. See "*The Business Combination Agreement – Termination*". Accordingly, there is no certainty, nor can DDC or Volatus provide any assurance, that the Business Combination Agreement will not be terminated by either DDC or Volatus before the completion of the Transaction. If the Business Combination Agreement is terminated and the Transaction is not completed, then the market price of the DDC Shares and the Volatus Shares may decline to the extent that the market price currently reflects a market assumption that the Transaction will be completed. If the Business Combination Agreement is terminated, there is no assurance that DDC or Volatus will be able to find an alternative transaction, or that the terms of any alternative transaction would be more or less favourable than the terms set forth in the Business Combination Agreement. In addition, DDC or Volatus may be required to pay the Termination Fee or Expense Reimbursement, depending on the circumstances of the termination. The payment of the Termination Fee or Expense Reimbursement may have a material adverse effect on the business, financial condition and results of operations of the party required to pay the Termination Fee or Expense Reimbursement, and may cause the value of the DDC Shares or Volatus Shares to decline.

There can be no certainty that approval of DDC Shareholders or Volatus Shareholders will be obtained.

The DDC Transaction Resolution requires the approval of a simple majority of the DDC Shareholders voting in person or by proxy at the DDC Meeting. The Volatus Arrangement Resolution requires the approval of not less than two-thirds (66⅔%) of the votes cast by Volatus Shareholders voting in person or by proxy at the Volatus Meeting. If either of the DDC Transaction Resolution or the Volatus Arrangement Resolution is not approved by the requisite number of shareholders, the Transaction may not be completed on the terms expected or at all. There can be no certainty, nor can DDC or Volatus provide any assurance, that the requisite shareholder approval of the DDC Transaction Resolution or the Volatus Arrangement Resolution will be obtained.

The Termination Fee and Expense Reimbursement, if triggered, and the terms of the DDC Voting and Support Agreements and Volatus Voting and Support Agreements, may discourage third parties from attempting to acquire either Party.

Under the Business Combination Agreement, DDC or Volatus may be required to pay the Termination Fee or Expense Reimbursement to each other Party in the event the Business Combination Agreement is terminated in certain circumstances. The Termination Fee and Expense Reimbursement may discourage other parties from making an Acquisition Proposal, even if such Acquisition Proposal could provide greater value to the DDC Shareholders or Volatus Shareholders.

Furthermore, as noted above, certain DDC Shareholders (including the directors and certain officers of DDC) and certain Volatus Shareholders (including the directors and senior officers of Volatus) have entered into the DDC Voting and Support Agreements and Volatus Voting and Support Agreements, respectively, that irrevocably commit them to, among other things vote their DDC Shares and Volatus Shares in favour of their respective Transaction Resolutions. As a result, the DDC Voting and Support Agreements and Volatus Voting and Support Agreements may discourage other parties from making an Acquisition Proposal, even if such Acquisition Proposal could provide greater value than that offered under the Transaction.

The right to match may discourage other parties from attempting to acquire either Party.

Under the Business Combination Agreement, as a condition to entering into a definitive agreement in respect of a Superior Proposal, each Party is required to offer the other Party the right to match such Superior Proposal. This right, together with the Termination Fee payable upon termination of the Business Combination Agreement due to a Superior Proposal, may discourage other parties from making a Superior Proposal, even if those parties would otherwise be willing to offer greater value than that offered under the Transaction. See "*The Business Combination Agreement – Covenants Regarding Acquisition Proposals*".

The Parties will incur substantial transaction-related costs in connection with the Transaction.

The Parties expect to incur a number of non-recurring transaction-related costs associated with respect to completing the Transaction that will be incurred whether or not the Transaction is completed. Such costs may offset any expected cost savings and other synergies from the Transaction.

While the Transaction is pending, the Parties are restricted from taking certain actions.

The Business Combination Agreement restricts the Parties, subject to certain exceptions, from taking specified actions, unless consented to by the other Party, until the Transaction is completed, which may adversely affect the ability of the Parties to execute certain business strategies. These restrictions may prevent the Parties from pursuing attractive business opportunities that may arise prior to the completion of the Transaction.

The pending Transaction may divert the attention of management of the Parties, impact the Parties' abilities to attract or retain key personnel or impact the Parties' third party business relationships.

The pending Transaction could cause the attention of management of DDC and Volatus to be diverted from day-to-day operations of their respective businesses. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the current and future business, operations, results of operations, financial condition or prospects of DDC and Volatus regardless of whether the Transaction is ultimately completed. Because the completion of the Transaction is subject to uncertainty, officers and employees of DDC and Volatus may experience uncertainty about their future roles, which may adversely affect DDC's and Volatus' ability to attract or retain key management and personnel in the period until the completion or termination of the Transaction.

In addition, third parties with which DDC or Volatus currently have business relationships or may have business relationships in the future, including industry partners, customers and suppliers, may experience uncertainty associated with the Transaction, including with respect to current or future relationships with DDC or Volatus. Such uncertainty could have a material and adverse effect on the current and future business, operations, results of operations, financial condition and prospects of DDC and Volatus.

The exercise of Dissent Rights may impact cash resources or result in the Transaction not being completed.

Registered Volatus Shareholders entitled to vote at the Volatus Meeting have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Volatus Shares in cash in connection with the Volatus Arrangement in accordance with the OBCA, as modified and supplemented by the Volatus Plan of Arrangement and the Interim Order. Any such Registered Volatus Shareholder who duly and validly dissents from the Volatus Arrangement Resolution in strict compliance with the provisions of the OBCA, as modified by the Volatus Plan of Arrangement, the Interim Order and the Final Order, will be entitled, in the event the Volatus Arrangement becomes effective, to be paid the fair value of the Volatus Shares held by such Volatus Dissenting Shareholder.

If Volatus Shareholders dissent in respect of a significant number of Volatus Shares, a substantial aggregate cash payment may be required to be made by DDC that could have an adverse effect on the Combined Company's cash resources if the Transaction is completed. It is a mutual condition of Closing that the percentage of the issued and outstanding Volatus Shares for which Dissent Rights have been exercised and not withdrawn, shall not be more than 5%. In such circumstance, unless such condition is waived by DDC and Volatus, neither DDC nor Volatus will be required to consummate the Transaction. See "*Dissent Rights*".

Potential Undisclosed Liabilities Associated with the Transaction.

In connection with the Transaction, there may be liabilities that the Parties failed to discover or were unable to quantify in their respective due diligence, which was conducted prior to the execution of the Business Combination Agreement. It is possible that the Parties may not be indemnified for some or all of such undisclosed liabilities.

The DDC Board or the Volatus Board may decide not to proceed with the Transaction.

Notwithstanding the DDC Shareholders approving the DDC Transaction Resolution and the Volatus Shareholders approving the Volatus Arrangement Resolution, and subject to the terms of the Business Combination Agreement, each of the DDC Board and the Volatus Board will retain the discretion not to proceed with any of the transactions contemplated by the DDC Transaction Resolution and the Volatus Arrangement Resolution, respectively, if it determines that the Transaction is no longer in the best interests of DDC or Volatus, as applicable.

DDC and Volatus directors and senior officers may have interests in the Transaction that are different from those of the DDC Shareholders and Volatus Shareholders.

Certain of the directors and senior officers of DDC and Volatus negotiated the terms of the Business Combination Agreement, and the DDC Board, following receipt of the DDC Special Committee's recommendation to the DDC Board, has recommended that DDC Shareholders vote in favour of the DDC Transaction Resolution and the Volatus Board, following receipt of the Volatus Special Committee's recommendation to the Volatus Board, has recommended that Volatus Shareholders vote in favour of the Volatus Arrangement Resolution. These directors and senior officers may have interests in the Transaction that are different from, or in addition to, those of the DDC Shareholders and Volatus Shareholders generally.

In considering the recommendations of the DDC Board to vote for the DDC Transaction Resolution and the Volatus Board to vote for the Volatus Arrangement Resolution, the DDC Shareholders and Volatus Shareholders should also be aware that certain directors and certain senior officers of DDC and Volatus have interests in connection with the Transaction including, but not limited to, the continued employment of certain senior officers of DDC and Volatus by the Combined Company, the continued service of certain directors of DDC and Volatus as directors of the Combined Company, and the receipt of a retention bonus by a certain senior officer of DDC in connection with the completion of the Transaction that may present actual or potential conflicts of interest in connection with the Transaction. DDC Shareholders and Volatus Shareholders should be aware of these interests when they consider their respective board of directors' recommendations. See "*The Transaction – Background to the Transaction*", "*Securities Law Matters – Interests of Certain Persons in the Transaction*" and "*Securities Law Matters – Interest of Informed Persons in Material Transactions*".

Income Tax Laws.

There can be no assurance that the CRA, the IRS or other applicable taxing authorities will agree with the Canadian and U.S. federal income tax consequences of the Transaction, as applicable, as summarized in this Information Circular. Furthermore, there can be no assurance that applicable Canadian and U.S. income tax laws, regulations or tax treaties will not be changed or interpreted in a manner, or that applicable taxing authorities will not take administrative positions, that are adverse to shareholders of the Parties in respect of the Transaction. Such taxation authorities may also disagree with how the Parties calculate or have in the past calculated their income for income tax purposes. In addition, the Transaction and related transactions may restrict the ability of the Combined Company to use certain pre-combination tax attributes of DDC and/or Volatus. Any such events could adversely affect the Combined Company, its share price or the dividends or other payments to be paid to shareholders following completion of the Transaction.

The Parties may be the Targets of Legal Claims in connection with the Transaction.

The Parties may be the target of shareholder litigation or other lawsuits questioning the validity of the Transaction or seeking damages or an injunction in connection with the Transaction, which could result in substantial costs and may delay or prevent the Transaction from being completed. Such lawsuits are often brought against companies that have entered into an agreement to merge, to acquire a public company or to be acquired. Third parties may also attempt to bring claims against the Parties seeking to restrain the Transaction or seeking monetary compensation or other

remedies, including, but not limited to, claims regarding alleged finder's fees or success fees in connection with the Transaction. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert the time and resources of management. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Transaction, then that injunction may delay or prevent the Transaction from being completed.

In addition, political and public attitudes towards the Transaction could result in negative press coverage and other adverse public statements affecting the Parties. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of the Parties or the Combined Company to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a Material Adverse Effect on the Parties, or the Combined Company.

Risk Factors Relating to the Combined Company

The anticipated benefits of the Transaction may not be realized.

Achieving the benefits of the Transaction depends in part on the ability of the Combined Company to effectively capitalize on its scale, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of combining the businesses and operations of DDC and Volatus.

The ability to realize the benefits of the Transaction will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Combined Company's ability to realize the anticipated growth opportunities and synergies from integrating the businesses of DDC and Volatus following completion of the Transaction. This integration will require the dedication of management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to the Combined Company following completion of the Transaction, and from operational matters during this process. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully. Many operational and strategic decisions and certain staffing decisions with respect to integration have not yet been made. These decisions and the integration of the two companies may present challenges to management, including the integration of systems and personnel of the two companies which may be geographically separated, unanticipated liabilities and unanticipated costs. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with customers, distributors, suppliers and partners or to achieve the anticipated benefits of the Transaction. The performance of the Combined Company's operations after completion of the Transaction could be adversely affected if the Combined Company cannot retain key employees to assist in the integration and operation of the Combined Company, and any inability of management to successfully integrate the operations could have a Material Adverse Effect on the business, financial condition and results of operations of the Combined Company.

Significant demands will be placed on the Combined Company following completion of the Transaction and DDC and Volatus cannot provide any assurance that their systems, procedures and controls will be adequate to support the expansion of operations and associated complexity following and resulting from the Transaction.

As a result of the pursuit and completion of the Transaction, significant demands will be placed on the managerial, operational and financial personnel and systems of DDC and Volatus. DDC and Volatus cannot provide any assurance that their systems, procedures and controls will be adequate to support the expansion of operations and associated complexity following and resulting from the Transaction. The future operating results of the Combined Company following completion of the Transaction may be affected by the ability of its officers and key employees to manage changing business conditions, to integrate the businesses of DDC and Volatus and to execute on the Combined Company's business strategy.

Following the Transaction, the trading price of the DDC Shares cannot be guaranteed, may be volatile and could be less than, on an adjusted basis, the current trading prices of DDC and Volatus due to various market-related and other factors.

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. The market price per DDC Share is also likely to be affected by changes in the Combined Company's financial condition or results of operations. Other factors unrelated to the performance of the Combined Company that may have an effect on the price of DDC Shares include the following: (a) current events affecting the economic situation in Canada and the global markets; (b) regulatory and/or government actions, rulings or policies; (c) changes in financial estimates and recommendations by securities analysts or rating agencies; (d) acquisitions and financings completed by the Combined Company; (e) the economics of current and future projects and operations of the Combined Company; (f) quarterly variations in operating results; (g) the operating and share price performance of other companies, including those that investors may deem comparable; (h) the issuance of additional equity securities of the Combined Company, as applicable, or the perception that such issuance may occur; and (i) purchases or sales of blocks of the DDC Shares.

The issuance of the DDC Shares and a resulting "market overhang" could adversely affect the market price of the DDC Shares following completion of the Transaction.

On completion of the Transaction, additional DDC Shares will be issued and available for trading in the public market. The increase in the number of DDC Shares may lead to sales of such shares or the perception that such sales may occur (commonly referred to as 'market overhang'), either of which may adversely affect the market for, and the market price of, the DDC Shares.

The issuance of the DDC Common Shares in connection with the Transaction will result in the dilution of ownership and voting interests of current DDC Shareholders.

As a result of the issuance of the DDC Common Shares in connection with the Transaction, the ownership and voting interests of the DDC Shareholders will be diluted, relative to current proportional ownership and voting interests.

The DDC Board and the Volatus Board considered financial projections prepared by each other's management teams in connection with the Transaction. Actual performance of DDC and Volatus may differ materially from these projections.

The DDC Board and the Volatus Board considered, among other things, certain projections, prepared by their respective management teams, with respect to each of DDC (the "**DDC Projections**") and Volatus (the "**Volatus Projections**"), and together with the DDC Projections, the "**Projections**"). All Projections are based on assumptions and information available at the time the Projections were prepared. DDC and Volatus do not know whether the assumptions made will be realized. Such information can be adversely affected by known or unknown risks and uncertainties, many of which are beyond the control of DDC and Volatus. Further, financial forecasts of this type are based on estimates and assumptions that are inherently subject to risks and other factors such as company performance, industry performance, legal and regulatory developments, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of DDC and Volatus, including the factors described in this "*Risk Factors*" section, which factors and changes may impact such forecasts or the underlying assumptions. As a result of these contingencies, there can be no assurance that the Projections will be realized or that actual results will not be significantly higher or lower than projected. In view of these uncertainties, the Projections should not be regarded as an indication that DDC, the DDC Board, Volatus and the Volatus Board or any of their advisors or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results.

The Projections were prepared by the DDC and Volatus management teams for internal use and to, among other things, assist DDC and Volatus in evaluating the Transaction. The Projections were not prepared with a view toward public disclosure or toward compliance with IFRS, published guidelines of applicable securities regulatory authorities or the guidelines established by the Chartered Professional Accountants for preparation and presentation of prospective financial information. Neither D&H Group LLP, DDC's independent registered public accounting firm,

BDO Canada LLP, Volatus's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Projections.

The Pro Forma Financial Statements of the Combined Company is presented for illustrative purposes only and may not reflect the Combined Company's financial condition or results of operations following the Transaction.

The Pro Forma Financial Statements contained in this Information Circular are presented for illustrative purposes only as of its respective dates and may not reflect the financial condition or results of operations of the Combined Company following the Transaction for several reasons. The Pro Forma Financial Statements have been derived from the respective historical financial statements of DDC and Volatus. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the Pro Forma Financial Statements do not include, among other things, estimated cost or synergies, adjustments related to restructuring or integration activities, future acquisitions or disposals not yet known or probable. Therefore, the Pro Forma Financial Statements are presented for informational purposes only and are not necessarily indicative of what the Combined Company's actual financial condition or results of operations would have been had the Transaction been completed on the date indicated. Accordingly, the business, assets, results of operations and financial condition of the Combined Company may differ significantly from those indicated in the Pro Forma Financial Statements. See *"Information Concerning the Combined Company"* in Schedule K to this Information Circular for *pro forma* business, financial and share capital information relating to DDC and Volatus after giving effect to the Transaction.

Risks of New Business Strategy.

DDC and Volatus have not decided on the future intentions, plans or actions of the Combined Company, including whether the Combined Company will pursue a particular transaction or other strategic outcome following the Transaction, and DDC and Volatus have not set a specific timetable for completion of this process. Any such transaction or other strategic outcome the Combined Company does decide to pursue will be subject to a number of risk factors. The success of the Combined Company will depend to a large extent on the expertise, ability, judgment, discretion, integrity and good faith of its management. However, there is no assurance that the future business objectives of the Combined Company will actually be achieved and, as a result, the value of the DDC Shares may increase or decrease due to factors beyond the control of the Combined Company's management.

Risks relating to the businesses of DDC and Volatus.

The businesses of DDC and Volatus are subject to significant risks. See the risk factors related to DDC set out in the DDC Documents incorporated by reference in this Information Circular, as set out in *"Information Concerning DDC"* in Schedule I and the risk factors related to Volatus in *"Information Concerning Volatus– Risk Factors"* in Schedule J. While each of DDC and Volatus has completed due diligence investigations, including reviewing technical, environmental, legal, tax, accounting, financial and other matters, on the other Party, certain risks either may not have been uncovered or are not known at this time. Such risks may have an adverse impact on the Combined Company following the Transaction and may have a negative impact on the value of the shares of the Combined Company, including the DDC Common Shares issued as Consideration.

OTHER MATERIAL FACTS

There are no other material facts relating to the Transaction not disclosed elsewhere in this Information Circular.

INTEREST OF EXPERTS

Certain legal matters relating to the Transaction as described herein will be passed upon by Bennett Jones LLP on behalf of DDC and Wildeboer Dellelce LLP on behalf of Volatus. Partners of Bennett Jones LLP and its associates own, in the aggregate, less than 1% of all issued and outstanding DDC Shares and Volatus Shares, respectively, as of the date hereof. Partners of Wildeboer Dellelce LLP and its associates own, in the aggregate, less than 1% of all issued and outstanding DDC Shares and Volatus Shares, respectively, as of the date hereof.

National Bank Financial Inc. provided the DDC Fairness Opinion to the DDC Special Committee and the DDC Board in connection with the Transaction. Designated professionals (as defined Form 51-102F2 of NI 51-102) at National Bank Financial Inc., in the aggregate, own less than 1% of all issued and outstanding DDC Shares and Volatus Shares, respectively, as of the date hereof.

Echelon Capital Markets provided the Volatus Fairness Opinion to the Volatus Board and Volatus Special Committee in connection with the Transaction. Designated professionals at Echelon Capital Markets, in the aggregate, own less than 1% of all issued and outstanding DDC Shares and Volatus Shares, respectively, as of the date hereof.

ADDITIONAL INFORMATION

Additional information relating to DDC is available on DDC's profile on www.sedarplus.ca. Financial information in respect of DDC is provided in the DDC Annual Financial Statements and DDC Annual MD&A. DDC Shareholders may contact DDC at its head office address at 6-6221 Highway 7, Vaughan, Ontario L4H 0K8, to request copies of the DDC Annual Financial Statements or the DDC Annual MD&A.

Additional information relating to Volatus is available on Volatus' profile on www.sedarplus.ca. Financial information in respect of Volatus is provided in the Volatus Annual Financial Statements and Volatus Annual MD&A. Volatus Shareholders may contact Volatus at its registered office address at 60 Airport Road, Lake Simcoe Regional Airport, Oro-Medonte, ON L0L 2E0, to request copies of the Volatus Annual Financial Statements or the Volatus Annual MD&A.

The information contained or referred to in this Information Circular with respect to DDC and the DDC Subsidiary has been furnished by DDC. Volatus and its respective directors and officers have relied on the information relating to DDC as provided by DDC and take no responsibility for any errors in such information or omissions therefrom.

The information contained or referred to in this Information Circular with respect to Volatus and Volatus Subsidiaries has been furnished by Volatus. DDC and its respective directors and officers have relied on the information relating to Volatus and its Subsidiaries as provided by Volatus, respectively, and take no responsibility for any errors in such information or omissions therefrom.

DDC BOARD APPROVAL

The contents of this Information Circular and the sending thereof to the DDC Shareholders have been approved by the DDC Board.

DATED as of July 12, 2024.

BY ORDER OF THE BOARD OF DIRECTORS OF DRONE DELIVERY CANADA CORP.

"Steve Magirias"

Steve Magirias
Chief Executive Officer

VOLATUS BOARD APPROVAL

The contents of this Information Circular and the sending thereof to the Volatus Shareholders have been approved by the Volatus Board.

DATED as of July 12, 2024

BY ORDER OF THE BOARD OF DIRECTORS OF VOLATUS AEROSPACE CORP.

"Glen Lynch"

Glen Lynch
Chief Executive Officer & Director

CONSENT OF NATIONAL BANK FINANCIAL INC.

To the Board of Directors of Drone Delivery Canada Corp. ("**DDC**"):

Reference is made to the fairness opinion dated May 20, 2024 (the "**DDC Fairness Opinion**"), which we prepared for the special committee of independent directors of DDC and the board of directors of DDC in connection with the proposed business combination transaction involving DDC and Volatus Aerospace Corp. ("**Volatus**").

We hereby consent to the inclusion of the DDC Fairness Opinion, a summary of the DDC Fairness Opinion and the use of our firm name in the joint management information circular of DDC and Volatus dated July 12, 2024. In providing such consent, we do not intend or permit that any Person other than the special committee of independent directors of DDC and the board of directors of DDC may rely upon the DDC Fairness Opinion, which remains subject to the analyses, assumptions, limitations and qualifications contained therein.

DATED as of July 12, 2024

"National Bank Financial Inc."

NATIONAL BANK FINANCIAL INC.

CONSENT OF ECHELON WEALTH PARTNERS INC.

To the Board of Directors of Volatus Aerospace Corp. ("**Volatus**");

Reference is made to the fairness opinion dated May 20, 2024 (the "**Volatus Fairness Opinion**"), which we prepared for the special committee of independent directors of Volatus and the board of directors of Volatus in connection with the proposed business combination transaction between Drone Delivery Canada Corp. ("**DDC**") and Volatus.

We hereby consent to the inclusion of the Volatus Fairness Opinion, a summary of the Volatus Fairness Opinion and the use of our firm name in the joint management information circular of DDC and Volatus dated July 12, 2024. In providing such consent, we do not intend or permit that any Person other than the special committee of independent directors of Volatus and the board of directors of Volatus may rely upon the Volatus Fairness Opinion, which remains subject to the analyses, assumptions, limitations and qualifications contained therein.

DATED as of July 12, 2024

"Echelon Wealth Partners Inc."

ECHELON WEALTH PARTNERS INC.

SCHEDULE A
DDC TRANSACTION RESOLUTION

BE IT RESOLVED THAT:

1. The issuance by Drone Delivery Canada Corp. ("**DDC**") of such number of common voting shares in the capital of DDC, including those common voting shares of DDC (the "**DDC Common Shares**") that may become issuable upon the exercise or conversion of current outstanding options, warrants and convertible debentures of Volatus (as defined below) in accordance with their respective terms, as shall be necessary pursuant to the terms of that certain business combination agreement between DDC and Volatus Aerospace Corp. ("**Volatus**") dated as of May 20, 2024, as the same may be amended, supplemented or otherwise modified from time to time (the "**Business Combination Agreement**") in accordance with its terms and the Volatus Plan of Arrangement (as such capitalized term is defined in the Business Combination Agreement), as follows, is hereby authorized and approved:
 - (a) up to 224,345,513 DDC Common Shares to be issued under the Volatus Plan of Arrangement in respect of the Volatus Shares (as such capitalized term is defined in the Business Combination Agreement);
 - (b) up to 14,400,828 DDC Common Shares issuable in respect of the New DDC Options (as such capitalized term is defined in the Business Combination Agreement);
 - (c) up to 28,003,738 DDC Common Shares issuable in respect of the Volatus Warrants (as such capitalized term is defined in the Business Combination Agreement);
 - (d) up to 9,446,220 DDC Common Shares issuable in respect of the Volatus Debentures (as such capitalized term is defined in the Business Combination Agreement); and
 - (e) up to 406,034 DDC Common Shares to account for clerical and administrative matters, including the rounding of fractional DDC Common Share entitlements, the potential exercise or settlement, as applicable, of New DDC Options, Volatus Warrants and Volatus Debentures and the DDC Common Shares issuable to Echelon Wealth Partners Inc. pursuant to a letter agreement dated February 1, 2024 between Volatus and Echelon Wealth Partners Inc.
2. Any one director or officer of DDC be and is hereby authorized and directed for and on behalf of DDC to execute or cause to be executed and to deliver or cause to be delivered, under the corporate seal of DDC or otherwise, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, the Business Combination Agreement and the completion of the Transaction (as such capitalized term is defined in the Business Combination Agreement) in accordance with the terms of the Business Combination Agreement and the matters authorized thereby, including:
 - (a) all actions required to be taken by or on behalf of DDC, and all necessary filings and obtaining the necessary approvals, consents and acceptances of the appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Business Combination Agreement or otherwise to be entered into by DDC,

such determination, in each case, to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

SCHEDULE B
VOLATUS ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (the "**Volatus Arrangement**") under section 182 of the Business Corporations Act (Ontario) (the "Act") involving Volatus Aerospace Corp. ("**Volatus**") and Drone Delivery Canada Corp. ("**DDC**") and securityholders of Volatus, all as more particularly described and set forth in the joint management information circular of Volatus and DDC dated July 12, 2024 (the "**Circular**") accompanying the notice of this meeting (as the Volatus Arrangement may be, or may have been, modified or amended in accordance with its terms) and all the transactions contemplated thereby, are hereby authorized, approved and adopted;
2. the plan of arrangement of Volatus (the "**Volatus Plan of Arrangement**"), implementing the Volatus Arrangement, the full text of which is set out in Schedule B to the business combination agreement between Volatus and DDC dated May 20, 2024, as it may be amended, modified or supplemented in accordance with its terms (the "**BCA**"), which is attached as Schedule C to the Circular, (as the Volatus Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted
3. the BCA (including the Volatus Plan of Arrangement attached thereto) and all of the transactions contemplated therein, the actions of the directors of Volatus in approving the Volatus Arrangement, and the actions of the directors and officers of Volatus in executing and delivering the BCA and any amendments thereto and causing the performance by Volatus of its obligations thereunder, are hereby ratified and approved;
4. Volatus be and is hereby authorized to apply for a Final Order (as defined in the BCA) from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to approve the Volatus Arrangement on the terms set forth in the BCA and the Volatus Plan of Arrangement (as they may be or have been amended, modified or supplemented);
5. notwithstanding that this resolution has been passed (and the Volatus Arrangement approved) by the shareholders of Volatus or that the Volatus Arrangement has been approved by the Court, the directors of Volatus are hereby authorized and empowered, at their discretion, without further notice to, or approval of, the shareholders and securityholders of Volatus to:
 - (a) amend the BCA or the Volatus Plan of Arrangement to the extent permitted by the Business Combination Agreement or the Volatus Plan of Arrangement; or
 - (b) subject to the terms of the BCA, not proceed with the Volatus Arrangement, at any time prior to the issuance of the certificate giving effect to the Volatus Arrangement;
6. any director or officer of Volatus is hereby authorized and directed for and on behalf of Volatus to execute, whether under corporate seal of Volatus or otherwise, and to deliver such other documents as are necessary or desirable in accordance with the BCA for filing; and
7. any one or more directors or officers of Volatus is hereby authorized, for and on behalf and in the name of Volatus, to execute and deliver, whether under corporate seal of Volatus or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the BCA and the completion of the Volatus Plan of Arrangement in accordance with the terms of the BCA, including:
 - (a) all actions required to be taken by or on behalf of Volatus, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the BCA or otherwise to be entered into by Volatus;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**SCHEDULE C
VOLATUS PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Business Combination Agreement and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below (and grammatical variations of such terms shall have corresponding meanings):

- (a) **"Arrangement"** means the arrangement under the provisions of section 182 of the OBCA on the terms and subject to the conditions set out herein, subject to any amendments or variations thereto made in accordance with the Business Combination Agreement or Article 5 hereof or made at the direction of the Court in either the Interim Order or Final Order with the consent of DDC and Volatus, each acting reasonably;
- (b) **"Arrangement Resolution"** means the special resolution approving the Arrangement to be considered and, if thought fit, passed by the Volatus Shareholders, such resolution to be considered at the Volatus Meeting and to be substantially in the form and content of Schedule B to the Business Combination Agreement;
- (c) **"Articles of Arrangement"** means the articles of arrangement of Volatus in respect of the Arrangement, to be sent to the Director pursuant to the OBCA after the Final Order is made, which shall be in form and substance satisfactory to DDC and Volatus, each acting reasonably;
- (d) **"Business Combination Agreement"** means the business combination agreement dated as of May 20, 2024 between Volatus and DDC, as amended or supplemented prior to the Effective Date, which provides for, among other things, the Arrangement;
- (e) **"Business Day"** means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia or Toronto, Ontario are authorized or required by Applicable Law to be closed;
- (f) **"Certificate of Arrangement"** means the certificate of arrangement giving effect to the Arrangement, issued pursuant to subsection 183(2) of the OBCA after the Articles of Arrangement have been sent to and filed with the Director;
- (g) **"Circular"** means the notice of the DDC Meeting, the notice of the Volatus Meeting, and the accompanying joint management information circular of the Parties, including all schedules, appendices and exhibits thereto and enclosures therewith, as amended, supplemented or otherwise modified from time to time, to be sent to the DDC Shareholders, Volatus Shareholders, and each other Person required by the Interim Order or Applicable Laws, in connection with the DDC Meeting and Volatus Meeting;
- (h) **"Consideration"** means, with respect to each Volatus Share, a number of DDC Common Shares equal to the Exchange Ratio;
- (i) **"Consideration Shares"** means the DDC Common Shares to be issued by DDC to Volatus Shareholders pursuant to Section 2.3(b) of this Plan of Arrangement;

- (j) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (k) **"DDC"** means Drone Delivery Canada Corp., a corporation existing under the laws of the Province of British Columbia;
- (l) **"DDC Common Shares"** means the common voting shares in the capital of DDC;
- (m) **"Depository"** means any entity agreed to in writing by DDC and Volatus for the purpose of, among other things, exchanging certificates representing Volatus Shares for the Consideration Shares in connection with the Arrangement;
- (n) **"Dissent Rights"** means the right to dissent in connection with the Plan of Arrangement granted to registered Volatus Shareholders by the Court in the Interim Order and in accordance with Section 185 of the OBCA, as modified by Article 3 hereof, the Interim Order and the Final Order;
- (o) **"Dissenting Shareholder"** means a registered Volatus Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, and who is ultimately entitled to be paid fair value for his, her or its Volatus Shares, in strict compliance with Article 3 hereof;
- (p) **"DRS Statement"** means, in relation to Volatus Shares, written evidence of the book entry issuance or holding of such shares issued to the holder by the transfer agent of such shares;
- (q) **"Effective Date"** means the date upon which the Arrangement becomes effective as established by the date shown on the Certificate of Arrangement;
- (r) **"Effective Time"** means 12:01 a.m. on the Effective Date;
- (s) **"Exchange Ratio"** means 1.785;
- (t) **"Final Order"** means the order made after application to the Court approving the Arrangement, in form and substance acceptable to Volatus and DDC, each acting reasonably, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (u) **"Former Volatus Shareholders"** means, at and following the Effective Time, holders of Volatus Shares (other than Dissenting Shareholders) immediately prior to the Effective Time;
- (v) **"Interim Order"** means the order made after application to the Court, in form and substance acceptable to Volatus and DDC, each acting reasonably, containing declarations and directions in respect of the notice to be given and the conduct of the Volatus Meeting and the Arrangement, as such order may be amended, supplemented or varied by the Court;
- (w) **"In-the-Money Amount"** means, in respect of a Volatus Option or New DDC Option, as applicable, at any time, the positive amount, if any, at that time, by which (i) the aggregate fair market value of the Volatus Shares or DDC Common Shares, as applicable, underlying such option at that time, exceeds (ii) the aggregate purchase price payable at that time pursuant to such option in order to acquire the Volatus Shares or DDC Common Shares, as applicable, underlying such option;
- (x) **"Letter of Transmittal"** means the letter of transmittal to be sent to Volatus Shareholders for use in connection with the Arrangement;
- (y) **"Liens"** means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, royalty, levy, right to possession or any other encumbrance, easement, license, right of first refusal, covenant, voting trust or agreement, transfer restriction under any shareholder or similar agreement, right or restriction of any kind or nature whatsoever, whether contingent or absolute, direct or indirect, or any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

- (z) **"OBCA"** means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time prior to the Effective Date;
- (aa) **"New DDC Options"** means the options to acquire DDC Common Shares issued to holders of Volatus Options pursuant to Section 2.3 of this Plan of Arrangement.
- (bb) **"person"** includes an individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or Governmental Authority or other entity, whether or not having legal status;
- (cc) **"Plan of Arrangement"** means this plan of arrangement and any amendments or variations hereto made in accordance with the Business Combination Agreement and Article 5 hereof or made at the direction of the Court in either the Interim Order or Final Order with the consent of Volatus and DDC, each acting reasonably;
- (dd) **"Securities Act"** means the *Securities Act* (Ontario) and the instruments, rulings, blanket orders, rules, regulations and published policies made thereunder;
- (ee) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (ff) **"U.S. Securities Act"** means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;
- (gg) **"Volatus"** means Volatus Aerospace Corp., a corporation existing under the laws of the Province of Ontario;
- (hh) **"Volatus Debenture Indenture"** means the debenture indenture dated May 11, 2023 between Volatus and TSX Trust Company, as trustee.
- (ii) **"Volatus Debentures"** means the outstanding senior unsecured convertible debentures created and issued pursuant to the Volatus Debenture Indenture, which are convertible into Volatus Shares and have not been converted prior to the Effective Time;
- (jj) **"Volatus Meeting"** means the special meeting of Volatus Shareholders, including any adjournments or postponements thereof, to be called and held in accordance with the Interim Order, to among other things, consider and, if deemed advisable, approve the Arrangement Resolution and all other matters requiring approval pursuant to the terms and conditions of the Business Combination Agreement or the Interim Order;
- (kk) **"Volatus Option Plan"** means the Volatus stock option plan effective as of December 21, 2021;
- (ll) **"Volatus Options"** means options to acquire Volatus Shares granted under the Volatus Option Plan which are outstanding immediately prior to the Effective Time and unexercised, whether or not vested;
- (mm) **"Volatus Preferred Shares"** means the Class A preferred shares in the capital of Volatus;
- (nn) **"Volatus Securities"** means, collectively, the Volatus Shares, Volatus Options, Volatus Warrants, Volatus Debentures and Volatus Preferred Shares;
- (oo) **"Volatus Share Certificate"** means a certificate representing Volatus Shares;
- (pp) **"Volatus Shareholder"** means a holder of one or more Volatus Shares;
- (qq) **"Volatus Shares"** means the common shares in the capital of Volatus; and

- (rr) **"Volatus Warrants"** means warrants to acquire Volatus Shares which are outstanding immediately prior to the Effective Time and unexercised.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections and other portions and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Toronto, Ontario unless otherwise stipulated herein.

1.7 Currency

Unless otherwise stated, all references in this Plan of Arrangement to amounts of money are expressed in lawful money of Canada, and "\$" refers to Canadian dollars.

ARTICLE 2 ARRANGEMENT

2.1 Business Combination Agreement

This Plan of Arrangement is made pursuant to the provisions of the Business Combination Agreement and forms a part of the Business Combination Agreement. If there is any conflict or inconsistency between the provisions of this Plan of Arrangement and the provisions of the Business Combination Agreement, the provisions of this Plan of Arrangement shall govern.

2.2 Binding Effect

This Plan of Arrangement constitutes an arrangement as referred to in section 182 of the OBCA. The Arrangement will become effective at the Effective Time, and will be binding at and after the Effective Time on: (i) Volatus; (ii) DDC; (iii) all Volatus Shareholders; (iv) all holders of Volatus Options; (v) all holders of Volatus Warrants; (vi) all holders of Volatus Debentures; and (vii) the Depositary.

2.3 The Arrangement

Commencing at the Effective Time, the following steps and transactions shall, unless specifically provided otherwise in this Section 2.3, occur and be deemed to occur sequentially in the following order without any further act or formality, in each case at one-minute intervals starting at the Effective Time:

- (a) Each Volatus Share held by a Dissenting Shareholder shall be, and shall be deemed to be, transferred and assigned to Volatus by the holder thereof for cancellation, without any further act or formality on the part of the holder (free and clear of all Liens) and:
 - (i) Volatus shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 3 hereof;
 - (ii) the name of such holder shall be removed from the securities register of Volatus as a holder of Volatus Shares and such holder shall cease to be the holder of such shares and to have any rights as a Volatus Shareholder other than the right to be paid the fair value for such Volatus Shares as determined and payable in accordance with Article 3 hereof;
 - (iii) the Volatus Shares so transferred shall be cancelled;
 - (iv) the holder of such Volatus Shares immediately prior to such transfer and assignment shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Volatus Shares to Volatus; and
 - (v) the stated capital account maintained by Volatus in respect of the Volatus Shares shall be reduced by an amount equal to the product obtained when (i) the amount of the stated capital account in respect of the Volatus Shares immediately prior to the Effective Time, is multiplied by (ii) a fraction, the numerator of which is the number of Volatus Shares transferred and cancelled pursuant to this Section 2.3(a) and the denominator of which is the number of Volatus Shares outstanding immediately prior to the Effective Time.
- (b) Each issued and outstanding Volatus Share (other than Volatus Shares held by the Dissenting Shareholders) shall be, and shall be deemed to be, transferred by the holder thereof, without any further act or formality on the part of the holder, to DDC (free and clear of all Liens), in exchange for the Consideration, and:
 - (i) the holders of such Volatus Shares shall cease to be the holders thereof and to have any rights as holders of such Volatus Shares other than the right to receive the Consideration per Volatus Share in accordance with this Plan of Arrangement;
 - (ii) such holders' names shall be removed from the register of the Volatus Shares maintained by or on behalf of Volatus;
 - (iii) DDC shall be deemed to be the transferee and the legal and beneficial holder of such Volatus Shares (free and clear of all Liens) and shall be entered as the registered holder of such Volatus Shares in the register of the Volatus Shares maintained by or on behalf of Volatus; and
 - (iv) each Former Volatus Shareholder shall be entered in the register of the DDC Common Shares maintained by or on behalf of DDC as the registered holder of the DDC Common Shares which such holder is entitled to receive pursuant to this Section 2.3(b).
- (c) Each Volatus Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be, and shall be deemed to be, exchanged for a New DDC Option to acquire from

DDC, other than as provided herein, the number of DDC Common Shares equal to the product obtained when (A) the number of Volatus Shares subject to such Volatus Option immediately prior to the Effective Time, is multiplied by (B) the Exchange Ratio, provided that if the foregoing would result in the issuance of a fraction of a DDC Common Share on any particular exercise of New DDC Options, then the number of DDC Common Shares otherwise issued shall be rounded down to the nearest whole number of DDC Common Shares; and the exercise price per DDC Common Share subject to a New DDC Option shall be an amount equal to the quotient obtained by dividing: (A) the exercise price per Volatus Share subject to such Volatus Option immediately before the Effective Time, by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a Volatus Option for a New DDC Option. Therefore, notwithstanding the foregoing, in the event that the In-the-Money Amount in respect of a New DDC Option immediately following the exchange exceeds the In-the-Money Amount in respect of the Volatus Option for which it is exchanged immediately prior to the exchange, the number of DDC Common Shares which may be acquired on exercise of the New DDC Option will be adjusted accordingly with effect at and from the effective time of the exchange to ensure that the In-the-Money Amount in respect of the New DDC Option immediately following the exchange does not exceed the In-the-Money Amount in respect of the Volatus Option immediately prior to the exchange. All other terms and conditions of each of the New DDC Options, including the term to expiry, will be the same as the Volatus Option for which it was exchanged, provided that (i) the expiry date for New DDC Options held by a person who ceases to be an eligible participant pursuant to the DDC Stock Option Plan at (or immediately before or after) the Effective Time may, if approved by the DDC Board as constituted immediately following the completion of the Arrangement, not be accelerated to a date less than twelve (12) months from the Effective Time by reason of such person ceasing to be an eligible participant, and (ii) each New DDC Option shall otherwise be governed by and be subject to the terms of the DDC Stock Option Plan. Any document previously evidencing Volatus Options will thereafter evidence and be deemed to evidence the New DDC Options issued in exchange therefor and no certificates evidencing the New DDC Options will be issued and the New DDC Options shall be governed by and be subject to such certificates, other than as amended hereby.

- (d) The Volatus Option Plan shall be, and shall be deemed to be, terminated and of no further force and effect.
- (e) In accordance with the terms of the Volatus Warrants, each holder of a Volatus Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Volatus Warrant, in accordance with its terms, and shall accept in lieu of each Volatus Share to which such holder was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the Consideration.
- (f) each Volatus Debenture that is not converted or redeemed, whether conditionally or otherwise, prior to the Effective Time, shall, without any further action on the part of any holder of such Volatus Debentures, be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture Indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places.
- (g) All Volatus Preferred Shares outstanding immediately prior to the Effective Time shall remain outstanding unaffected by this Plan of Arrangement, and DDC covenants and agrees to, or to cause Volatus to, abide by all of the covenants and obligations of Volatus under the Articles of Volatus as of the Effective Time.

Each holder of Volatus Securities, with respect to each step set out above applicable to such holder, as applicable, shall be deemed, at the time such step occurs, to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to surrender, settle and/or transfer such Volatus Securities in accordance with such step.

2.4 U.S. Securities Laws

The Arrangement shall be structured such that, assuming the Final Order is obtained, the issuance of the Consideration Shares and the New DDC Options under the Arrangement will not require registration under the U.S. Securities Act, and the rules and regulations promulgated thereunder, in reliance on Section 3(a)(10) thereof. Holders of Volatus Options entitled to receive New DDC Options will be advised that the New DDC Options issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued by DDC in reliance on the Section 3(a)(10) thereof, but that such exemption does not exempt the issuance of securities upon the exercise of such New DDC Options; therefore, the underlying DDC Common Shares issuable upon the exercise of the New DDC Options, if any, cannot be issued in the United States in reliance upon Section 3(a)(10) of the U.S. Securities Act and the New DDC Options may only be exercised pursuant to an effective registration statement or pursuant to a then available exemption from the registration requirements of the U.S. Securities Act and applicable securities laws of any state of the United States.

2.5 Transfer Free and Clear

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens.

2.6 Fully Paid Shares

All DDC Common Shares issued pursuant to this Plan of Arrangement (including any DDC Common Shares issued pursuant to the exercise or conversion of New DDC Options, Volatus Warrants and Volatus Convertible Debentures) shall be fully paid and non-assessable, and DDC shall be deemed to have received the full consideration therefor and as all or a portion of such consideration may not be cash consideration, any such non-cash consideration is deemed to have a value that is not less in value than the fair equivalent of the cash consideration that DDC would have received had the applicable shares been issued for cash consideration.

2.7 Effective Time of Arrangement

The exchanges, issuances and cancellations provided for in Section 2.3 shall be deemed to occur at the time and in the order specified in Section 2.3, notwithstanding that certain of the procedures related thereto are not completed until after such time.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

- (a) Registered Volatus Shareholders may exercise Dissent Rights in connection with the Arrangement pursuant to and in the manner set forth in section 185 of the OBCA as modified by the Interim Order and this Section 3.1; provided that, notwithstanding subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by Volatus not later than 5:00 p.m. on the Business Day immediately preceding the date of the Volatus Meeting (as it may be adjourned or postponed from time to time).
- (b) Volatus Shareholders who duly and properly exercise such Dissent Rights and who:
 - (i) are ultimately entitled to be paid fair value for their Volatus Shares (i) shall be deemed to have transferred the Volatus Shares with respect to which such Volatus Shareholders exercised Dissent Rights to Volatus in accordance with Section 2.3(a), and (ii) shall be entitled to be paid the fair value of such Volatus Shares by Volatus, which shall be the fair value of such Volatus Shares as of the close of business on the

day before the Arrangement Resolution is adopted by Volatus Shareholders, and will not be entitled to any other payment or consideration to which such Volatus Shareholders would have been entitled under the Arrangement had such Volatus Shareholders not exercised Dissent Rights in respect of Volatus Shares; or

- (ii) are ultimately not entitled, for any reason, to be paid fair value for such Volatus Shares, then such Volatus Shareholders shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Volatus Shares,

but in no case shall Volatus or any other Person be required to recognize such Volatus Shareholders as holders of Volatus Shares after the Effective Time, and the names of such Volatus Shareholders shall be removed from the register of holders of Volatus Shares at the Effective Time.

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall DDC, Volatus or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Volatus Shares in respect of which such Dissent Rights are sought to be exercised.
- (b) In addition to any other restrictions under section 185 of the OBCA, the Interim Order, and Section 3.1 of this Plan of Arrangement, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Volatus Options, Volatus Warrants, Volatus Debentures and Volatus Preferred Shares, and (ii) Volatus Shareholders who vote or have instructed (without revocation) a proxyholder to vote such Volatus Shares in favour of the Arrangement Resolution (but only in respect of such Volatus Shares).

ARTICLE 4 CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

- (a) DDC shall, following receipt of the Final Order and prior to the Effective Date, deliver or arrange to be delivered to the Depositary certificates or DRS Statement(s) representing the Consideration Shares required to be issued to the Volatus Shareholders in accordance with Section 2.3(b) hereof, which securities shall be held by the Depositary as agent and nominee for such Former Volatus Shareholders for distribution to such Former Volatus Shareholders.
- (b) Concurrently with the mailing of the Circular, Volatus shall send a Letter of Transmittal and instructions (in a form reasonably acceptable to DDC and Volatus) to each Volatus Shareholder.
- (c) If the Arrangement becomes effective, then upon delivery to the Depositary of a duly completed and validly executed Letter of Transmittal, together with one or more Volatus Share Certificate(s) or DRS Statement(s), such other documents and instruments as would have been required to effect the transfer of the Volatus Shares formerly represented by such certificate under the OBCA and the Articles and by-laws of Volatus and such additional documents and instruments as the Depositary may reasonably require:
 - (i) a Former Volatus Shareholder shall be entitled to receive in exchange for the Volatus Shares formerly held by such Former Volatus Shareholder, a certificate or DRS Statement representing the aggregate Consideration that such Former Volatus Shareholder has the right to receive therefor in accordance with this Plan of Arrangement (rounded down to the nearest whole number in accordance with Section 4.5), and any dividends or distributions, if any, with respect to such Consideration Shares pursuant to Section 4.3; and
 - (ii) any Volatus Share Certificate(s) or DRS Statement(s) so surrendered shall forthwith be cancelled.

- (d) Upon surrender to the Depositary for cancellation of a Volatus Share Certificate, together with a properly submitted Letter of Transmittal, with such other documents and instruments as would have been required to effect the transfer of the Volatus Shares formerly represented by such certificate or DRS Statement under the OBCA and the Articles and by-laws Volatus and such additional documents and instruments as the Depositary may reasonably require, after the Effective Time, the Depositary shall cause the Consideration Shares to be delivered to the Former Volatus Shareholder as instructed by such holder in the Letter of Transmittal and, until so surrendered, each outstanding Volatus Share Certificate or DRS Statement shall be deemed, from and after the Effective Time for all purposes, to evidence only the right to receive, upon such surrender, the Consideration for each such share pursuant to the Plan of Arrangement.
- (e) To the extent that a Former Volatus Shareholder shall not have complied with the provisions of this Section 4.1 and this Plan of Arrangement on or before the sixth anniversary of the Effective Date, any Volatus Share Certificate(s) or DRS Statement(s) which immediately prior to the Effective Time represented Volatus Shares held by such Former Volatus Shareholder shall cease to represent a claim by, or interest of any kind or nature, against or in Volatus or DDC and the Consideration Shares that such Former Volatus Shareholder was otherwise entitled to receive shall be deemed to have been surrendered to DDC (and shall be automatically cancelled), together with all entitlements to dividends, distributions and interest thereon held for such Former Volatus Shareholder.

4.2 Lost Certificates

- (h) If any Volatus Share Certificate that immediately prior to the Effective Time represented one or more outstanding Volatus Shares shall have been lost, stolen or destroyed, then, upon the making of an affidavit of that fact by the person claiming such Volatus Share Certificate to be lost, stolen or destroyed, the Depositary shall, in exchange for such lost, stolen or destroyed Volatus Share Certificate, deliver the Consideration Shares deliverable in accordance with such Volatus Shareholder's Letter of Transmittal (and any dividends or distributions, if any, with respect to such Consideration Shares pursuant to Section 4.3).
- (i) When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such payment;
 - (i) give a bond satisfactory to DDC and the Depositary (acting reasonably) in such sum as DDC or the Depositary may direct; or
 - (ii) indemnify DDC, Volatus and the Depositary in a manner satisfactory to DDC, Volatus and the Depositary (acting reasonably), against any claim that may be made against DDC, Volatus and the Depositary with respect to the Volatus Share Certificate alleged to have been lost, stolen or destroyed.

4.3 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or paid after the Effective Time with respect to DDC Common Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered Volatus Share Certificate or DRS Statement that, immediately prior to the Effective Time, represented outstanding Volatus Shares unless and until the holder of such certificate shall have complied with the provisions of Section 4.1 (and if applicable Section 4.2) hereof. Subject to Applicable Law and to Section 4.4 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the DDC Common Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of any dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such DDC Common Shares, net of any applicable withholding and other taxes.

4.4 Withholding Rights

Each of DDC, Volatus and the Depositary, as applicable, will be entitled to deduct and withhold from any amounts payable or otherwise deliverable to any Person pursuant to this Plan of Arrangement (including, for greater certainty, Volatus Securityholders and Dissenting Shareholders) such Taxes or other amounts as DDC, Volatus or the Depositary are required or permitted, or reasonably believe they are required or permitted, to deduct or withhold in connection with such payment or delivery under the Tax Act, or any other provisions of any Applicable Law. To the extent that amounts so deducted and withheld are remitted to the appropriate Governmental Authority in the time and manner required by the Applicable Law, such deducted, withheld and remitted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such Person in respect of which such deduction, withholding and remittance was made. Each of DDC, Volatus and the Depositary is hereby authorized to sell or dispose (on behalf of the applicable Person in respect of which such deduction, withholding and remittance is to be made) of such portion of Consideration Shares deliverable as consideration hereunder as is necessary to provide sufficient funds to enable it to implement such deduction, withholding and remittance, and DDC, Volatus and the Depositary, as applicable, will notify the holder thereof and remit to the holder any unapplied balance of the net proceeds of such sale.

4.5 No Fractional Shares

Notwithstanding anything herein, in no event shall any Volatus Shareholder be entitled to a fractional DDC Common Share. Where the aggregate number of Consideration Shares to be issued to a Volatus Shareholder as consideration under the Arrangement would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be received by such Volatus Shareholder shall be rounded down to the nearest whole Consideration Share.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) Volatus and DDC may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must:
 - (i) be set out in writing,
 - (ii) be approved by Volatus and DDC;
 - (iii) be filed with the Court and, if made following the Volatus Meeting, approved by the Court; and
 - (iv) communicated to Volatus Shareholders if and as required by the Court.
- (b) If, notwithstanding Section 5.1(a), any amendment, modification or supplement to this Plan of Arrangement is proposed by Volatus or DDC (subject to the written consent of DDC or Volatus, respectively) at any time prior to the Volatus Meeting without any prior notice or communication and such amendment, modification or supplement is accepted by the persons voting at the Volatus Meeting (other than as may be required under the Interim Order), then such amendment, modification or supplement shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Volatus Meeting shall be effective only if:
 - (i) it is consented to by each of Volatus and DDC (in each case, acting reasonably); and
 - (ii) if required by the Court, then it is consented to by holders of Volatus Shares voting in the manner directed by the Court.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by DDC, provided that it concerns a matter which, in the reasonable opinion of DDC, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Former Volatus Shareholder or any Person who was, immediately prior to the Effective Time, a DDC Shareholder.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Business Combination Agreement.

ARTICLE 6 FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Business Combination Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

6.2 Paramountcy

From and after the Effective Time:

- (a) This Plan of Arrangement shall take precedence and priority over any and all rights related to Volatus Shares and Volatus Options;
- (b) the rights and obligations of the holders of Volatus Shares and Volatus Options and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Volatus Shares and Volatus Options shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

SCHEDULE D
DDC FAIRNESS OPINION

As attached.

May 20, 2024

To the Board of Directors of Drone Delivery Canada Inc.
6-6221 Highway 7
Vaughan, Ontario L4H 0R6

To the Board of Directors:

National Bank Financial Inc. (“NBF”, “we”, or “us”) understands that Drone Delivery Canada Corp. (“Drone Delivery Canada”, “DDC”, or the “Company”) and Volatus Aerospace Corp. (“Volatus”, “VOL”, or the “Target”) are contemplating entering into a business combination agreement dated May 21, 2024 (the “Combination Agreement”). Under the terms of the Combination Agreement, Drone Delivery Canada will acquire all of the issued and outstanding common shares of Volatus (each a “Volatus Share”, and collectively the “Volatus Shares”). Each holder of a Volatus Share (the “Volatus Shareholders”) will receive 1.785 common shares of DDC (“DDC Shares”) for each Volatus Share, resulting in the issuance of 224,345,513 DDC Common Shares (the “Consideration”).

The transaction contemplated by the Combination Agreement will be effected pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (Ontario) (the “Arrangement”) and will require: (i) the approval of a simple majority of the votes cast by the holders of DDC Shares at a special meeting (the “DDC Special Meeting”; (ii) the approval of at least 66 2/3% of the votes cast on the Arrangement by Volatus Shareholders at a special meeting (the “Volatus Special Meeting”) and, if required, (iii) the approval of a simple majority of the votes cast on the Arrangement by Volatus Shareholders at the Volatus Special Meeting excluding the votes for Volatus Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), if any, at a special meeting. The terms and conditions of the Arrangement will be more fully described in a joint management information circular (the “Circular”) which will be prepared by each of Drone Delivery Canada and Volatus and mailed to the holders of DDC Shares and Volatus Shares in connection with the DDC Special Meeting and the Volatus Special Meeting to seek requisite shareholder approval of the Arrangement.

NBF further understands that officers, directors and shareholders of Volatus and Drone Delivery Canada have entered into voting and support agreements pursuant to which they have agreed to vote their shares in favour of the Arrangement.

Engagement of National Bank Financial

Pursuant to an engagement agreement dated January 25, 2024 the (“Engagement Agreement”), Drone Delivery Canada retained the services of NBF as financial advisor in connection with the Arrangement, which services include providing advice and assistance to the Company with respect to the Arrangement and the preparation and delivery of an opinion (the “Fairness Opinion”) to the Board of Directors of the Company (the “Board”) as to whether the Consideration to be paid by Drone Delivery Canada pursuant to the Arrangement, is fair, from a financial point of view, to the Company.

NBF understands that the Fairness Opinion and a summary thereof will be included in the Circular to be mailed to shareholders of Drone Delivery Canada and Volatus in connection with the Arrangement and, subject to the terms of the Engagement Agreement, NBF consents to such disclosure. NBF has not been

asked to prepare and has not prepared a formal valuation of Drone Delivery Canada or Volatus under MI 61-101, or a valuation of any of the securities or assets of Drone Delivery Canada or Volatus and this Fairness Opinion should not be construed as such.

NBF will be paid fees for its services as financial advisor to the Company, including for the delivery of the Fairness Opinion. A substantial portion of the fees payable to NBF are contingent on completion of the Arrangement or an alternative transaction, however, no part of the fees payable for the delivery of the Fairness Opinion are contingent on the opinion being favourable or upon the success of the Arrangement. In addition, NBF is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Drone Delivery Canada in certain circumstances.

Relationship with Interested Parties

NBF is not an “associated” or “affiliated” entity or an “issuer insider” (as such terms are used in MI 61-101) of Drone Delivery Canada, Volatus, or any of their respective associates or affiliates (collectively, the “Interested Parties”), nor is it acting as a financial advisor to Volatus in connection with the Arrangement.

Other than in respect of the Engagement Agreement, there are no other understandings, agreements or commitments between NBF and any of the Interested Parties with respect to any current or future business dealings which would be material to the Fairness Opinion. NBF may, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

NBF acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of Drone Delivery Canada or Volatus and, from time to time, may have executed or may execute transactions for such companies and clients from whom it received or may receive compensation. NBF, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Drone Delivery Canada and Volatus.

The fees paid to NBF pursuant to the Engagement Agreement are not, in the aggregate, financially material to NBF and do not give NBF any financial incentive in respect of the conclusions reached in the Fairness Opinion, or the outcome of the Arrangement.

Credentials of NBF

NBF is a leading Canadian investment dealer whose businesses include corporate finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Fairness Opinion is the opinion of NBF, and the form and content herein has been reviewed and approved for release by a group of managing directors of NBF, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Scope of Review

In connection with rendering our Fairness Opinion, we have reviewed and relied upon, or carried out (as the case may be), among other things, the following:

- a) Draft of the Business Combination Agreement and the Plan of Arrangement in connection therewith dated May 21st, 2024;
- b) Publicly available documents regarding DDC and Volatus, including annual and quarterly reports, financial statements, annual information forms, management information circulars, press releases, public material contracts and agreements, and other regulatory filings deemed relevant;
- c) Trading statistics and selected financial information of DDC, Volatus and other selected public companies;

- d) Comparable precedent transactions considered by NBF to be relevant in the circumstances;
- e) Internal financial models prepared by DDC and Volatus management including their respective internal business plan for 2024, and long-range forecast for the fiscal years ending December 31, 2025, 2026, 2027, and 2028;
- f) Detailed pro forma model including forecasts for the fiscal years ending December 31, 2024 to December 31, 2028 reflecting the discussions between the executive teams of DDC and Volatus including a detailed overview of the synergy potential of the combined company;
- g) Discussions with senior management of DDC and Volatus;
- h) Discussions with the Board and the Special Committee of the Board of DDC (the “Special Committee”);
- i) Access to virtual data rooms for both DDC and Volatus containing detailed confidential information including, but not limited to, detailed financial and accounting information, customer information including material contracts, supplier and procurement information, property and equipment information, legal and organizational documents, human resource matters, insurance and IT documents, amongst others;
- j) Certain other non-public information prepared and provided to NBF by DDC and Volatus, primarily financial in nature, concerning the business, assets, liabilities, and prospects;
- k) In addition to the written information described above, NBF participated in discussions with DDC’s management and the Special Committee with regards to, among other things, the Arrangement as well as DDC’s business, operations, financial position, budget, liquidity requirements, and prospects;
- l) NBF also participated in discussions with Volatus’ senior management team and their advisors with regards to, among other things, the proposed Arrangement, as well as Volatus’ business, operations, financial position, budget, and prospects;
- m) Consultation with legal advisors to the Board and the Special Committee ;
- n) A certificate, addressed to NBF, dated May 14, 2024, from the CEO and CFO of DDC, regarding the completeness and reasonableness of the information upon which this Opinion is based;
- o) A certificate, addressed to NBF, dated May 14, 2024, from the CEO and CFO of Volatus, regarding the completeness and reasonableness of the information upon which this Fairness Opinion is based; and
- p) Such other corporate, industry and financial market information, analysis and discussions as NBF considered necessary or appropriate in the circumstances;

NBF has not, to the best of its knowledge, been denied access by DDC to any information under the control of DDC that has been requested by NBF.

Prior Valuations

Senior officers of Drone Delivery Canada have represented to NBF that, to the best of their knowledge, there have been no prior valuations (as defined for the purposes of MI 61-101) of Drone Delivery Canada or any of its material assets or subsidiaries prepared within the past twenty-four (24) months.

Senior officers of Volatus have represented to NBF that, to the best of their knowledge, there have been no prior valuations (as defined for the purposes of MI 61-101) of Volatus or any of its material assets or subsidiaries prepared within the past twenty-four (24) months.

Assumptions and Limitations

NBF has relied upon the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us (including all of the documents and other information referred to above under “Scope of Review”) from public sources, or provided to us by Drone Delivery Canada or Volatus, their respective subsidiaries or their respective directors, officers, associates, affiliates, consultants, advisors and representatives (collectively, the “Information”). We have assumed that the Information did not omit to state any material fact or any fact necessary to be stated to make the Information not misleading. Our Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. We have not been requested

to nor, subject to the exercise of professional judgment, have we attempted to verify independently the completeness, accuracy or fair presentation of the Information or any of it.

Senior officers of Drone Delivery Canada have represented to NBF in a certificate delivered as of the date hereof, among other things, that (i) the Information provided orally by, or in the presence of, an officer or employee of Drone Delivery Canada or in writing by Drone Delivery Canada or any of its subsidiaries, associates or affiliates or their respective representatives, was, at the date the Information was provided to NBF, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of Drone Delivery Canada, its subsidiaries or the Arrangement and did not and does not omit to state a material fact in respect of Drone Delivery Canada, its subsidiaries or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any such statement was made; and that (ii) since the dates on which such Information was provided to NBF, except as disclosed to NBF, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Drone Delivery Canada or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion. With respect to any forecasts, projections, estimates and/or budgets provided by Drone Delivery Canada or, in the case of the Volatus forecast, reviewed by Drone Delivery Canada and used in its analyses, NBF notes that projecting future results of any company is inherently subject to uncertainty. NBF has assumed, however, that such forecasts, projections, estimates and/or budgets were prepared or reviewed using the assumptions identified therein and that such assumptions in the opinion of Drone Delivery Canada, are (or were at the time) reasonable in the circumstances.

NBF has relied upon forecasts, projections, estimates and budgets provided by Drone Delivery Canada, each assumed to be reasonably prepared, reflecting the best currently available assumptions, estimates and judgments of Drone Delivery Canada management considering Drone Delivery Canada's business, plans, financial condition and prospects, and are not, in the reasonable belief of Drone Delivery Canada management, misleading in any material respect. In respect of Volatus, NBF has relied upon forecasts, projections, estimates, and budgets provided by Volatus and reviewed by Drone Delivery Canada, each assumed to be reasonably prepared, reflecting the best currently available assumptions, estimates and judgments of Volatus's management considering the financial and other information and data, advice, opinions, representations and other material provided to Drone Delivery Canada by Volatus with respect to Volatus's business, plans, financial condition and prospects.

Senior officers of Volatus have represented to NBF in a certificate delivered as of the date hereof, among other things, that (i) the Information provided orally by, or in the presence of, an officer or employee of Volatus or in writing by Volatus or any of its subsidiaries, associates or affiliates or their respective representatives, was, at the date the Information was provided to NBF, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of Volatus, its subsidiaries or the Arrangement and did not and does not omit to state a material fact in respect of Volatus, its subsidiaries or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any such statement was made; and that (ii) since the dates on which such Information was provided to NBF, except as disclosed to NBF, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Volatus or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion. With respect to any forecasts, projections, estimates and/or budgets provided by Volatus and used in its analyses, NBF notes that projecting future results of any company is inherently subject to uncertainty. NBF has assumed, however, that such forecasts, projections, estimates and/or budgets were prepared or reviewed using the assumptions identified therein and that such assumptions in the opinion of Volatus, are (or were at the time) reasonable in the circumstances.

NBF has relied upon forecasts, projections, estimates and budgets provided by Volatus, each assumed to be reasonably prepared, reflecting the best currently available assumptions, estimates and judgments of Volatus management considering Volatus' business, plans, financial condition and prospects, and are not, in the reasonable belief of Volatus' management, misleading in any material respect.

NBF has assumed that, in all respects material to its analysis, the representations and warranties of the parties to the Arrangement Agreement contained therein are complete, true and correct in all material respects, such parties will each perform all of the respective covenants and agreements to be performed by them under the Arrangement Agreement, and all conditions to the obligations of such parties as specified in the Arrangement Agreement will be satisfied or waived. NBF has also assumed that all material approvals and consents required in connection with the consummation of the Arrangement will be obtained and, that in connection with any necessary approvals and consents, no limitations, restrictions or conditions will be imposed that would have an adverse effect on Drone Delivery Canada or Volatus.

This Fairness Opinion does not address the relative merits of the Arrangement as compared to other business strategies or transactions that might be available with respect to Drone Delivery Canada or of Drone Delivery Canada's underlying business decision to effect the Arrangement or any other term or aspect of the Arrangement or the Arrangement Agreement or any other agreement entered into or amended in connection with the Arrangement.

NBF did not meet with the auditors of Drone Delivery Canada or Volatus and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of Drone Delivery Canada and Volatus and any reports of the auditors thereon. We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement and have relied upon, without independent verification, the assessment by Drone Delivery Canada and Volatus and their legal and tax advisors with respect to such matters. We express no opinion as to the value at which the Drone Delivery Canada Shares may trade following completion of the Arrangement.

This Fairness Opinion is rendered as at the date hereof and on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Drone Delivery Canada and Volatus as they are reflected in the Information and as they were represented to us in our discussions with the management and directors of Drone Delivery Canada and Volatus. In our analyses and in connection with the preparation of our Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of NBF and any party involved in the Arrangement. This Fairness Opinion is provided to the Board for their respective use only and may not be relied upon by any other person. NBF disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of NBF after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, NBF reserves the right to change, modify or withdraw the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily capable of being partially analyzed or summarized. NBF believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Fairness Opinion. The Fairness Opinion should be read in its entirety.

This Fairness Opinion is addressed to and is for the sole use and benefit of the Board and may not be referred to, summarized, circulated, publicized or reproduced or disclosed to or used or relied upon by any party without the express written consent of NBF, other than in the Circular in its entirety and a summary thereof (in a form acceptable to us). This Fairness Opinion is not to be construed or used as a recommendation to any holders of DDC Shares to vote in favour or against the Arrangement at DDC Special Meeting.

Conclusion

Based upon and subject to the foregoing, and such other matters as we considered relevant, it is our opinion, as of the date hereof, that the Consideration to be paid by Drone Delivery Canada to the holders of Volatus pursuant to the Arrangement is fair, from a financial point of view, to Drone Delivery Canada.

Yours very truly,

A handwritten signature in black ink that reads "National Bank Financial Inc." in a cursive, flowing script.

NATIONAL BANK FINANCIAL INC.

SCHEDULE E
VOLATUS FAIRNESS OPINION

As attached.

Echelon Wealth Partners Inc.
181 Bay Street, Suite 2500
Toronto, Ontario, M5J 2T3

May 20, 2024

The Special Committee and Board of Directors of
Volatus Aerospace Corp.
60 Airport Road, Lake Simcoe Regional Airport
Oro-Medonte, Ontario
L0L 2E0

To the Special Committee and Board of Directors:

Echelon Wealth Partners Inc. (“**Echelon Capital Markets**” or “**we**” or “**us**”) understands that **Volatus Aerospace Corp.** (“**Volatus**” or the “**Company**”), and Drone Delivery Canada Corp. (the “**Acquiror**”) propose to enter into a business combination agreement (the “**Transaction**”) to be dated May 20, 2024 (the “**Agreement**”) that contemplates, among other things, the acquisition by the Acquiror of all of the issued and outstanding common shares of the Company (“**Shares**”). Under the terms of the Agreement, amongst other things, the holders of Shares (the “**Shareholders**”) will receive 1.785 common shares of the Acquiror for every one (1) Share of the Company (the “**Consideration**”) pursuant to an arrangement under the *Business Corporations Act* (Ontario) (the “**Arrangement**”). The terms and conditions of the Arrangement will be summarized in the Company’s and the Acquiror’s joint management information circular (the “**Circular**”) to be mailed to, among others, the Shareholders in connection with a special meeting of the securityholders of the Company to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to the Company, including our opinion (the “**Opinion**”) to the board of directors of the Company (the “**Board**”) and the special committee of the Board (the “**Special Committee**”) as to the fairness from a financial point of view of the Consideration to be received by the Shareholders, pursuant to the Arrangement. Echelon Capital Markets understands that the Opinion will be for the use of the Special Committee and the Board and will be one factor, among others, that the Special Committee and Board will consider in determining whether to approve or recommend the Arrangement. The Opinion has been prepared in accordance with the Disclosure Standards for Fairness Opinions of the Canadian Investment Regulatory Organization (“**CIRO**”) but CIRO has not been involved in the preparation or review of the Opinion.

ENGAGEMENT OF ECHELON CAPITAL MARKETS

The Company initially contacted Echelon Capital Markets regarding a potential advisory assignment in January 2024. Echelon Capital Markets was formally engaged by the Company pursuant to an agreement dated February 1, 2024 (the “**Engagement Agreement**”). The Engagement Agreement



provides the terms upon which Echelon Capital Markets has agreed to provide the Company and the Board with various advisory services in connection with the Arrangement including, among other things, the Opinion.

Echelon Capital Markets will receive a fixed fee for rendering the Opinion, whether or not the Arrangement is completed (the “**Opinion Fee**”). The Opinion Fee payable to Echelon Capital Markets does not depend, in whole or in part, upon the conclusions reached in the Opinion. Echelon Capital Markets will also receive certain fees for our advisory services under the Engagement Agreement, a substantial portion of which is contingent upon the successful completion of the Arrangement. The Company has also agreed to reimburse us for reasonable out-of-pocket expenses and to indemnify, among others, Echelon Capital Markets in respect of certain liabilities that might arise out of our engagement.

CREDENTIALS OF ECHELON CAPITAL MARKETS

Echelon Capital Markets is an independent Canadian financial services firm that offers an integrated platform of corporate finance, mergers and acquisitions, equity research, institutional sales and trading, and private client services. Echelon Capital Markets has been a financial advisor in a significant number of transactions, and is regularly engaged in providing financial advice to public and private companies across a variety of sectors and has extensive experience preparing fairness opinions.

This Opinion represents the opinion of Echelon Capital Markets and its form and content have been approved for release by a committee of our senior officers, each of whom is experienced in merger and acquisition, divestiture, valuation, fairness opinion and capital markets matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither Echelon Capital Markets nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the Securities Act (Ontario) (the “**Securities Act**”) or the rules made thereunder) of the Company or Acquiror or any of their respective associates or affiliates (collectively, the “**Interested Parties**”).

Neither Echelon Capital Markets nor any of its affiliates has been engaged to provide financial advisory services, nor has it participated in any financings involving the Interested Parties within the past two years, other than: i) acting as financial advisor to the Company pursuant to the Engagement Agreement; ii) acting as lead agent and sole bookrunner to the Company in connection with a C\$2.6 million private placement of convertible debenture units that closed on May 11, 2023; and iii) acting as lead agent and sole bookrunner to the Company in connection with a C\$4.2 million marketed public offering and concurrent brokered private placement of units that closed on October 6, 2022.



Echelon Capital Markets acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, Echelon Capital Markets conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to one or more Interested Parties or the Arrangement.

The fees payable to Echelon Capital Markets pursuant to the Engagement agreement are not, in the aggregate, financially material to Echelon Capital Markets and do not give Echelon Capital Markets any material financial incentive in respect of either the conclusions reached in the Opinion or the outcome of the Arrangement. Other than as set forth above, there are no understandings, agreements or commitments between Echelon Capital Markets and the Interested Parties with respect to future business dealings. Echelon Capital Markets may, in the future, in the ordinary course of its business, perform financial advisory, investment banking or other financial services to one or more of the Interested Parties from time to time.

SCOPE OF REVIEW

In connection with the Opinion, Echelon Capital Markets reviewed, analysed, considered and relied upon or carried out, among other things, the following:

1. a draft of the Agreement as at May 20, 2024;
2. a draft of the Plan of Arrangement as at May 20, 2024;
3. a draft of the voting and support agreement as at May 20, 2024;
4. a draft press release announcing the Transaction received on May 20, 2024;
5. certain publicly available information related to the business, operations, financial conditions and trading history of the Company and the Acquiror, including but not limited to financial statements, continuous disclosure documents, and other selected publicly available information Echelon Capital Markets considered relevant;
6. internal forecasts, projections, estimates and budgets prepared or provided by or on behalf of the management of the Company and the Acquiror;
7. other internal financial, operating, corporate, and other information concerning the Company, the Acquiror, and their respective subsidiaries, that was prepared and provided by management of the Company and the management of the Acquiror, each as applicable;



8. discussions with management of the Company and management of the Acquiror, regarding, as applicable, the Company and Acquiror's past and current business plan, operations and financial conditions and prospects;
9. select publicly available financial information and statistics regarding precedent transactions we considered relevant;
10. various reports published by equity research analysts and industry sources we considered relevant;
11. a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by the Chief Executive Officer and Chief Financial Officer of the Company (the "**Officer's Certificate**"); and
12. such other information, investigations, analysis and discussion as we considered necessary or appropriate in the circumstances.

In addition, we have participated in discussions with members of the senior management team of the Company regarding business operations, the financial condition and future prospects of both the Company and the Acquiror. We have also participated in discussions with Wildeboer Dellelce LLP, external legal counsel to the Company, concerning the Transaction, the Agreement and related matters. Echelon Capital Markets has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by Echelon Capital Markets.

PRIOR VALUATIONS

The Company has represented to Echelon Capital Markets that, to the best of its knowledge, information and belief, after due inquiry, there have not been any prior valuations (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the Company or any of its affiliates or any of their respective material assets, securities or liabilities in the past two years.

ASSUMPTIONS AND LIMITATIONS

Our Opinion is subject to the assumptions, qualifications and limitations set forth below.

We have relied upon the accuracy, completeness and fair presentation of all information, data, representations, opinions, financial statements, management discussion and analysis, internal financial information, and other material obtained by us or on behalf of the Company or otherwise obtained by us in connection with our engagement (the "**Information**"). The Opinion is conditional upon such accuracy, completeness, and fair presentation. We have not been requested to nor attempted to verify independently the accuracy, completeness or fairness of presentation of any such



information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Company or the Acquiror in connection with preparing this Opinion. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analysis were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company, having regard to the Company's and Acquiror's respective business, plans, financial condition and prospects.

Senior officers of the Company have represented to Echelon Capital Markets in the Officer's Certificate, among other things, that: (i) other than any portion of the Information provided to Echelon Capital Markets which constitutes projections, budgets, estimates, projections, models or other future-oriented financial information (collectively "**FOFI**"), whether orally or in writing, by or on behalf of the Company or its affiliates or their representatives, agents or advisors and to the best of their knowledge and belief, the Acquiror, relevant to the subject matter of the Transaction or the Opinion was at the date the Information was provided and as of the date hereof, true, accurate, complete and correct in all material respects, and with respect to the financial statements, were prepared in accordance with International Financial Reporting Standards (except as to the absence of full note disclosure in non-audited financial statements); (ii) the Information did not and as of the date hereof does not contain any untrue statement of a material fact (as such term is defined in the Securities Act) in respect of or involving the Company, the Company's assets, the Transaction or to the best of the Company's knowledge and belief, the Acquiror, or the Acquiror's assets; (iii) the Information did not and as of the date hereof does not omit to state a material fact in respect of the Company, the Company's assets, or to the best of the Company's knowledge and belief, the Acquiror, the Acquiror's assets, or the Transaction necessary to make the Information (or any statement therein) not misleading in light of the circumstances under which the Information was made or provided; (iv) since the date(s) that the Information was provided to Echelon Capital Markets and as of the date thereof, there has been no material change (as such term is defined in the Securities Act), or change in material fact, financial or otherwise, in or relating to the financial condition, assets, liabilities (whether accrued, contingent or otherwise), business, operations or prospects of the Company, or to the best of the Company's knowledge and belief, the Acquiror, that has not been disclosed in writing to Echelon Capital Markets and there has been no change in any material fact or new material fact which is of a nature so as to render the Information untrue or misleading in any material respect, or which would reasonably be expected to have a material effect on the Opinion, that has not been disclosed in writing to Echelon Capital Markets; and (vi) any portions of the Information provided to Echelon by the Company which constitute FOFI was, based on data available to the Company or the Acquiror, at such time, reasonable and reflected the assumptions disclosed therein (which assumptions, in the reasonable belief of management of the Company, are and continue to be as of the date hereof reasonable in the circumstances) and did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make such portions of the Information not misleading in light of the circumstances in which such portions of the Information were made or provided.



In preparing the Opinion, Echelon Capital Markets has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to Echelon Capital Markets, all conditions precedent to be satisfied to complete the Arrangement can and will be satisfied or waived, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Arrangement will be obtained, without adverse condition or qualification, and that all steps or procedures being followed to implement the Arrangement will be valid and effective.

The Opinion has been provided for the exclusive use of the Board and the Special Committee in considering the Arrangement and is not intended to be, and does not constitute, a recommendation to the Board or Special Committee as to whether they should approve the Agreement nor as to how any Shareholder should vote their Shares or act on any matter relating to the Arrangement and we express no opinion as to whether holders of convertible securities should exercise any conversion or other rights. The Opinion must not be used by any other person or relied upon by any person other than the Board and Special Committee without the express prior written consent of Echelon Capital Markets. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or strategic alternatives that might be available to the Company. In considering fairness from a financial point of view, Echelon Capital Markets considered the Arrangement from the perspective of the Shareholders generally and did not consider the specific circumstances of any particular Shareholder. Except for the inclusion of the Opinion in its entirety, and a summary thereof (provided the summary is in a form acceptable to Echelon Capital Markets) in the Circular, and the filing thereof, as necessary, by the Company and the Acquiror on SEDAR+, in accordance with applicable securities laws in Canada, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

The Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing on that date hereof and the condition and prospects, financial and otherwise, of the Company and its subsidiaries as they were reflected in the Information provided to Echelon Capital Markets. In our analysis and in preparing the Opinion, Echelon Capital Markets made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Arrangement.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the Company or of any of its affiliates or any of their respective securities or assets, and the Opinion should not be construed as such. Echelon Capital Markets has not undertaken an independent evaluation, appraisal or physical inspection of any assets or liabilities of the Company, is not an expert on, and did not render advice to the Company regarding, and assumes no and disclaims all liability and obligation in respect of, legal, accounting, regulatory or tax matters.



The Opinion is given as of the date hereof and, although Echelon Capital Markets reserves the right to change or withdraw the Opinion if we learn that any of the Information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, and we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date hereof.

Echelon Capital Markets believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

APPROACH TO FINANCIAL FAIRNESS

In considering the fairness of the Consideration under the Agreement, from a financial point of view, to the Shareholders, Echelon Capital Markets principally considered and relied upon, among other things, the following: (i) a comparison of the Consideration to the results of a discounted cash flow analysis of the Company; (ii) a comparison of the multiples implied by the Consideration to an analysis of publicly-traded companies deemed by us as comparable to the Company; (iii) a comparison of the multiples implied by the Consideration to an analysis of selected precedent transactions; and (iv) a comparison of the premium implied by the Consideration to various unaffected trading price benchmarks of the Shares to that of precedent transactions.

CONCLUSION

Based upon and subject to the foregoing and such other matters that Echelon Capital Markets considered relevant, Echelon Capital Markets is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Yours truly,

Echelon Wealth Partners Inc.

ECHELON WEALTH PARTNERS INC.

**SCHEDULE F
INTERIM ORDER**

As attached.



Court File No. CV-24-721291-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

)

WEDNESDAY, THE 10TH DAY

JUSTICE W.D. BLACK

)

OF JULY, 2024

)

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O.
1990, c. B.16, AS AMENDED, AND RULE 14.05(3) OF THE *RULES
OF CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED PLAN OF
ARRANGEMENT OF VOLATUS AEROSPACE CORP.
INVOLVING ITS SHAREHOLDERS AND DRONE DELIVERY
CANADA CORP.**

VOLATUS AEROSPACE CORP.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Volatus Aerospace Corp. (“**Volatus**”), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the “**OBCA**”) was heard this day via videoconference.

ON READING the Notice of Motion, the Notice of Application issued on May 30, 2024, and the affidavit of Luc Massé sworn July 8, 2024, (the “**Massé Affidavit**”), including the Volatus Plan of Arrangement, which is attached as Schedule C to the draft joint management information

circular (the “**Information Circular**”) of Volatus and Drone Delivery Canada Corp (“**DDC**”) which is attached as Exhibit A to the Massé Affidavit,

and on hearing the submissions of counsel for Volatus and counsel for DDC, and on being advised that the Director appointed under the OBCA (the “**Director**”) has not responded to the notice provided pursuant to s. 182(5.1) of the OBCA.

Definitions

1. **THIS COURT ORDERS** that all capitalized terms used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Volatus is permitted to call, hold and conduct an annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares in the capital of Volatus (the “**Shares**”) to be held in person at Toronto Airport Marriott Hotel, 901 Dixon Road, Toronto, Ontario, M9W 1J5, on Friday, August 23, 2024 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Volatus Arrangement and the Volatus Plan of Arrangement (collectively, the “**Arrangement Resolution**”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “**Notice of Meeting**”) and the articles and by-laws of Volatus, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be the close of business on July 12, 2024.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective duly appointed proxyholders;
- b) the officers, directors, auditors and advisors of Volatus;
- c) representatives and advisors of DDC; and,
- d) other persons who may receive the permission of the chair of the Meeting.

6. **THIS COURT ORDERS** that Volatus may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the chair of the Meeting shall be determined by Volatus and that the quorum at the Meeting shall be not less than two persons present in person or by proxy at the opening of the Meeting each of whom is entitled to vote at the Meeting.

Amendments to the Volatus Arrangement and Volatus Plan of Arrangement

8. **THIS COURT ORDERS** that Volatus is authorized to make, subject to the terms of the Business Combination Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Volatus Arrangement and the Volatus Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under

paragraphs 12, 13 and 14 hereof, and the Volatus Arrangement and Volatus Plan of Arrangement, as so amended, modified or supplemented shall be the Volatus Arrangement and Volatus Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Volatus Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Volatus Arrangement or Volatus Plan of Arrangement made after initial notice is provided as contemplated in paragraphs 12 and 13 herein, which would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Volatus may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Volatus is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraphs 12, 13 and 14 hereof.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Volatus, if it deems advisable and subject to the terms of the Business Combination Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first

obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Volatus may determine is appropriate in the circumstances. This provision shall not limit the authority of the chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, subject to the extent section 262(4) of the OBCA is applicable, in order to effect notice of the Meeting, Volatus shall send or cause to be sent the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Volatus may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting Materials**”), as follows:

- a) to the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Volatus, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Volatus;
 - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

-6-

- iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Volatus, who requests such transmission in writing and, if required by Volatus, who is prepared to pay the charges for such transmission;
- b) to non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) of the Canadian Securities Administrators; and
- c) to the directors and auditor of Volatus by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the alternative to paragraphs 12(a) and (b), the Meeting Materials may instead be distributed to Shareholders in accordance with the “notice-and-access” provisions under NI 54-101 and National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators (collectively, the “**Notice-and-Access Provisions**”), as follows:

- a) at least thirty (30) days prior to the date of the Meeting, Volatus will send or cause to be sent a notice containing the information required by the Notice-and-Access

Provisions (the “**Notice-and-Access Notice**”), together with the letter of transmittal, form of proxy and voting instruction form, as applicable (collectively, with the Notice-and-Access Notice, the “**Notice-and-Access Materials**”) to all registered Shareholders as at the close of business on the Record Date, informing them that the Information Circular and proxy-related materials are available online, explaining how the Information Circular may be accessed, and explaining how paper copies of the Information Circular may be requested. The Notice-and-Access Materials will be mailed to the addresses of the registered Shareholders as they appear on the books and records of Volatus, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Volatus;

- b) Volatus will provide sufficient copies of the Notice-and-Access Materials to intermediaries and registered nominees in a timely manner, in accordance with NI 54-101, for distribution to non-registered Shareholders;
- c) instead of mailing the Information Circular and proxy-related materials to Shareholders, Volatus will post the Circular and proxy-related materials on its transfer agent’s website at <https://docs.tsxtrust.com/2430> and on SEDAR+ at www.sedarplus.ca; and
- d) Shareholders may request a paper copy of the Information Circular by contacting Volatus or its transfer agent, and if such request is made before the Meeting, Volatus or its transfer agent shall mail or cause to be mailed the Information Circular to such requesting Shareholder in accordance with the methods for

delivery described in paragraph 12 herein within three (3) Business Days of the receipt of such request or within the timeframe most reasonably practicable in the circumstances, as Volatus may determine.

14. **THIS COURT ORDERS** that, in the event that Volatus elects to distribute the Meeting Materials, Volatus is hereby directed to distribute (i) the Notice-and-Access Materials, or (ii) the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by Volatus to be necessary or desirable (collectively, the “**Court Materials**”) to the holders of options, warrants and debentures of Volatus by any method permitted for notice to Shareholders as set forth in paragraphs 12(a), 12(b) or 13, above, or by email, concurrently with the distribution described in paragraphs 12 and 13 of this Interim Order (provided that delivery need only be made once notwithstanding that a person may be entitled to the Court Materials under more than one paragraph hereof). Unless distributed by inter-office mail, distribution to such persons shall be to their addresses as they appear on the books and records of Volatus or its registrar and transfer agent at the close of business on the Record Date.

15. **THIS COURT ORDERS** that accidental failure or omission by Volatus to give notice of the Meeting or to distribute the Notice-and-Access Materials, the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Volatus, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Volatus, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

16. **THIS COURT ORDERS** that Volatus is hereby authorized to make such amendments, revisions or supplements to the Notice-and-Access Materials, the Meeting Materials and Court Materials, as Volatus may determine in accordance with the terms of the Business Combination Agreement (“**Additional Information**”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Volatus may determine.

17. **THIS COURT ORDERS** that distribution of the Notice-and-Access Materials, the Meeting Materials and Court Materials pursuant to paragraphs 12, 13 and 14 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12, 13 and 14 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Notice-and-Access Materials, the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

18. **THIS COURT ORDERS** that Volatus is authorized to use the letter of transmittal, proxies and voting instruction forms substantially in the form of the drafts accompanying the Information Circular or the Notice-and-Access Materials, as applicable, with such amendments and additional information as Volatus may determine are necessary or desirable, subject to the terms of the Business Combination Agreement. Volatus and DDC are authorized, at their expense, to solicit proxies, directly or through their officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or

-10-

electronic communication as it may determine. Volatus may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Volatus deems it advisable to do so.

19. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) and (4.1) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 110(4)(a) or (b) of the OBCA: (a) may be deposited at the registered office of Volatus or with the transfer agent of Volatus as set out in the Information Circular; and (b) any such instruments must be received by Volatus or its transfer agent not later than 10:00 a.m. (Toronto time) on August 21, 2024, or not later than two Business Days (other than a Saturday, Sunday or holiday) immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

20. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

21. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Share and that in order for the Volatus Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of

the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders. Such votes shall be sufficient to authorize Volatus to do all such acts and things as may be necessary or desirable to give effect to the Volatus Arrangement and the Volatus Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Volatus Arrangement by this Court.

22. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Volatus (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each Share held.

Dissent Rights

23. **THIS COURT ORDERS** that each registered Shareholder as at the Record Date shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Volatus Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Volatus in the form required by section 185 of the OBCA and the Business Combination Agreement, which written objection must be received by Volatus not later than 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the “court” referred to in section 185 of the OBCA means this Court.

-12-

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 23 above and who:

- i) is ultimately determined by this Court to be entitled to be paid fair value for his, her or its Shares, shall be deemed to have transferred those Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Volatus for cancellation in consideration for a payment of cash from Volatus equal to such fair value; or
- ii) is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its Shares pursuant to the exercise of the Dissent Rights, shall be deemed to have participated in the Volatus Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Volatus, DDC or any other person be required to recognize such Shareholders as holders of Shares at or after the date upon which the Volatus Arrangement becomes effective and the names of such Shareholders shall be deleted from Volatus' register of Shareholders at that time.

Hearing of Application for Approval of the Volatus Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Volatus Plan of Arrangement in the manner set forth in this Interim Order, Volatus may apply to this Court for final approval of the Volatus Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12, 13 and 14 shall

-13-

constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Volatus, with a copy to counsel for DDC, as soon as reasonably practicable, and, in any event, no less than four (4) days before the hearing of this Application at the following addresses:

Affleck Greene McMurtry LLP
Attn: Meredith Hayward
365 Bay Street, 2nd Floor
Toronto, ON
M5H 2V1

Lawyers for Volatus

Bennett Jones LLP
Attn: Joseph Blinick
1 First Canadian Place,
100 King Street West, Suite 3400
Toronto, ON
M5X 1A4

Lawyers for DDC

28. **THIS COURT ORDERS** that, subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Volatus;
- ii) DDC;
- iii) the Director; and,
- iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by Volatus in support of the within Application for final approval of the Volatus Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

Service and Notice

31. **THIS COURT ORDERS** that Volatus and its counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Shareholders, creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

Precedence

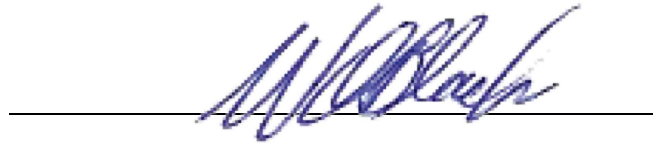
32. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares, options, warrants, debentures or other rights to acquire Shares, or the articles or by-laws of Volatus this Interim Order shall govern.

Extra-Territorial Assistance

33. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province and territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and territory and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

34. **THIS COURT ORDERS** that Volatus shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct



IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *ONTARIO
BUSINESS CORPORATIONS ACT*, R.S.O. 1998, c. B.16, AS AMENDED

Court File No. Court File No. CV-24-721291-00CL

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF VOLATUS
AEROSPACE CORP. INVOLVING ITS SHAREHOLDERS AND DRONE DELIVERY
CANADA CORP.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

INTERIM ORDER

AFFLECK GREENE MCMURTRY LLP
Barristers
200 - 365 Bay St
Toronto ON M5H 2V1

Kenneth A. Dekker (40419P)
kdekker@agmlawyers.com
Tel: (416) 360-6902

Meredith Hayward (40870V)
mhayward@agmlawyers.com
Tel: (416) 360-0121

Tel/Fax: (416) 360-2800

Lawyers for the Applicant

SCHEDULE G
VOLATUS NOTICE OF APPLICATION

As attached.



Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O.
1998, c. B.16, AS AMENDED, AND RULE 14.05(3) OF THE *RULES
OF CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED PLAN OF
ARRANGEMENT OF VOLATUS AEROSPACE CORP.
INVOLVING ITS SHAREHOLDERS AND DRONE DELIVERY
CANADA CORP.**

VOLATUS AEROSPACE CORP.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on a date to be established by the Commercial List office

- ☐ In writing
- ☐ In person
- ☐ By telephone conference
- ☒ By video conference

at a Zoom videoconference link to be circulated in advance of the hearing.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of

-2-

appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

**TO: ALL HOLDERS OF COMMON SHARES OF VOLATUS
AEROSPACE CORP. AS AT THE RECORD DATE**

**AND TO: ALL HOLDERS OF OPTIONS OF VOLATUS AEROSPACE CORP. AS AT
THE RECORD DATE**

**AND TO: ALL HOLDERS OF WARRANTS OF VOLATUS AEROSPACE CORP. AS
AT THE RECORD DATE**

**AND TO: ALL HOLDERS OF CONVERTIBLE DEBENTURES OF VOLATUS
AEROSPACE CORP. AS AT THE RECORD DATE**

AND TO: ALL DIRECTORS OF VOLATUS AEROSPACE CORP.

AND TO: THE AUDITOR OF VOLATUS AEROSPACE CORP.

AND TO: BENNETT JONES LLP
1 First Canadian Place
Suite 3400
Toronto ON M5X 1A4

Joseph N. Blinick (#64325B)
blinickj@bennettjones.com
Tel: (416) 777-4828

**Lawyers for the Special Committee of Independent Directors of Drone Delivery
Canada Corp.**

APPLICATION

1. The Applicant, Volatus Aerospace Corp. (“**Volatus**” or the “**Company**”) makes application for:

- (a) an interim order (the “**Interim Order**”) for advice and directions under section 182(5) of the Ontario *Business Corporations Act*, R.S.O. 1990, c.B.16, as amended (the “**OBCA**”) with respect to, among other things, the calling, holding and conducting of a special meeting (the “**Meeting**”) of the holders of the common shares of Volatus (each, a “**Volatus Share**”) to consider, among other things, a plan of arrangement (the “**Arrangement**”) of Volatus involving Drone Delivery Canada Corp. (“**DDC**”);
- (b) a final order pursuant to section 182 of the OBCA approving the Arrangement;
- (c) an order abridging the time for the service and filing of this Notice of Application and the Application Record, and validating such service or dispensing with service, if necessary;
- (d) such further orders and directions as are required for the administration of the Arrangement; and
- (e) such further and other relief as to this Honourable Court may seem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

- (a) Volatus is a commercial aviation technology company that is incorporated and exists under the OBCA, with its registered and head office located at 60 Airport Road, Lake Simcoe Regional Airport, Oro-Medonte, Ontario, L0L 2E0;

-4-

- (b) the Volatus Shares are listed for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “VOL”;
- (c) Volatus also has issued and outstanding Class A preferred shares (the “**Volatus Preferred Shares**”), options to acquire Volatus Shares (the “**Volatus Options**”), warrants to purchase Volatus Shares (the “**Volatus Warrants**”) and senior unsecured convertible debentures (the “**Volatus Debentures**”);
- (d) DDC is a commercial drone technology company that is incorporated and exists under the laws of British Columbia, with its registered and head office located at 6-6221 Highway 7, Vaughan, Ontario, L4H 0K8;
- (e) DDC’s common voting shares (the “**DDC Common Shares**”) and variable voting shares (the “**DDC Variable Voting Shares**” and, together with the DDC Common Shares, the “**DDC Shares**”) are listed for trading on the TSXV under the symbol “FLT” and on the Frankfurt Stock Exchange under the symbol “A3DP5Y” or “ABBA.F” and are also quoted on the OTCQX Venture Market in the United States under the symbol “TAKOF”;
- (f) On May 20, 2024, Volatus and DDC entered into a business combination agreement (the “**Business Combination Agreement**”) pursuant to which, subject to the terms and conditions set out therein, they agreed to undertake the Arrangement;
- (g) the purpose of the Arrangement is to effect the business combination of Volatus and DDC in accordance with the terms of the Business Combination Agreement and the Plan of Arrangement, which is attached as Schedule “C” thereto;

- (h) Under the terms of the Arrangement:
- (i) each of the Volatus Shares in respect of which dissent rights have been validly exercised and not withdrawn or deemed to be withdrawn shall be deemed to have been transferred and assigned to Volatus by the holder thereof for cancellation, without any further act or formality on the part of the holder (free and clear of all liens), in consideration for the right to be paid the fair value of such Volatus Shares in cash;
 - (ii) each holder of Volatus Shares, other than dissenting shareholders, shall receive 1.785 DDC Common Shares for each Volatus Share held by that shareholder, as rounded down to the nearest whole number of DDC Common Shares where the product leads to a fractional result;
 - (iii) each holder of Volatus Options, shall in exchange for their Volatus Options receive a number of options to acquire DDC Common Shares (“**New DDC Options**”) equal to 1.785 multiplied by the number of Volatus Shares that were subject to the Volatus Options held by such holder, as rounded down to the nearest whole number where the product leads to a fractional result, and the exercise price per DDC Common Share subject to a New DDC Option shall be equal to the quotient obtained by dividing the exercise price per Volatus Share subject to such Volatus Option immediately prior to the Effective Time by 1.785, as rounded up to the nearest whole cent;
 - (iv) the stock option plan of Volatus shall be, and shall be deemed to be, terminated and of no further force and effect;

-6-

- (v) in accordance with the terms of the Volatus Warrants, each holder of a Volatus Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Volatus Warrant, in accordance with its terms, and shall accept in lieu of each Volatus Share to which such holder was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, 1.785 DDC Common Shares for each Volatus Share;
- (vi) each Volatus Debenture that is not converted or redeemed, whether conditionally or otherwise, prior to the Effective Time, shall, without any further action on the part of any holder of such Volatus Debenture, be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus debenture indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) 1.785, rounded down to two decimal places; and
- (vii) each holder of Volatus Preferred Shares shall remain outstanding and unaffected by the Arrangement and DDC shall agree to cause Volatus to abide by all of the covenants and obligations under the articles of Volatus in respect of the Volatus Preferred Shares;

-7-

- (i) Following its review and in consideration of, among other things, a fairness opinion prepared by Echelon Capital Markets, the special committee of independent directors of Volatus (the “**Special Committee**”) unanimously recommended that the board of directors of Volatus (the “**Board**”) approve the Arrangement;
- (j) The Board, following the receipt and review of the fairness opinion prepared by Echelon Capital Markets and the recommendations from the Special Committee, has approved the Arrangement and has determined that the Arrangement is fair to shareholders of Volatus and is in the best interests of Volatus, and recommends to shareholders that they vote in favour of the Arrangement;
- (k) all statutory requirements for an arrangement under the OBCA either have been or will be fulfilled by the return date of this Application;
- (l) the Arrangement is an “arrangement” within the meaning of section 182 of the OBCA;
- (m) the relief sought in the Interim Order is within the scope of section 182 of the OBCA and will enable the Court to consider the Arrangement on the return of this Application;
- (n) the directions set out and the approvals required pursuant to any Interim Order of this Court will be followed and obtained by the return date of this Application;
- (o) the Arrangement is in the best interests of Volatus and its shareholders and other affected stakeholders, is procedurally and substantively fair and reasonable, and is put forward in good faith and for a *bona fide* business purpose;

-8-

- (p) if granted, the Final Order approving the Arrangement will serve as a basis of a claim to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the securities to be issued, exchanged and/or distributed pursuant to the terms of the Plan of Arrangement;
- (q) the OBCA, including section 182 thereof;
- (r) the *Rules of Civil Procedure*, including rules 1.04, 1.05, 2.03, 3.02, 14.05(2), 14.05(3), 16.04, 16.08, 17.02, 37, 38 and 39 thereof;
- (s) National Instrument 54-101 – *Communication with Beneficial Owners of the Securities of a Reporting Issuer*; and
- (t) Such further and other grounds as counsel may advise and this Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) an affidavit of a representative of Volatus, and the exhibits thereto, outlining the basis for the Interim Order for advice and directions;
- (b) further and supplementary affidavit(s), with the exhibits thereto, outlining the basis for the Final Order approving the Arrangement and reporting as to compliance with any Interim Order and the results of the Meeting; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

-9-

(Date of issue)

AFFLECK GREENE MCMURTRY LLP

Barristers

200 - 365 Bay Street

Toronto ON M5H 2V1

Kenneth A. Dekker (40419P)

kdekker@agmlawyers.com

Tel: (416) 360-6902

Meredith Hayward (40870V)

mhayward@agmlawyers.com

Tel: (416) 360-0121

Tel/Fax: (416) 360-2800

Lawyers for the Applicant

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

AFFLECK GREENE MCMURTRY LLP

Barristers
200 - 365 Bay Street
Toronto ON M5H 2V1

Kenneth A. Dekker (40419P)

kdekker@agmlawyers.com

Tel: (416) 360-6902

Meredith Hayward (40870V)

mhayward@agmlawyers.com

Tel: (416) 360-0121

Tel/Fax: (416) 360-2800

Lawyers for the Applicant

SCHEDULE H DISSENT PROVISIONS

Volatus is a corporation existing under the OBCA. As such, Volatus Shareholders are encouraged to read the extract of Section 185 of the OBCA set forth below.

Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181;
- (d.1) be continued under the *Co-operative Corporations Act* under section 181.1;
- (d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
 - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
 - (ii) to be sent the notice referred to in subsection 54 (3).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and
- (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

SCHEDULE I INFORMATION CONCERNING DDC

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Schedule I and not otherwise defined in this Schedule I have the meanings given to such terms under the heading "*Glossary of Defined Terms*" or elsewhere in this Information Circular.

The following information is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of DDC and its subsidiaries. Upon completion of the Transaction, each Volatus Shareholder will become a shareholder of DDC, other than Volatus Shareholders who are Volatus Dissenting Shareholders. See "*Information Concerning the Combined Company*" in Schedule P to this Information Circular for pro forma business, financial and share capital information relating to DDC and Volatus after giving effect to the Transaction.

Forward-Looking Statements

See "*Cautionary Note Regarding Forward-Looking Statements*" in this Information Circular in respect of forward-looking statements that are included in this Schedule I and in the documents incorporated by reference. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Information Circular, as well as those discussed under the heading See "*Information Concerning the Combined Company – Selected Unaudited Pro Forma Financial Information for the Combined Company*" in Schedule K to this Information Circular and under the heading "*Risk Factors*" in this Schedule I, the DDC AIF, the DDC Annual MD&A and the DDC Interim MD&A (each as defined below).

General

DDC was incorporated as "Asher Resources Corporation" under the BCBCA on February 2, 2011. Effective June 6, 2016, DDC completed a business combination transaction whereby: (a) it changed its name to "Drone Delivery Canada Corp."; (b) it consolidated the DDC Common Shares on a 4:1 basis; and (c) its wholly-owned subsidiary 2500527 Ontario Ltd. amalgamated with Drone Delivery Canada Inc. to form the amalgamated wholly-owned subsidiary of DDC named Drone Delivery Canada Inc. ("**Drone Inc.**"). Effective December 2, 2021, Drone Inc. was continued from Ontario to British Columbia as 1336099 B.C. Ltd. and effective January 1, 2022, by way of articles of amalgamation, 1336099 B.C. Ltd. amalgamated with DDC.

On June 15, 2022, DDC filed an amendment to the DDC Notice of Articles and to the DDC Articles in order to implement a variable voting system by creating two new classes of shares, DDC Common Shares and DDC Variable Voting Shares, in accordance with the BCBCA, and to address various matters relating to the new variable voting system.

DDC is a drone technology company focused on the design, development and implementation of its proprietary turnkey logistics platform for a commercially viable drone delivery system within Canada and internationally. DDC's proprietary platform is intended to be used as part of a full logistics solution business model for government and corporate organizations.

DDC's registered office is located at 1100-736 Granville Street, Vancouver, British Columbia, V6Z 1G3, and its head office is located at 6-6221 Highway 7, Vaughan, Ontario, L4H 0K8.

For further information regarding DDC and its business activities, including DDC's intercorporate relationships and organizational structure, see the DDC AIF, which is incorporated by reference in this Information Circular.

Recent Developments

On May 2, 2024, DDC announced the resignation of Manish Arora as DDC's Chief Financial Officer effective as of May 30, 2024. On May 27, 2024, DDC announced the appointment of Mike McKeon as DDC's Chief Financial Officer effective as of May 30, 2024.

On May 20, 2024, DDC entered into the Business Combination Agreement with Volatus to acquire all of the issued and outstanding securities of Volatus by way of plan of arrangement under the OBCA. For a full description of the Transaction and the Business Combination Agreement, see "*The Transaction*", "*The Business Combination Agreement*" and "*Effect of the Transaction*" in this Information Circular. Also see Schedule K in this Information Circular for information concerning the Combined Company and Schedule J in this Information Circular for information concerning Volatus.

Documents Incorporated by Reference

The following documents, filed by DDC with the securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of this Information Circular as of the date of this Information Circular (collectively, the "**DDC Documents**"):

- 1) the annual information form of DDC dated as of April 24, 2024 for the financial year ended December 31, 2023 (the "**DDC AIF**");
- 2) the audited annual consolidated financial statements of DDC for the year ended December 31, 2023 and December 31, 2022 (the "**DDC Annual Financial Statements**"), including any notes or schedules thereto and the relevant auditor's reports thereon;
- 3) the management's discussion and analysis of the financial condition and results of operations of DDC for the year ended December 31, 2023 (the "**DDC Annual MD&A**");
- 4) the unaudited condensed consolidated interim financial statements of DDC for the three months ended March 31, 2024 (the "**DDC Interim Financial Statements**"), including any notes or schedules thereto;
- 5) the management's discussion and analysis of the financial condition and results of operations of DDC for the three months ended March 31, 2024 (the "**DDC Interim MD&A**"); and
- 6) the material change report of DDC dated May 27, 2024, in connection with DDC entering into the Business Combination Agreement with Volatus.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in this Information Circular, including any annual information form, audited annual consolidated financial statements (together with the auditor's report thereon), information circular, unaudited interim consolidated financial statements, management's discussion and analysis, material change reports (excluding confidential material change reports) or business acquisition reports filed by DDC with securities commissions or similar regulatory authorities in the relevant provinces of Canada subsequent to the date of this Information Circular and prior to the Effective Time shall be deemed to be incorporated by reference in this Information Circular. These documents are available through the internet on DDC's profile on SEDAR+ at www.sedarplus.ca. Unless specifically incorporated by reference in this Information Circular, documents filed or furnished by DDC on SEDAR+ are neither incorporated by reference in nor part of this Information Circular. Information on or connected to DDC's website, even if referred to in a document incorporated by reference herein, does not constitute part of this Information Circular.

Any statement contained in this Information Circular or in a document (or any part thereof) incorporated by reference, or deemed to be incorporated by reference in this Information Circular shall be deemed to be modified or superseded for purposes of this Information Circular, to the extent that a statement contained herein or in any subsequently filed document (or part thereof) that also is, or is deemed to be, incorporated by reference in this Information Circular modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Information Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

The following information is a brief summary and reproduction of information provided by DDC, the DDC Documents, and other public disclosure which is available on DDC's SEDAR+ profile (www.sedarplus.ca) and,

upon request, DDC will promptly provide a copy of any such document free of charge to a securityholder of DDC. DDC Shareholders are encouraged to read the DDC Documents in full to obtain a complete summary of material information regarding DDC.

Consolidated Capitalization

There has been no material change in DDC's share or debt capital structure since March 31, 2024. Readers should refer to the DDC Interim Financial Statements and the related DDC Interim MD&A, which are specifically incorporated by reference herein.

Description of Capital Structure

DDC is authorized to issue an unlimited number of no-par value DDC Common Shares and an unlimited number of no-par value DDC Variable Voting Shares. As of July 5, 2024, there were 224,199,312 DDC Shares issued and outstanding, consisting of DDC Common Shares and DDC Variable Voting Shares. Each DDC Share confers the right to receive notice of and to attend all meetings of DDC Shareholders and one vote, subject to voting restrictions and adjustments attached to the DDC Variable Voting Shares, as discussed under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*".

For a description of the DDC Common Shares and DDC Variable Voting Shares see "Description of Capital Structure" in the DDC AIF, which is incorporated by reference in this Information Circular.

Foreign Ownership Limits

The CTA requires that national holders of a domestic air service license be "Canadian". In 2018, certain provisions of the *Transportation Modernization Act* (Canada) became effective and amended, among other things, the definition of "Canadian" under section 55(1) of the CTA to increase foreign ownership limits in Canadian air carriers from 25% to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in a Canadian airline (the "**CTA Amendments**").

The CTA Amendments increased the overall maximum level of non-Canadian ownership and control of voting interests in an air carrier to 49%, while also introducing and prescribing maximum ownership levels of 25% respectively for:

- any single non-Canadian holder, either individually or in affiliation with any other person; and
- any one or more non-Canadian holders authorized to provide an air service in any jurisdiction (in the aggregate), either individually or in affiliation with any other person.

In response to these new legislative thresholds, DDC received shareholder approval at the annual general and special meeting of DDC held on May 11, 2022 to effect the CTA Amendments to the DDC Constatng Documents to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of "Canadian" in the recently amended CTA.

Prior Sales

During the 12-month period prior to the date of this Information Circular, DDC has not sold or issued any DDC Common Shares or DDC Variable Voting Shares, or securities convertible into DDC Common Shares or DDC Variable Voting Shares, other than as set forth in the table below.

Security	Number of Securities	Issue/Exercise Price per Security (\$)	Date of Issue
DDC Options ⁽¹⁾	200,000 ⁽²⁾	0.31	August 16, 2023

Notes:

(1) The DDC Options are exercisable at a price of \$0.31 per DDC Share for a period of five years.

(2) An aggregate of 66,668 DDC Options were subsequently forfeited.

Market For Securities

The DDC Common Shares and the DDC Variable Voting Shares are listed for trading on the TSXV under the symbol "FLT" and on the Frankfurt Stock Exchange under the symbol "A3DP5Y" or "ABBA.F" and are quoted on the OTCQX Venture Market in the United States under the symbol "TAKOF".

Trading Price and Volume

DDC Shares

The following table sets out the high and low closing market prices and the volume traded on the TSXV for each month over a twelve month period prior to the date of this Information Circular:

2023	HIGH (\$)	LOW (\$)	VOLUME
July	0.390	0.340	1,911,699
August	0.355	0.230	3,219,306
September	0.355	0.250	3,493,844
October	0.270	0.235	1,778,364
November	0.275	0.155	4,736,126
December	0.185	0.150	2,943,516
2024			
January	0.395	0.155	12,941,628
February	0.355	0.235	4,267,850
March	0.270	0.225	2,164,552
April	0.260	0.200	2,475,361
May	0.380	0.190	6,207,778
June	0.225	0.100	3,301,170
July 1 to July 10	0.205	0.185	464,594

Source: Bloomberg.

The following table sets out the high and low closing market prices and the volume traded on the Frankfurt Stock Exchange for each month over a twelve month period prior to the date of this Information Circular:

2023	HIGH (€)	LOW (€)	VOLUME
July	0.293	0.234	22,110
August	0.240	0.1464	35,109
September	0.214	0.1602	10,700
October	0.184	0.1494	94,500
November	0.170	0.1106	194,386
December	0.128	0.1	214,375
2024			
January	0.280	0.088	45,645
February	0.210	0.155	31,754
March	0.190	0.136	24,402
April	0.167	0.123	23,509
May	0.190	0.116	19,591
June	0.140	0.092	20,189
July 1 to July 10	0.159	0.112	40,711

Source: Bloomberg.

On May 17, 2024, the last trading day on which the DDC Shares were traded on the TSXV prior to the announcement of the Transaction, the closing price of the DDC Shares on the TSXV was \$0.195. On May 17, 2024, the last trading day on which the DDC Shares were traded on the Frankfurt Stock Exchange prior to the announcement of the Transaction, the closing price of the DDC Shares on the Frankfurt Stock Exchange was €0.118. On July 10, 2024, the closing price of the DDC Shares on the TSXV and Frankfurt Stock Exchange was \$0.185 and €0.124, respectively.

Dividends and Distributions

DDC has never paid any dividends or distributions on any of its securities and presently has no intention of paying dividends. The future dividend policy will be determined by the DDC Board on the basis of earnings, financial requirements and other relevant factors.

Risk Factors

An investment in DDC Shares and the completion of the Transaction are subject to certain risks. In assessing the Transaction, Volatus Shareholders should carefully consider the risks described under "Risk Factors" described in this Information Circular and the risks described in DDC's AIF, DDC's Annual MD&A and DDC's Interim MD&A which are each incorporated by reference in this Information Circular.

Legal Proceedings and Regulatory Actions

DDC was not subject to any material legal proceedings during the 12 months prior to the date of this Information Circular, nor is DDC or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. DDC may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

There were no penalties or sanctions imposed against DDC by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during its most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against DDC, and DDC has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

Other than as disclosed herein, none of the directors or executive officers of DDC, nor any person or company that beneficially owns, controls, or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of DDC, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect DDC.

Auditors, Transfer Agent and Registrar

The registrar and transfer agent of DDC is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

The auditor of DDC, D&H Group LLP, Chartered Professional Accountants, has informed DDC that it is independent with respect to DDC within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of British Columbia.

Material Contracts

Other than as disclosed in this Information Circular and as discussed in DDC's AIF, during the 12 months prior to the date of this Information Circular, DDC has not entered into any contracts, nor are there any contracts still in effect, that are material to DDC, other than contracts entered into in the ordinary course of business. See "Material Contracts" in the DDC AIF, which is incorporated by reference in this Information Circular.

Experts and Interests of Experts

The following persons, firms and companies are named as having prepared or certified a statement, report, valuation or opinion described or included herein directly or in a document incorporated by reference herein and whose profession or business gives authority to the statement, report, valuation or opinion, in each case with respect to DDC:

- D&H Group LLP; and

- National Bank.

To the knowledge of DDC, as of the date of this Information Circular, designated professionals at National Bank own beneficially, directly or indirectly, less than 1% of the outstanding securities of each class of securities of DDC, Volatus or any associate or affiliate of DDC or Volatus, as applicable.

Additional Information

Additional information relating to DDC is available under its profile on SEDAR+ at www.sedarplus.ca. Financial information concerning DDC is provided in the DDC Annual Financial Statements, the DDC Interim Financial Statements, the DDC Annual MD&A and the DDC Interim MD&A, which are incorporated by reference herein and can be accessed on SEDAR+ at www.sedarplus.ca

SCHEDULE J
INFORMATION CONCERNING VOLATUS

TABLE OF CONTENTS

NOTICE TO READER.....	J-3
FORWARD-LOOKING STATEMENTS	J-3
CORPORATE STRUCTURE	J-3
General.....	J-3
Intercorporate Relationships	J-4
DESCRIPTION OF THE BUSINESS OF VOLATUS.....	J-4
Overview	J-4
Principal Products and Services	J-5
Specialized Skill and Knowledge	J-7
Competitive Conditions	J-7
Components	J-8
Intangible Properties	J-8
Regulatory Framework	J-9
Cycles	J-10
Employees	J-10
Foreign Operations	J-10
GENERAL DEVELOPMENT OF THE BUSINESS	J-10
Developments subsequent to the year ended December 31, 2023	J-10
Developments during the financial year ended December 31, 2023.....	J-11
Developments during the financial year ended December 31, 2022.....	J-12
DIVIDENDS AND DISTRIBUTIONS.....	J-13
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	J-13
DESCRIPTION OF SECURITIES.....	J-13
Volatus Shares	J-13
Volatus Preferred Shares	J-13
Volatus Options	J-14
Volatus Warrants	J-14
Volatus Debentures.....	J-14
FOREIGN OWNERSHIP LIMITS	J-15
CONSOLIDATED CAPITALIZATION.....	J-15
PRIOR SALES.....	J-16
MARKET FOR SECURITIES.....	J-16
TRADING PRICE AND VOLUME	J-16
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	J-17
PRINCIPAL SECURITYHOLDERS	J-17
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	J-19
Cease Trade Orders.....	J-19
Bankruptcies	J-19
Penalties or Sanctions	J-19

CONFLICTS OF INTEREST	J-20
PROMOTERS	J-20
RISK FACTORS	J-21
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	J-21
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	J-21
AUDITOR, REGISTRAR AND TRANSFER AGENT.....	J-21
MATERIAL CONTRACTS	J-21
EXPERTS AND INTERESTS OF EXPERTS	J-22
FINANCIAL STATEMENT DISCLOSURE.....	J-22
AUDIT COMMITTEE.....	J-22
CORPORATE GOVERNANCE	J-22

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Schedule J and not otherwise defined in this Schedule J have the meanings given to such terms under the heading "*Glossary of Defined Terms*" or elsewhere in this Information Circular.

The following information is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of Volatus and its subsidiaries. Upon completion of the Transaction, each Volatus Shareholder will become a shareholder of DDC, other than those Volatus Shareholders who are Volatus Dissenting Shareholders. See "*Information Concerning the Combined Company*" in Schedule K to this Information Circular for *pro forma* business, financial and share capital information relating to the Combined Company after giving effect to the Transaction.

The audited consolidated financial statements of Volatus for the years ended December 31, 2023 and December 31, 2022, including any notes or schedules thereto and the auditor's report thereon (the "**Volatus Annual Financial Statements**"), as well as management's discussion and analysis of the financial condition and results of operations of Volatus for the years ended December 31, 2023 and December 31, 2022 (the "**Volatus Annual MD&A**"), are attached as Appendix "A" to this Schedule J, and the unaudited consolidated financial statements of Volatus for the three months ended March 31, 2024 (the "**Volatus Interim Financial Statements**"), as well as management's discussion and analysis of the financial condition and results of operations of Volatus for the three months ended March 31, 2024 (the "**Volatus Interim MD&A**"), are attached as Appendix "B" to this Schedule J, each of which form an integral part of this Information Circular as of the date of this Information Circular.

Forward-Looking Statements

Certain information in this Schedule J constitutes forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Such forward-looking statements relate to future events or Volatus' future performance. See "*Cautionary Note Regarding Forward-Looking Statements*" in this Information Circular in respect of forward-looking statements that are included in this Schedule J. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Information Circular, as well as those discussed under the heading See "*Information Concerning the Combined Company – Selected Unaudited Pro Forma Financial Information for the Combined Company*" in Schedule K to this Information Circular and under the heading "*Risk Factors*" in this Schedule J.

Corporate Structure

General

Volatus was incorporated on December 17, 1987 pursuant to the provisions of the OBCA under the name "Golden Penguin Resources Ltd.". On June 9, 1997, Volatus changed its name to "Partner Jet Corp.". On December 22, 2021, pursuant to articles of amalgamation and as part of a reverse take-over transaction (the "**RTO**"), Partner Jet Corp. amalgamated with the private company formerly known as Volatus Aerospace Corp. to form Volatus. Volatus changed its name to "Volatus Aerospace Corp." in connection with the RTO.

The registered and head office of Volatus is located at 60 Airport Road, Oro-Medonte, Ontario L0L 2E0, Canada.

Volatus, through its material subsidiaries, including Volatus Unmanned Services Inc. ("**Volatus Unmanned Services**"), Volatus Aerospace USA Corp., Volatus Aerospace UK Ltd., and Volatus Aviation (registered as Partner Jet Inc.), is a technology-enabled unmanned aerial solutions provider and manned aviation management company. With significant aviation experience, Volatus is dedicated to commercializing the full potential of unmanned aviation technologies throughout the Americas and around the world. With locations across Canada, the United States and the United Kingdom, Volatus offers a comprehensive range of solutions for both civilian and military applications of unmanned aerial solutions.

The Volatus Shares are listed on the TSXV under the symbol "VOL". Certain Volatus Warrants that are listed and posted for trading on the TSXV under the trading symbol "VOL.WT.A".

Further details regarding Volatus, including information regarding Volatus's history, assets, subsidiaries, and operations are provided in the Volatus Audited Financial Statements and the Volatus Annual MD&A. Readers should consider reading these documents.

Intercorporate Relationships

The following chart describes the corporate structure of Volatus and its subsidiaries and the percentage of the outstanding voting securities of each subsidiary that are beneficially owned, controlled or directed by Volatus:

Subsidiaries	Jurisdiction of Incorporation	Percentage of Voting Securities Beneficially Owned, Controlled or Directed by Volatus
Volatus Unmanned Services Inc.	Canada	100%
Volatus Aerospace USA Corp.	Delaware	90%
OmniView Tech Corp.	Ontario	100%
ConnexiCore LLC	Pennsylvania	100%
Empire Drone Company LLC (dba Volatus Drones)	New York	100%
Canadian Air National Inc.	Canada	100%
Synergy Aviation Ltd.	Alberta	51%
Sky Scape Industries LLC	New Jersey	100%
Indigenous Aerospace Corp.	Canada	49%
iRed Limited	United Kingdom	100%

Upon completion of the Transaction, Volatus will become a direct wholly-owned subsidiary of DDC. As a result, all of the direct and indirect subsidiaries and assets of Volatus will become indirectly held by DDC.

Description of the Business of Volatus

Overview

Volatus is a leading consolidator of established drone service and equipment providers. Volatus serves civil, public safety, and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, as well as R&D, design, and manufacturing. Volatus is focused on introducing green and innovative drone solutions to supplement and replace traditional aircraft and helicopters for long-linear inspections such as pipeline, energy, rail, and cargo services. Volatus is committed to carbon neutrality; the fostering of a safe, equitable and inclusive workplace; and responsible governance.

Volatus has acquired several established Unmanned Aerial Vehicles ("UAV"), commonly known as drones or remotely piloted aircraft, technology and solution businesses to consolidate its position as an international player in the UAV industry with operations across the Americas. Volatus has a physical presence in Alberta, British Columbia, Manitoba, Ontario, Quebec, Prince Edward Island, New York, Pennsylvania, New Jersey, Florida, Nevada, Ohio, Illinois, Oklahoma, Missouri, Texas, Maine and the United Kingdom. In addition, a network of more than 1200

Transport Canada and Federal Aviation Administration qualified UAV pilots are available to Volatus to support service delivery in every province and territory of Canada and the United States.

Volatus, through its operating subsidiary, Volatus Unmanned Services and its United States subsidiaries, offers UAV system sales and training, aerial inspection and imaging services, data processing and management, regulatory compliance, maintenance, and repair to numerous industries.

The commercial distribution activities of Volatus are centered around its distribution agreements with the world's leading manufacturers and suppliers of consumer and enterprise level drones throughout Canada and the United States.

Volatus Flight Systems Inc. represents Volatus' technology division with an R&D facility at Lake Simcoe Regional Airport. All the integrated solutions activities are conducted by Volatus Flight Systems Inc. This subsidiary was formed in 2020 with the acquisition of the assets of Brican Flight Systems Inc. These assets include the intellectual property rights to the TD100 (since renamed M100 Velos and E100 Vedette) UAVs. This fixed-wing drone technology is the culmination of over 10 years of research and development activity leading to a commercialization readiness state. Two variants of the fixed-wing drones, the multi-fueled powered Velos and electrically powered Vedette, are expected to be marketed and sold by Volatus as regulatory changes evolve to allow long range beyond visual line of sight ("**BVLOS**") missions.

UAVs play a significant role in the defence and commercial sectors and are progressively replacing traditional modes of inspection, surveillance, survey and transportation with task force ISRs (Intelligence, Surveillance, Reconnaissance) and drone task forces due to their inherent cost, safety and efficiency. Certain market studies have predicted growth in the use of UAV in all sectors Volatus is targeting.

In addition to its drone activities, Volatus, through its subsidiaries Synergy Aviation Ltd. and Canadian Air National Inc., offers manned aircraft inspection services primarily to the oil and gas sector. These two subsidiaries conduct asset inventory, pipeline right-of-way inspection and gas leak detection services all over Canada and recently commenced operations in the United States. On an annual basis with a fleet of twenty Robinson R44 and Cessna C172 aircraft, flying activities average over 1,000,000 kilometers.

Principal Products and Services

Volatus and its subsidiaries currently generate revenue in four different segments:

- commercial distribution and sale of drones and related accessories ("**Commercial Distribution/Equipment Sales/Product Sales**");
- drone inspection, surveying, surveillance services ("**Drones-as-a-Service**");
- drone training activities ("**Drone Training**"); and
- development and manufacturing of proprietary drone technology ("**Drone Manufacturing**").

During 2023, 53% of the revenues were generated from Commercial Distribution/Equipment Sales/Product Sales, 28% from Drones-as-a-Service and 19% from Drone Training. This compares to Commercial Distribution/Equipment Sales/Product Sales revenues of 72% and revenue from Drones-as-a-Service of 28% in 2022.

Commercial Distribution/Equipment Sales/Product Sales: Under this segment, Volatus and its subsidiaries market and sell drones, sensors, and other ancillary components and equipment in Canada, the US, Latin America, UK, and Europe. Volatus, along with its subsidiaries, has distribution rights from numerous drone manufacturers, including Da-Jiang Innovations (known as "**DJI**"). These products cater to consumer, commercial or industrial and defense market segments. Revenues from the consumer market is generated through a physical store located at Mississauga, Ontario, a sales and distribution location in Syracuse, New York and associated web platforms. Revenues from commercial and defense segments are generated from the web platform, a sales outreach team, Volatus' subsidiaries and the Volatus business development team. The equipment sales segment is highly diversified in terms of product offerings and services numerous customers (both on the retail, commercial, and defense side).

Drones-as-a-Service: Under this segment, Volatus and its subsidiaries generate revenue by providing services to multiple sectors and industries. Drone services include, but are not limited to, the following activities:

- infrastructure inspections and surveys (e.g., roadways, bridges, rail, towers);
- surveillance applications for first responders, public safety & security;
- construction site surveys, volumetrics and monitoring;
- energy inspections and surveys (e.g., pipeline, power line, wind turbines); and
- precision agriculture mapping, surveying and monitoring.

The services are provided by a network of Transport Canada and US Federal Aerial Administration ("FAA") licensed pilots employed by and under contract to Volatus and its subsidiaries. A core team of in-house pilots are highly experienced with sector specific training and skills spread across seven locations in Canada and two locations in the United States. Pilots are strategically located across Canada and the United States.

Volatus employs a twenty-member business development team in addition to the sales outreach team. This team is supported by in-house business analysts that help in identifying emerging industry trends and market requirements. Volatus serves both private and public sector entities. Transport Canada has awarded Volatus numerous Special Flight Operating Certificates ("SFOC") allowing flights above the regulatory altitude limit of 400 feet, operation of drones with a gross take-off weight over 25 kgs, and BVLOS remotely piloted aerial inspections across the country. BVLOS operations provide for maximum efficiency, allowing survey, imaging and mapping missions to collect more data in fewer deployments by enabling a drone to cover far greater distances than missions restricted to visual line of sight requirements.

Drone Training: Under this segment, Volatus and its subsidiaries generate revenue by providing drone training programs both in classroom and online. Programs cover preparation for the Transport Canada basic and advanced pilot licensing exams, sector and platform specific training, and using drones for STEM (Science, Technology, Engineering, Mathematics) education purposes. Volatus has been selected by the FAA to administer UAV safety tests. Whether it is initial education to pass the basic pilot exam or specialized flight skills, Volatus intends to establish Canada's first BVLOS Training Centre of Excellence (the "**Centre of Excellence**") in Prince Edward Island, which is currently in the development stage. If established, the Centre of Excellence will significantly enhance Volatus' ability to provide BVLOS training to pilots across North America.

Drone Manufacturing: In June of 2020, Volatus, through its subsidiary Volatus Flight Systems, acquired the intellectual property and assets of Brican Flight Systems. More specifically, Volatus acquired a family of long range, high endurance fixed wing drones developed over a 10-year period with funding and engagements from several Canadian universities as well as the National Research Council. These aircraft represent a significant commercial opportunity as the regulations enabling flight BVLOS are expected come into effect in the near future. The Volatus Center of Excellence will include assembly, integration and test requirements for all drone products. Detailed parts and components manufacturing will be subcontracted to qualified and approved suppliers. Volatus' research and development and manufacturing operation is expected to generate revenue through three lines of activities:

- continued development and manufacturing of proprietary drone technology;
- commercialization of late-stage third party technologies; and
- providing a scalable manufacturing solution.

Fixed-wing Drones

Volatus' Velos aircraft is an electric powered fixed-wing drone capable of delivering real time information with 20 pounds payload with 2.5 hours endurance and a cruise speed of 83km/h.

Volatus' Vedette aircraft is a multi-fuel gas-powered fixed-wing drone capable of delivering real time information with 20 pounds payload with an endurance of up to 12 hours and a cruise speed of 83km/h.

Aerieport Drone Nesting Station

Volatus introduced autonomous remote drone nesting solution AERIEPORT on June 20, 2022. The AERIEPORT is an all-weather solution designed to operate remotely in extreme temperatures ranging from -67°F to +131°F. It features an onboard weather station, a 4-SIM, 5G, highspeed LTE connection with Satcom option, an integrated ground-based detect and avoid system, a mission planner and remote operations system. The AERIEPORT is designed to facilitate remote missions from anywhere in the world at any time. The AERIEPORT is designed to be drone agnostic.

Production and Services

For products that are resold by Volatus and its subsidiaries, Volatus acquires such products directly from their manufacturers. These products and components are readily available from multiple sources and Volatus has distribution rights of numerous drone manufacturers, including DJI.

For products that Volatus plans to manufacture itself, assembly and integration is intended to take place at Volatus' Center of Excellence. Parts will be acquired from approved suppliers and manufactured composite and metal parts will be procured through approved manufacturers subcontracted to manufacture on our behalf using Volatus owned designs, tooling and processes. All final assembly and pre-delivery testing will be performed by Volatus at our Center of Excellence. These products and components are readily available from multiple sources on commercial terms. The Volatus Center of Excellence is located at Lake Simcoe Regional Airport in a 33,000 sq. ft. facility currently under a 64-month lease executed on March 9, 2021. Volatus has an option, at its sole discretion, to extend the lease for a further 24 months. The lease rate is \$24,750, fixed for the initial term with payments commencing on August 1, 2021. The lease is in good standing.

Drone services and drone training services provided by Volatus are provided by in-house pilots or by leveraging the existing Volatus pilot network in Canada and the U.S. The widely distributed pilot network enables Volatus to serve any segment of the market and even in the remote most location of Canada.

Specialized Skill and Knowledge

Operating in the drone industry requires specialized knowledge and skills. Volatus has acquired these skills by hiring skilled employees and contractors, by acquiring regional companies and by continuing skills and knowledge development through ongoing training. Volatus considers the required specialized knowledge and skills to be readily available.

Competitive Conditions

The current drone industry consists of numerous small and regional players. Volatus has found a niche by vertically integrating its business and serving all segments of the market. Volatus intends to become a one-stop drone solution provider across the Americas through its wider pilot network and in-house expertise. Volatus competitive presence can be divided into two segments:

Commercial Distribution and Drones-as-a-Service: the current market is highly fragmented and consists of multiple smaller players. The industry is dominated by regional players with limited geographic presence and limited expertise to perform all types of services. Volatus in its early stage identified the gap and addressed the opportunity by expanding across Canada and the U.S. and building an extensive pilot network that enables it to serve every segment of the market with coast- to-coast presence. Key competitors on regional scale include RMUS, Drone Nerds, Skymount, and Aerium Analytics.

Drone Technology: the aerospace industry is long dominated by larger established players like Boeing, Textron, and Schiebel. However, these players have focused on military applications of their UAVs/drones. There is a second category of players who have focused on commercial applications but at the lower range and with limited payload capabilities such as Wingtra, Ascent, and Inspired Flight. Volatus identified a niche at the intersection of military and commercial applications. The Volatus Velos and Vedette fixed-wing drones are capable of flying BVLOS with high endurance and payload capacity benefits. Volatus also introduced in 2022, the AERIEPORT, an all-weather

drone agnostic nesting station that provides Volatus a competitive advantage over existing suppliers including American Robotics and Percepto. These product lines differentiate Volatus from other competitors when it comes to performance and application of drone technology.

Volatus plans to negotiate agreements with manufacturers of cargo and delivery drones that, if such negotiations result in definitive agreements, will enable Volatus to create a complete delivery solution in the unmanned segment. See "*Forward-Looking Statements*" in this Schedule J.

Components

To date, the supply chain for Volatus products has been stable both in terms of supply schedules and pricing. Components, parts, accessories, and finished products supplied under distribution or dealership agreements have been readily available on commercial terms.

Intangible Properties

Volatus relies heavily on trade secrets and confidentiality agreements to protect its intellectual property and proprietary technology given the nature of its business and the industry in which it operates. Identifiable intangible properties such as brand names, licenses, software and unregistered trademarks are of significant importance to Volatus.

The following table contains details of the material intellectual property owned by or licensed for use by Volatus. Volatus does not currently intend to seek additional protection for its intellectual property at this time.

Intellectual Property	Use	Importance to Volatus	Registered or Unregistered	Protected or Unprotected by Intellectual Property Registrations or Restrictions
Website: https://volatusaerospace.com/	Used to acquire customers and promote Volatus's products and services.	High	Unregistered	Unprotected
Website: https://volatusdrones.ca/	Used to sell drones and offer other products and services.	Low	Unregistered	Unprotected
TD100 UAV	Fixed Wing Drone Technology	Medium	Unregistered	Unprotected
Website: https://omniviewtech.com	Used to sell drones and offer other products and services.	High	Unregistered	Unprotected
Website: https://connexicore.com	Used to acquire customers and drone pilots.	Medium	Unregistered	Unprotected
AERIEPORT	Drone Nesting Station Technology.	Medium	Unregistered	Unprotected
Hydra	Mining Drone Technology	Medium	Unregistered	Unprotected
AIRS	Pipeline Monitoring software	High	Unregistered	Unprotected

Regulatory Framework

Canada

A new regulatory framework relating to the use of drones in Canada was published by Transport Canada in January 2019 and came into effect on June 1, 2019. The changes, published as Canadian Aviation Regulations ("**CAR**"), Part IX, introduced new rules based on the weight of drones and the intended operation. This framework created three broad categories of remotely piloted aircraft systems ("**RPAS**"): (a) small RPAS in limited (low risk) operations ("**Small RPAS Basic**"); (b) small RPAS in advanced (complex) operations ("**Small RPAS Advanced**"); and (c) all other RPAS operations that fall outside the first two categories. These regulations focus on foundational issues such as aircraft marking and registration, pilot knowledge and certification, airworthiness of the aircraft and flight rules.

Small RPAS Basic are defined as RPAS weighing between 250 grams and 25 kilograms that operate in rural and unpopulated areas. These RPAS will have the registration number displayed on the RPAS before flight. Pilots must be at least 14 years of age and must hold a valid Basic RPAS license that is specific to small drones. Additional restrictions are imposed that include that the RPAS cannot operate: (a) within approximately 30 meters of people or open-air assemblies of people; (b) above 400 feet; (c) within approximately 1.85 kilometers of heliports; or (d) within approximately 5.5 kilometers of airports. CARs, Part IX requires the RPAS to always be operated within a visual line-of-sight ("**VLOS**").

Small RPAS Advanced are defined as RPAS weighing between 250 grams and 25 kilograms that operate in urban and/or populated areas. These RPAS will require identification, marking and registration with Transport Canada as well as meeting specified design standards acceptable to Transport Canada. These RPAS will be assigned a unique identification/registration number issued by Transport Canada. Pilots must be at least 16 years of age and must hold a valid Advanced RPAS license that is specific to small drones. Approval for operation must be granted by NavCanada when operating in controlled airspace or near controlled aerodromes. A set of flight rules must be followed at all times for these more complex operations. Restrictions, including distances from people, are determined based on the safety certification of the RPAS being operated. The RPAS must always be operated within VLOS.

CARs, Part IX utilizes a SFOC application process to approve any operations that do not fit within the regulatory regime set out above, such as operating BVLOS. For those wishing to operate outside of the regulatory framework set out in CARs, Part IX, there will be a variety of SFOC application processes tailored to the nature and use of the RPAS. The more complex and riskier the proposed operation, the more thorough and detailed the SFOC application process.

Those operators requiring an SFOC must apply to the Transport Canada Civil Aviation Regional Office at least 30 working days prior to the date of the proposed RPAS operation. Transport Canada has wide discretion in reviewing and approving SFOC applications; however, to date Volatus has never been refused an SFOC for which it has applied. The purpose of the SFOC application review is to ensure that the proposed operation is safe and associated risks have been adequately mitigated.

In April 2020, Transport Canada published a Notice of Proposed Amendment ("**NPA**") as the first step in the publication of new regulations for BVLOS operations. The NPA provided a synopsis of the high-level policies Transport Canada is proposing to support BVLOS operations in lower risk environments such as remote and isolated areas. These new regulations will also provide clear direction and guidance on the use of heavier aircraft (up to 650 kilograms), operations at higher altitudes than currently permitted in CARs, Part IX, and will set the foundation for an operator certification program. Once published, these regulations will permit routine BVLOS operations without the need for Volatus to request specific permission for each operation, as is currently required with the current SFOC process. The first draft of these regulations was published in the Canada Gazette in the summer of 2023 with a progressive implementation schedule in 2024 and anticipated to come into force on April 1, 2025. Volatus is currently fully compliant with all current Canadian regulatory requirements and has applied for, and received, Transport Canada approval for numerous SFOCs.

United States

Volatus' current operations in the United States are conducted within the VLOS rules and all such VLOS activities are performed by FAA qualified and accredited pilots. Volatus received authorization from the FAA in the U.S. for Commercial Agricultural Aircraft Operations using drones. The Operating Certificate, issued under FAA Part 137, integrated with an exemption received in September 2023, allows Volatus' U.S. subsidiary, Volatus Aerospace USA Corp., to operate any drone approved for agricultural operations, including drones weighing 55 pounds (25kg) or greater.

United Kingdom

Volatus' current plans to expand operations into the United Kingdom involve the sale of drone equipment which does not require any regulatory approvals in the United Kingdom. Volatus does not currently, nor does it expect in the near term to, offer services in the United Kingdom that would require regulatory approval in the United Kingdom.

Cycles

The business of Volatus as a whole is not cyclical but certain segments are impacted by seasonality. The level of drone service and training activities in Canada and the northern U.S. is impacted during harsh winter conditions. Thus, the December to mid-June period is slower compared to the July to late October period. However, other business segments like the Commercial Distribution/Equipment Sales/Product Sales segment compensate for the seasonality of activities. Also, Volatus' presence in the U.S., western Canada and Latin America is diversifying the geographic distribution and reducing any cyclical or seasonal impacts. See "*Forward-Looking Statements*" in this Schedule J.

Employees

As of December 31, 2023, Volatus employed 129 full-time employees and engaged 28 full time contractors or consultants. In addition, Volatus maintains a network of 1200+ Transport Canada and FAA licensed drone pilots that are contracted on a project-by-project basis. Pilots are selected based on a match of the mission requirements to their profile, experience, and drones supplied.

Foreign Operations

Volatus operates primarily in Canada and the U.S. but has operations in Latin America and the United Kingdom in order to diversify the market and service offerings. Volatus views the U.S. as a stable political and economic country and does not foresee any specific risk associated with operating in that country.

General Development of the Business

Developments subsequent to the year ended December 31, 2023

- On January 1, 2024, Volatus completed the acquisition of Aerial Motion Pictures Ltd. dba UAVHub and Open Sky Consulting International Ltd. dba The Drone Mentor. The total purchase price for these acquisitions was £150,000, which Volatus satisfied through the issuance of an aggregate of 1,575,000 Volatus Shares.
- On February 13, 2024, Volatus announced that its subsidiary received an operating certificate from the FAA in the U.S. for Commercial Agricultural Aircraft Operations.
- On April 18, 2024, Delta-Mike Inc., a corporation beneficially owned and controlled by Ian McDougall, chairman and director of Volatus, provided a non-convertible, unsecured loan to Volatus for gross proceeds of \$425,000, which bears interest at a rate of 15.0% per annum and has a maturity date of May 31, 2029 (the "**Delta-Mike Loan**").

- On May 7, 2024, Volatus' subsidiary entered into a master services agreement with a leading oil and gas company in the U.S. to provide bi-weekly aerial surveillance of pipeline right of ways.
- On May 20, 2024, Volatus enter into the Business Combination Agreement with DDC, as described in greater detail in this Information Circular. See the "*The Transaction – Background to the Transaction*" in the Information Circular.
- On May 23, 2024, Volatus completed a non-brokered private placement of \$1,000 principal amount of unsecured non-convertible debentures for gross proceeds of \$585,060 through the issuance of 597 Debentures at a price of \$980 per debenture (the "**Debenture Offering**").
- On May 29, 2024, Volatus announced a collaboration with Mitsubishi Electric US, Inc. to use their AnyMile™ drone-based, logistics operations management platform to provide end-to-end logistics management to scale.
- On June 5, 2024, Volatus and DDC announced a collaboration to commercialize the Volatus AERIEPORT Drone Nesting Station in concert with DDC's Remote Operations Center.

Developments during the financial year ended December 31, 2023

- On January 31, 2023, Volatus completed the acquisition of Empire Drone Company LLC ("**Empire Drone**").
- On February 15, 2023, Volatus was issued a Canadian Transportation Agency license for domestic service, all cargo aircraft.
- On March 2, 2023, Canadian Air National Inc., a subsidiary of Volatus, entered into a three-year master services agreement with a leading pipeline operator to provide pipeline right-of-way asset and environmental monitoring throughout Ontario.
- On April 5, 2023, Volatus completed the acquisition of Sky Scape Industries, LLC pursuant to an arm's length definitive agreement entered into on March 2, 2023.
- On May 3, 2023, Volatus was granted a SFOC to fly BVLOS and above 400 feet above ground level in order to support fire suppression agencies across Canada.
- On May 11, 2023, Volatus closed a brokered private placement of 12% senior unsecured convertible debenture units of Volatus, with each unit comprised of a \$1,000 principal amount of senior unsecured convertible debenture and 1,000 Volatus Warrants. Pursuant to the private placement, Volatus issued 2,646 debenture units for aggregate gross proceeds of \$2,646,000.
- On May 30, 2023, Volatus received authorization from Transport Canada to operate heavy crop spraying drones weighing over 25 kilograms anywhere in Canada.
- On July 25, 2023, Volatus entered into a reseller agreement with Inspired Flight, a U.S.-based National Defense Authorization Act compliant drone manufacturer, to meet client demands for reliable off-the-shelf blue small unmanned aerial systems qualified equipment in the mid-sized class.
- On August 30, 2023, Volatus acquired all of the shares of Volatus Unmanned Services Inc. that it did not already own in exchange for the issuance of 7,270,724 Volatus Shares.
- On October 24, 2023, Volatus entered into a three-year contract with a major U.S. power utility company to provide drone inspection services and reporting on the customers transmission and distribution towers.

- On November 13, 2023, Volatus completed the acquisition of the remaining equity of iRed Limited.
- On November 30, 2023, Volatus entered into an arm's length definitive agreement to acquire Aerial Motion Pictures Ltd. dba UAVHub and Open Sky Consulting International Ltd. dba The Drone Mentor.

Developments during the financial year ended December 31, 2022

- In 2022, Volatus entered into numerous strategic partnerships with North American and European drone technology companies with unique capabilities in different sectors. These partnerships enabled Volatus to provide a portfolio of technologies that are "Vetted by Volatus" to support defense and public safety sectors seeking domestic technology solutions.
- In 2022, as part of creating a drone community, Volatus introduced Drone Network News. This online channel is developed to educate various stakeholders in the industry and enable sharing of knowledge and informed decision making. This channel highlights all the key developments in the drone industry across the globe through articles, discussions, and podcasts with the key leaders.
- On February 28, 2022, Volatus acquired MVT Geo Solutions Inc. This acquisition enhanced Volatus' service and data processing capabilities in the province of Quebec and eastern Canada.
- On March 2, 2022, the Volatus Shares became qualified to trade on the OTCQB market under the ticker symbol "VLTF".
- On June 20, 2022, Volatus introduced its autonomous remote drone nesting solution, AERIEPORT. The AERIEPORT is an all-weather solution designed to operate remotely in extreme temperatures ranging from -67°F to +131°F. It features an onboard weather station, a 4-SIM, 5G, highspeed LTE connection with Satcom option, an integrated ground-based detect and avoid system, a mission planner and remote operations system. The AERIEPORT is designed to facilitate remote missions from anywhere in the world at any time and to be drone agnostic.
- On June 24, 2022, Lt. General the Honourable Andrew Leslie (retired) was appointed to the Volatus Board.
- On June 30, 2022, Volatus announced that it entered into an agreement to provide ongoing RPAS technical skills training to Moose Cree First Nation members.
- On July 6, 2022, Volatus partnered with Mitsubishi Capital Canada to extend a drone financing program to customers of Volatus. This program would enable access to capital to smaller and medium size drone players and provide a competitive advantage to Volatus against other drone suppliers in the market.
- On August 10, 2022, Volatus announced that it received a BVLOS SFOC from Transport Canada to operate a remotely piloted aircraft or drone without a visual observer, using a ground-based optical detect and avoid system. This was a key milestone for Volatus with respect to the commercialization of the AERIEPORT.
- On October 6, 2022, Volatus closed its marketed public offering of 11,171,812 units of Volatus, inclusive of 60,612 units forming part of the over-allotment option, at a price of \$0.36 per unit for gross proceeds of approximately \$4,021,852 (the "**2022 Public Offering**"). Each unit was comprised of one Volatus Share and one Volatus Warrant.
- On October 6, 2022, Volatus also closed a brokered private placement of 569,222 units concurrently with and on the same terms as the 2022 Public Offering.
- On November 10, 2022, Volatus completed the acquisition of Synergy Aviation Ltd. ("**Synergy Aviation**"), an Alberta-based aerial surveillance, pipeline integrity monitoring and specialized geomatics company. Volatus acquired newly issued shares of Synergy Aviation representing 51% of the outstanding shares of Synergy Aviation for an initial equity investment of \$750,000. Under the terms of the definitive agreement,

Volatus made an aggregate equity investment of \$2.29 million in Synergy Aviation over the course of 10 months from closing.

- On November 10, 2022, Volatus completed the acquisition of iRed Limited, a drone services and training company based in Emsworth, England. Volatus acquired newly issued shares of iRed Limited representing 51% of all outstanding shares of iRed Limited for an equity investment of £100,000.
- On November 28, 2022, Volatus entered an arm's length definitive agreement to acquire 100% of the outstanding equity of Empire Drone Company LLC, a Syracuse-based North American distributor and integrator for unmanned aerial systems.
- On December 13, 2022, announce the expansion of its Science Experiential Aerial Research (SEAR) Program in participating school divisions throughout Manitoba thanks to a grant provided by Research Manitoba with the support of the Government of Manitoba and additional funding from industry partners.

Dividends and Distributions

To date, Volatus has not declared dividends to holders of Volatus Shares. The current policy of the Volatus Board is to reinvest any profits in the development and advancement of its business. Payment of dividends in the future is dependent upon the earnings and financial condition of Volatus and other factors which the Volatus Board may deem appropriate at the time.

Management's Discussion and Analysis

The Volatus Annual MD&A and the Volatus Interim MD&A are attached as Appendix "A" and Appendix "B", respectively, to this **Schedule J**.

Description of Securities

Volatus Shares

Volatus is authorized to issue an unlimited number of Volatus Shares. As of this Information Circular, there were 125,683,761 Volatus Shares issued and outstanding.

Each Volatus Share entitles the holder thereof to dividends if, as and when declared by the Volatus Board, to receive notice of any meetings of Volatus Shareholders, to cast one vote per Volatus Share held at all such meetings and, upon liquidation, dissolution or winding up of Volatus, to share ratably in such assets of Volatus as are distributable to the holders of Volatus Shares. All outstanding Volatus Shares are fully paid and non-assessable, and are not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring holders of Volatus Shares to contribute additional capital.

Volatus Preferred Shares

Volatus is authorized to issue an unlimited number of Volatus Preferred Shares. As of the date hereof, there are a total of 206,188 Volatus Preferred Shares issued and outstanding.

Holders of the Volatus Preferred Shares are entitled to: (a) receive dividends as and when declared from time to time by the Volatus Board; and (b) participate in the liquidation, dissolution or winding up of Volatus. The Volatus Preferred Shares are redeemable at \$1.00 per Volatus Preferred Shares (the "**Redemption Price**") and Volatus has the right to redeem all or any portion of the Volatus Preferred Shares at the Redemption Price by giving seven (7) days' notice. The treatment of outstanding Volatus Preferred Share in connection with the Volatus Arrangement is described in this Information Circular under "*The Transaction – Effect of the Volatus Arrangement*".

Volatus Options

Volatus adopted the Volatus Option Plan following the closing of the RTO. The purpose of the Volatus Option Plan is to encourage equity ownership by directors, senior officers, employees and consultants of Volatus and its affiliates and other designated persons. Volatus Options may be granted under the Volatus Option Plan only to directors, senior officers, employees and consultants of Volatus and its subsidiaries ("**Eligible Persons**"). Subject to applicable legislation, the Volatus Board has full and final authority to determine the Eligible Persons who are to be granted Volatus Options under the Volatus Option Plan. The treatment of outstanding Volatus Options in connection with the Volatus Arrangement is described in this Information Circular under "*The Transaction – Effect of the Volatus Arrangement*".

As of the date of this Information Circular, there are 8,067,691 Volatus Options issued and outstanding. Each Volatus Option entitles the holder thereof to acquire one Volatus Share upon payment of the applicable exercise price. The following table sets forth the aggregate number of Volatus Options held by holders of each category identified therein as of the date hereof:

Category of Holder	Number of Volatus Options	Exercise Price⁽¹⁾	Expiration Date Range⁽²⁾
All of our executive officers and past executive officers, as a group	4,102,308	\$0.497	October 25, 2025 – August 11 2028
All of our directors and past directors who are not also executive officers, as a group	2,425,383	\$0.467	October 25, 2025 – August 11, 2028
All of our other employees and past employees, as a group	1,528,750	\$0.289	December 21, 2026 – August 11, 2028
All of our consultants, as a group	Nil	N/A	N/A

Notes:

(1) Represents the weighted average exercise price of outstanding Volatus Options, whether vested or unvested.

(2) Represents the range of current expiration dates of the outstanding Volatus Options.

Volatus Warrants

As of the date of this Information Circular, there are 15,688,369 Volatus Warrants issued and outstanding with each exercisable to acquire one Volatus Share, and of which 11,741,034 Volatus Warrants are exercisable into Volatus Shares at an exercise price of \$0.50 per share until October 5, 2024, 879,475 Volatus Warrants are exercisable into Volatus Shares at an exercise price of \$0.36 per share until October 5, 2024, and 3,067,860 Volatus Warrants are exercisable into Volatus Shares at an exercise price of \$0.50 per share until May 6, 2025. The treatment of outstanding Volatus Warrants in connection with the Volatus Arrangement is described in this Information Circular under "*The Transaction – Effect of the Volatus Arrangement*".

Volatus Debentures

As of the date of this Information Circular, there is \$2,646,000 in principal amount of Volatus Debentures issued and outstanding. The Volatus Debentures are unsecured and bear interest at a rate of 12% per annum with interest payable semi-annually on the last day of June and December in each calendar year with the first interest payment occurring on June 30, 2024. The Volatus Debentures mature on May 11, 2025. The principal amount of the Volatus Debentures, or any portion thereof, may be converted at the election of the holder thereof into Volatus Shares at a conversion price of \$0.50 per share (the "**Conversion Price**") at any time prior to the Maturity Date. The principal amount of the Volatus Debentures may be converted at the election of Volatus at the Conversion Price on not more than 60 days' and not less than 30 days' notice to the holders of Volatus Debentures: (a) in the event that the daily volume weighted average trading price of the Volatus Shares on the TSXV is greater than \$1.00 per Volatus Share for 10 consecutive

trading days on the TSXV; or (b) in connection with a qualified equity or similar financing involving Volatus Shares or warrants resulting in aggregate gross proceeds to Volatus of not less than C\$10 million (the "**Qualified Financing**"), subject to the Conversion Price being ratcheted down to equal the price per security under the Qualified Financing. The Volatus Debentures will be redeemable, in whole or in part, at the option of Volatus, on or after the date that is 12 months from the issue date at price equal to 105% of the principal amount of the Volatus Debentures then outstanding plus any accrued and unpaid interest that would otherwise be payable to the holders from the time on such redemption until the maturity date. The treatment of outstanding Volatus Debentures in connection with the Volatus Arrangement is described in this Information Circular under "*The Transaction – Effect of the Volatus Arrangement*".

Foreign Ownership Limits

The CTA requires that national holders of a domestic air service license be "Canadian", meaning that foreign ownership of Volatus is limited to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in Volatus. Management of Volatus actively monitors the ownership of its voting interests with Volatus' transfer agent, TMX Trust, to ensure that this requirement is satisfied. No assurance can be given that Volatus will be able to maintain the required level of Canadian ownership nor can any assurance be given that Volatus will be able to effectively monitor its voting interest in order to maintain the required level of Canadian ownership. If the voting interest of Volatus by Canadians falls below 51%, this could have a materially adverse effect on Volatus and its business.

Consolidated Capitalization

Other than the closing of the Debenture Offering and the Delta-Mike Loan, there have not been any material changes in the share and loan capitalization of Volatus since the date of the Volatus Interim Financial Statements, which are incorporated by reference herein. As at March 31, 2024, there were a total of 125,683,761 Volatus Shares issued and outstanding and as at the date of this Information Circular. The following table set for the consolidated capitalization of Volatus as at March 31, 2024 on an actual basis and on an adjusted basis to give effect to the closing of the Debenture Offering and the Delta-Mike Loan. The following table should be read in conjunction with the Volatus Interim Financial Statements and the Volatus Interim MD&A:

	As at March 31, 2024	As at March 31, 2024, after giving effect to the Debenture Offering and the Delta-Mike Loan
	(\$)	(\$)
Cash and cash equivalents⁽²⁾	4,018,544	5,110,544
Short-Term Borrowings	9,503,030	10,100,030
Long-Term Borrowings	5,569,699	6,064,699
Volatus Debentures	2,097,028	2,097,028
Total Debt	25,590,114	26,682,114
Volatus Shares	125,683,761	125,683,761
Volatus Options	8,067,691	8,067,691
Volatus Warrants	15,688,369	15,688,369
Total Shareholders Equity	(74,602)	(74,602)
 Total Capitalization	 25,515,512	 26,607,512

Prior Sales

During the 12-month period before the date of this Information Circular, Volatus issued the following securities:

Date of Issuance/Grant	Type of Security Issued/Granted	Number of Securities Issued/Granted	Issue/Exercise Price
August 11, 2023	Volatus Options	3,057,500	\$0.23
August 29, 2023	Volatus Shares	7,270,723	\$0.22
November 16, 2023	Volatus Shares	1,098,684	\$0.16
February 12, 2024	Volatus Shares	1,680,000	\$0.15
May 23, 2024	Unsecured non-convertible debentures	597	\$980

Market for Securities

The Volatus Shares are currently listed on the TSXV under the symbol "**VOL**". The Volatus Shares also trade on the OTCQB under the symbol "VLTF". Certain Volatus Warrants are currently listed on the TSXV under the symbol "**VOL.WT.A**".

Trading Price and Volume

Volatus Shares

The following table sets forth the market price ranges and trading volumes of the Volatus Shares on the TSXV over the 12-month period prior to the date of the Information Circular:

Period	High (\$)	Low (\$)	Trading Volume
June 2023	0.35	0.29	289,200
July 2023	0.30	0.23	698,900
August 2023	0.24	0.21	615,400
September 2023	0.23	0.17	797,600
October 2023	0.20	0.16	1,063,100
November 2023	0.19	0.16	1,083,700
December 2023	0.16	0.15	987,900
January 2024	0.15	0.13	1,524,600
February 2024	0.16	0.10	850,000
March 2024	0.15	0.40	1,676,300
April 2024	0.17	0.13	1,031,300
May 2024	0.33	0.26	2,836,900
June 2024	0.27	0.20	1,379,987
July 1-10, 2024	0.21	0.15	1,035,022

Source: Bloomberg

On May 17, 2024, the last trading day on which the Volatus Shares were traded on the TSXV and the OTCQB prior to the announcement of the Transaction, the closing price of the Volatus Shares on the TSXV was \$0.145 and the closing price of the Volatus Shares on the OTCQB was \$0.1144. On July 10, 2024, the closing price of the Volatus Shares on the TSXV was \$0.18 and the closing price of the Volatus Shares on the OTCQB was \$0.1329.

Volatus Warrants

The following table sets forth the market price ranges and trading volumes of the Volatus Warrants on the TSXV over the 12-month period prior to the date of the Information Circular:

Period	High (\$)	Low (\$)	Trading Volume
June 2023	0.01	0.01	-
July 2023	0.01	0.005	14,000
August 2023	0.005	0.005	-
September 2023	0.02	0.005	1,000
October 2023	0.02	0.02	-
November 2023	0.02	0.02	-
December 2023	0.02	0.02	-
January 2024	0.02	0.02	-
February 2024	0.02	0.02	-
March 2024	0.02	0.005	1,420
April 2024	0.005	0.005	-
May 2024	0.005	0.005	-
June 2024	0.005	0.005	-
July 1-10, 2024	0.005	0.005	-

Source: Bloomberg.

On May 17, 2024, the last trading day on which the Volatus Warrants were traded on the TSXV prior to the announcement of the Transaction, the closing price of the Volatus Warrants on the TSXV was \$0.005. On July 10, 2024, the closing price of the Volatus Warrants on the TSXV was \$0.005.

Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer

In connection with the RTO, an aggregate of 77,724,144 Volatus Shares, 206,188 Volatus Preferred Shares and 3,750 Volatus Warrants (collectively, the "**Surplus Securities**") and 115,385 Volatus Shares (the "**SSRR Securities**") were deposited in escrow in accordance with TSXV Policy 5.4 *Escrow, Vendor Consideration and Resale Restrictions*. The Surplus Securities were deposited in escrow with TSX Trust Company, as escrow agent, under the terms of a surplus securities escrow agreement on TSXV Form 5D. The SSRR Securities were deposited in escrow with TSX Trust Company, as escrow agent, under the terms of a surplus securities escrow agreement on TSXV Form 5D. As of the date of this Information Circular, the following Surplus Securities and SSRR securities remain in escrow:

Class of Securities	Number of Securities held in Escrow	Percentage of Class
Volatus Shares	31,106,968 ⁽¹⁾	24.75% ⁽²⁾
Volatus Preferred Shares	164,951 ⁽³⁾	80% ⁽⁴⁾

Notes:

- (1) These Volatus Shares will be released from escrow on December 30, 2024.
- (2) Based on 125,683,761 Volatus Shares issued and outstanding as of the date of this Information Circular.
- (3) These Volatus Preferred Shares will be released from escrow on December 30, 2024.
- (4) Based on 206,188 Volatus Preferred Shares issued and outstanding as of the date of this Information Circular.

Principal Securityholders

Except as disclosed below, to the knowledge of the directors and executive officers of the Volatus, as at the date of this Information Circular, no Person beneficially owns, or controls or directs, directly or indirectly, more than 10% of securities of Volatus.

Name	Number of Volatus Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Volatus Securities ⁽¹⁾
Glen Lynch	38,461,667 Volatus Shares 1,500,000 Volatus Options	30.6% 19%
Ian McDougall ⁽²⁾	39,017,267 Volatus Shares 206,188 Volatus Preferred Shares 1,208,461 Volatus Options 555,600 Volatus Warrants	31.0% 100% 15% 4%

Notes:

(1) Percentage calculated on a non-diluted basis, based on an aggregate of 125,683,761 Volatus Shares, 206,188 Volatus Preferred Shares, 8,067,691 Volatus Options and 15,688,369 Volatus Warrants issued and outstanding as of the Volatus Record Date.

(2) Ian McDougall indirectly holds his Volatus Shares through Delta-Mike Inc., a holding company beneficially owned by Ian McDougall.

For information regarding the number and percentage of DDC Common Shares that are expected to be beneficially owned, controlled or directed by each of Glen Lynch and Ian McDougall immediately following the Transaction, see "Summary of Interests of Directors and Officers of Volatus in the Volatus Arrangement" in the Information Circular.

Directors and Executive Officers

Name and Municipality of Residence and Position with Volatus	Director / Officer Since	Principal Occupation for the Past Five Years
Ian McDougall⁽¹⁾ Ontario, Canada <i>Director and Chairman of the Board</i>	December 22, 2021	Chair and director of Volatus (2021 – present); Vice Chair and director of Partner Jet Corp. (2015 - 2021).
Glen Lynch Quebec, Canada <i>President, Chief Executive Officer and Director</i>	December 22, 2021	President and Chief Executive Officer of Volatus (2021 – present); Chief Executive Officer of Gal Aerospace Corp. (2013-2021)
Sam Ingram⁽¹⁾ Ontario, Canada <i>Director</i>	December 22, 2021	President of Durango Oils Ltd. a private oil and gas investment company (2015 – present)
Gordon Silverman⁽¹⁾ Florida, USA <i>Director</i>	December 22, 2021	Advisor to Board of Aviation Starlink Inc. (2015 – present)
Andrew Leslie Ontario, Canada <i>Director</i>	June 24, 2022	Independent Director for Volt Lithium Corp., a lithium development and technology company (2022 – present); Director of Volatus (2022 – present); Member of the House of Commons of Canada (2015 – 2019) and the Armed Forces (1986 - 2011).
Abhinav Singhvi Ontario, Canada <i>Chief Financial Officer</i>	December 22, 2021	Chief Financial Officer of Volatus (2021 – present); MBA Student at Schulich School of Business (2018 – 2020).
Luc Massé Quebec, Canada <i>Executive Vice President and Corporate Secretary</i>	December 21, 2021	Executive Vice President of Volatus (2021 – present); President and Chief Executive Officer of Partner Jet Corp. (2019 – 2021); Principal of L. Masse Aviation Solutions (2010 – 2020).
Robert Walker Manitoba, Canada <i>Chief Operating Officer</i>	December 22, 2021	Chief Operating Officer of Volatus (2021 – present); Vice President, Business Development of Volatus (2020 – 2021); Managing Director of Candrone Inspection & Imaging Services Inc. (2018 – 2020).

Notes:

(1) Member of the Audit Committee of Volatus.

The directors and executive officers of Volatus, as a group, own, directly or indirectly, an aggregate of 78,275,027 Volatus Shares representing approximately 62.28% of the total issued and outstanding Volatus Shares as of the date of this Information Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as stated below, to the knowledge of Volatus, none of the directors or executive officers of Volatus (or an personal holding company of a director or executive officer of Volatus) are, as at the date of this Information Circular, nor have they been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Volatus) that, while acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after ceasing to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

On May 7, 2024, a cease trade order was issued against Volatus by the Ontario Securities Commission (the "**CTO**") for failure to file: (a) audited annual financial statements of Volatus for the year ended December 31, 2023; (b) management's discussion and analysis relating to the audited annual financial statements of Volatus for the year ended December 31, 2023; and (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the "**2023 Annual Filings**"). Messrs. McDougall, Lynch, Ingram, Silverman, Leslie, Singhvi, Massé and Walker were directors or executive officers of Volatus at the time of the CTO. The CTO was revoked by the Ontario Securities Commission on May 13, 2024 and trading of the Volatus Shares on the TSXV resumed on May 16, 2024.

Mr. Ingram is a director of Eurogas International Inc. ("**Eurogas**"). On May 6, 2022, the Ontario Securities Commission issued a cease trade order as a result of Eurogas' failure to meet its timely disclosure filing obligations in respect of its audited annual financial statements for the year ended December 31, 2021. The cease trade order remains outstanding.

Bankruptcies

Except as stated below, to the knowledge of Volatus, no director or executive officer of Volatus (or any personal holding company of a director or executive officer of Volatus) or a security holder who holds a sufficient number of securities of Volatus to affect materially the control of Volatus, are, as at the date of this Information Circular, nor have they been within 10 years before the date of this Information Circular, been, a director or executive officer of any company (including Volatus) that, while acting in such capacity, or within a year of ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold any of the director's, officer's or shareholder's assets.

Until March 2019, Mr. Ingram, a director of Volatus, was a director of Dundee Energy Limited ("**Dundee Energy**"). In November 2018, following the sale of the general partner of Dundee Energy Limited Partnership ("**DELP**"), a wholly-owned subsidiary entity of Dundee Energy, pursuant to a court supervised sale process, Dundee Energy and certain of its subsidiaries filed an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) on March 27, 2019.

Penalties or Sanctions

Except as stated below, to the knowledge of Volatus, no director, officer (or any personal holding company of a director or officer of Volatus) or shareholder holding a sufficient number of securities of Volatus to affect materially the control of Volatus, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority nor entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely

be considered important to a reasonable investor in deciding whether to vote for a proposed director or making an investment decision.

In early 2003, Sherritt International Corporation ("**Sherritt**"), a company in which Mr. Ingram was a director, was a shareholder of an Australian Company, Anaconda Nickel Limited ("**ANL**"). During a rights offering by ANL, two major shareholders of ANL, Glencore International A.G. ("**Glencore**") and Matlin Patterson Global Opportunities Partners LP ("**ML Global**") became involved in competing for control of ANL. Sherritt had purchased 4,000,000 shares of ANL on February 13, 2003 in the open market. Following numerous hearings on May 12, 2003, the Australian Government Takeovers Panel, issued a declaration that the market acquisition of the shares of ANL by Sherritt constituted unacceptable circumstances and ordered that the shares in question be vested with the Australian Securities and Investment Commission to sell and account to Sherritt.

Conflicts of Interest

The directors and officers of Volatus are directors, officers or shareholders of other private and publicly listed corporations, including corporations that engage in aerial solutions and manned aviation management. Conflicts of interest may arise between their duties to Volatus and their duties to such other corporations. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation. In the event that such a conflict of interest arises at a meeting of the directors, a director affected by the conflict must disclose the nature and extent of their interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts of interest to the Volatus Board as soon as they become aware of them.

Promoters

Ian McDougall, the chair and a director of Volatus, and Glen Lynch, President, Chief Executive Officer and director of Volatus, are promoters of Volatus. As of the date hereof: (a) Mr. McDougall beneficially owns, or controls or directs, directly or indirectly, a total of 39,017,267 Volatus Shares, 206,188 Volatus Preferred Shares, 555,600 Volatus Warrants and 1,208,461 Volatus Options, representing approximately 26.36% of the equity of Volatus on a fully diluted basis; and (b) Mr. Lynch beneficially owns, or controls or directs, directly or indirectly, a total of 38,461,667 Volatus Shares and 1,500,000 Volatus Options, representing approximately 25.83% of the equity of Volatus on a fully diluted basis.

Other than as disclosed in this section or elsewhere in this Information Circular, no person who was a promoter of Volatus:

- received anything of value directly or indirectly from Volatus or a subsidiary within the last two years;
- sold or otherwise transferred any asset to Volatus or a subsidiary within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority within the last two years;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision within the last two years; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

For information regarding the nature and amount of compensation received by Messrs. McDougall and Lynch in their capacities as directors and/or officer of Volatus within the last two years, please see "*Statement of Executive Compensation*" in Schedule M of this Information Circular.

On May 7, 2024, the CTO was issued against Volatus by the Ontario Securities Commission for failure to file the 2023 Annual Filings. Messrs. McDougall and Lynch were directors or executive officers of Volatus at the time of the CTO. The CTO was revoked by the Ontario Securities Commission on May 13, 2024 and trading of the Volatus Shares on the TSXV resumed on May 16, 2024.

Risk Factors

Whether or not the Volatus Arrangement is completed, Volatus will continue to face many risk factors that it currently faces with respect to its business and affairs. An investment in Volatus Shares or other securities of Volatus is subject to certain risk factors, which may differ or be in addition to the risks applicable to the business of Volatus. Investors should carefully consider the risk factors discussed throughout the Volatus Annual MD&A and Volatus Interim MD&A, attached to this Schedule J as Appendix "A" and Appendix "B", respectively, and filed with the Canadian securities regulators and available under Volatus' profile on SEDAR+ at www.sedarplus.ca. The completion of the Volatus Arrangement is subject to certain risks. In assessing the Transaction, Volatus Shareholders should carefully consider the risks described under "*Risk Factors*" in this Information Circular.

See "*The Business Combination Agreement*" in this Information Circular for a description of the foregoing agreement. Copies of the Business Combination Agreement, the Debenture Indenture and the Warrant Indenture are available on Volatus' SEDAR+ profile at www.sedarplus.ca.

Legal Proceedings and Regulatory Actions

From time to time Volatus becomes involved in legal or administrative proceedings and regulatory actions in the normal conduct of its business. As at the date of this Information Circular, there are no material legal proceedings or regulatory actions against Volatus.

Interest of Management and Others in Material Transactions

Other than as disclosed in this Information Circular, none of the directors or executive officers of Volatus, nor any person or company that beneficially owns, controls, or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of Volatus, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three years before the date of the Information Circular that has materially affected or is reasonably expected to materially affect Volatus or a subsidiary of Volatus. See "*Information Concerning the Volatus Meeting – Voting Shares and Principal Holders Thereof*".

Auditor, Registrar and Transfer Agent

The auditor of Volatus is BDO Canada LLP, Chartered Professional Accountants with its office located at Suite 2200, 222 Bay Street, Toronto Ontario M5K 1H1. BDO Canada LLP is independent of Volatus within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario. BDO Canada LLP was first appointed as an independent auditor of Volatus on November 23, 2023.

The registrar and transfer agent for the Volatus Shares is TSX Trust Company at its principal office located at 301, 100 Adelaide Street West Toronto, Ontario M5H 4H1.

Material Contracts

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which Volatus has entered into since the beginning of the last financial year before the date of this Information Circular, entered into prior to such date but which contract is still in effect, or to which we are or will become a party on or prior to the completion of the Transaction:

- the Business Combination Agreement;
- the debenture indenture dated May 11, 2023 between Volatus and TSX Trust Company, as debenture trustee (the "**Debenture Indenture**"); and
- the warrant indenture dated May 11, 2023 between Volatus and TSX Trust Company, as warrant agent (the "**Warrant Indenture**").

Experts and Interests of Experts

The following persons, firms and companies are named as having prepared or certified a statement, report, valuation or opinion described or included herein directly or in a document incorporated by reference herein and whose profession or business gives authority to the statement, report, valuation or opinion, in each case with respect to Volatus:

- BDO Canada LLP; and
- Echelon Capital Markets.

To the knowledge of Volatus, as of the date of this Information Circular, designated professionals at each of BDO Canada LLP and Echelon Capital Markets own beneficially, directly or indirectly, less than 1% of the outstanding securities of each class of securities of DDC, Volatus or any associate or affiliate of DDC or Volatus, as applicable

Financial Statement Disclosure

Pursuant to the Transaction, Volatus and DDC propose to combine their respective business. The unaudited *pro forma* consolidated financial information of the Combined Company is set forth in Appendix "A" to Schedule K to this Information Circular. Please see "*Information Concerning the Combined Company – Selected Unaudited Pro Forma Financial Information for the Combined Company*" in Schedule K to this Information Circular and Appendix "A" to Schedule K to this Information Circular.

Audit Committee

For information on the audit committee and audit committee charter of Volatus, please see "*Audit Committee Information Required In The Information Circular Of A Venture Issuer*" in Schedule M to this Information Circular and Appendix "C" to Schedule M to this Information Circular.

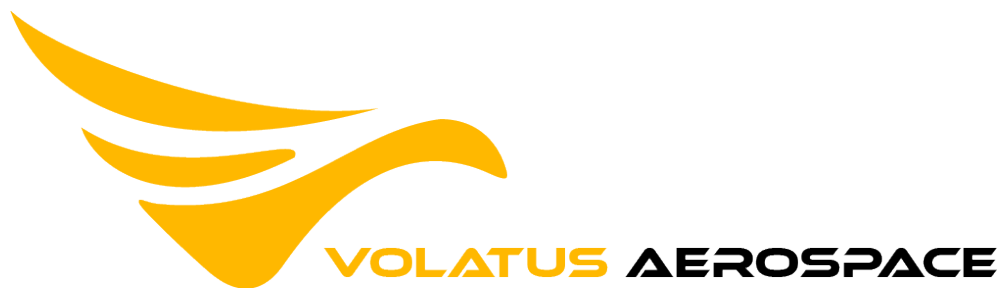
Corporate Governance

For information on the corporate governance policies of Volatus, please see "*Corporate Governance*" in Schedule M to this Information Circular and Appendix "B" to Schedule M to this Information Circular.

APPENDIX "A"

VOLATUS ANNUAL FINANCIAL STATEMENTS AND MD&A

As attached.



VOLATUS AEROSPACE CORP.

Consolidated Financial Statements

For the years ended December 31, 2023, and December 31, 2022

These consolidated financial statements are presented in Canadian Dollars unless otherwise noted.

60 Airport Road, Oro Medonte, ON L0L 2E0 | Tel: 514-447-7986

www.volatusaerospace.com



Tel: 289 881 1111
Fax: 905 845 8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Shareholders of Volatus Aerospace Corp.

Opinion

We have audited the consolidated financial statements of Volatus Aerospace Corp. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 Consolidated 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 consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Valuation of the contingent consideration and customer relationships acquired in the Sky Scape Industries LLC and Empire Drone Company LLC acquisitions

Description of the key audit matter

As discussed in note 17 to the consolidated financial statements, the Company completed two acquisitions for Empire Drone Company LLC and Sky Scape Industries LLC for aggregated consideration of approximately \$1.2 million.

Management applied significant judgement in estimating the fair value of the contingent consideration and customer relationships. Management used the multi-period excess earnings method to fair value customer relationships using discounted cash flow models.



Business combinations were determined to be a key audit matter requiring special audit consideration due to the significant judgement by management in estimating the fair value of the customer relationships and contingent consideration.

How the Audit Matter was Addressed in the Audit

Our audit procedures included, but were not limited, to the following:

- We reviewed the purchase agreements;
- We tested the mathematical accuracy of the discounted cash flow models;
- We evaluated the reasonableness of significant assumptions used in the valuation models to fair value the customer relationships and significant assumptions used to fair value the contingent consideration acquired considering the past performance of the entities and projected future and economic conditions; and
- Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's valuation methodology and assessing the reasonableness of the discount rates.

Goodwill Impairment

Description of the key audit matter

As discussed in Note 10 to the consolidated financial statements, the Company has \$1 million of goodwill which is required to be tested for impairment on an annual basis or more frequently if events of changes in circumstances indicate that the carrying amounts may not be recoverable.

Management applied significant judgement in determining the recoverable amount. The recoverable amount is based on a valuation methodology using a discounted cash flow model. The significant assumptions used in the discounted cash flow model include the discount rate and revenue and EBITDA growth rates. Management concluded that there was no impairment of goodwill as at December 31, 2023, the date of the annual assessment.

This area was determined to be a key audit matter requiring special audit consideration given there are significant estimates and judgement involved in the determination of the recoverable amount.

How the key audit matter was addressed in the audit

Our audit procedures included, but were not limited, to the following:

- Tested the mathematical accuracy of the discounted cash flow model;
- Evaluated the reasonableness of significant assumptions such as revenue and EBITDA growth rates applied by management in the discounted cash flow model by considering management's budget, strategy and business plan approved by the Board of Directors, current and past performance and industry data, where applicable;



- Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's valuation methodology and assessing the reasonableness of the discount rate; and
- Reviewing the disclosures on the assumptions and the outcomes of the impairment testing presented in the consolidated financial statements.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 4 to the financial statements, which explains that certain comparative information presented:

- for the year ended December 31, 2022 has been restated.
- as at January 1, 2022 has been derived from the statement of financial position as at December 31, 2021 (not presented herein).

Our opinion is not modified in respect of this matter.

The financial statements for the year ended December 31, 2022 and December 31, 2021 (not presented herein but from which the comparative information as at January 1, 2022 has been derived), excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those financial statements on April 27, 2023.

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information:

- for the year ended December 31, 2022.
- as at January 1, 2022.

In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements:

- for the year ended December 31, 2022.
- for the year ended December 31, 2021 (not presented herein).
- as at January 1, 2022.

Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$9.7 million during the year ended December 31, 2023 and, as of that date, has negative working capital of \$4.2 million and an accumulated deficiency of \$19.4 million. The Company must utilize its current cash reserves and pursue other financing transactions in 2024 to fund its operating requirements. As stated in Note 2, these events or



conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis (the MD&A).

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the MD&A 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

(signed) BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 12, 2024

Volatus Aerospace Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2023	December 31, 2022 (Restated – Note 4)	January 1, 2022 (Restated – Note 4)
Assets				
Current				
Cash		\$ 1,682,402	\$ 3,684,581	\$ 8,806,836
Trade and other receivables	6	3,815,478	4,330,189	698,355
Prepaid expenses, deposits, and other current assets	7	2,022,836	2,003,533	801,134
Inventories	11	2,983,632	3,762,031	686,610
Total current assets		10,504,348	13,780,334	10,992,935
Property, plant, and equipment	8	9,290,336	9,330,112	4,050,846
Intangible assets	9	4,766,728	4,128,674	1,607,604
Right-of-use asset	21	1,351,082	994,581	1,229,921
Goodwill	10	963,604	963,604	856,957
Total non-current assets		16,371,750	15,416,971	7,745,328
Total Assets		\$ 26,876,098	\$ 28,197,305	\$ 18,738,263
Liabilities and Shareholders' Equity				
Current liabilities				
Trade payables and accrued liabilities	12	\$ 4,424,484	\$ 3,397,068	\$ 2,458,604
Deferred revenue		210,700	73,471	432,096
Current portion of lease liability	22	542,298	325,950	284,651
Other short-term liabilities	14	7,084,475	3,539,106	233,169
Current portion of long-term borrowings	13	2,252,385	1,995,681	202,136
Deferred/ Contingent consideration		182,024	-	10,000
Total current liabilities		14,696,366	9,331,277	3,620,656
Long-term borrowings	13	5,775,102	6,897,969	2,709,926
Convertible debenture	19	2,097,028	-	-
Deferred tax liability	23	283,130	619,511	260,319
Lease liability	22	978,884	826,038	1,078,196
Contingent consideration		507,692	1,104,543	-
Total non-current liabilities		9,641,836	9,448,061	4,048,441
Total Liabilities		24,338,202	18,779,338	7,669,097
Shareholders' Equity				
Common equity	18	13,360,860	10,957,258	9,110,305
Warrants reserve		6,192,685	6,098,857	4,053,191
Share-based payment reserve		2,427,813	1,704,009	459,152
Convertible Debenture - options		200,356	-	-
Preferred shares	18	351,764	352,634	704,322
Deficit		(19,437,263)	(7,127,402)	(2,504,024)
Contributed surplus		211,831	211,831	211,831
Non-controlling interest		(770,150)	(1,779,222)	(965,611)
Total Shareholders' Equity		2,537,896	10,417,966	11,069,166
Total Liabilities & Shareholders' Equity		\$ 26,876,098	\$ 28,197,305	\$ 18,738,263

Going concern (note 2)
Subsequent event (note 27)

Approved and authorized to issue by the Board of Directors

"Glen Lynch" _____

Director

"Gordon Silverman" _____

Director

The accompanying notes are an integral part of these - consolidated financial statements.

Volatus Aerospace Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended	Year ended
		December 31, 2023	December 31, 2022 (Restated - Note 4)
Revenue	26	34,872,815	29,771,139
Direct costs		23,736,973	21,425,786
Gross profit		11,135,842	8,345,353
OPERATING EXPENSES			
Advertising & marketing		1,856,220	2,225,224
IT & tech		669,096	512,056
Personnel		6,984,713	5,660,069
R&D		1,341,377	541,023
Office cost		2,830,861	1,513,960
Travel		479,163	419,823
External partner cost		1,281,121	1,556,278
Depreciation and amortization	8,9,21	4,033,731	1,866,791
Share based payments		723,803	1,244,858
		20,200,085	15,540,082
Loss before the following undernoted items		(9,064,243)	(7,194,729)
OTHER ITEMS - INCOME/(EXPENSE)			
Finance cost	24	(1,775,236)	(526,238)
Bargain purchase gain	17	221,808	2,112,197
Fair value changes in contingent consideration		386,731	(33,846)
Other income (expense)		15,405	411,502
Gain (Loss) on disposal of property and equipment		92,782	9,969
Foreign exchange		(35,089)	(157,460)
Net Loss and comprehensive loss before Income Tax		(10,157,842)	(5,378,605)
Deferred tax income/ (expense)	23	464,216	(71,311)
Net Loss and comprehensive Loss after tax		(9,693,626)	(5,449,916)
Total loss and comprehensive loss for the year attributable to:			
Owners of Volatus Aerospace Corp.		(9,464,043)	(4,623,378)
Non-controlling interest		(229,583)	(826,538)
		(9,693,626)	(5,449,916)
Loss per share			
Basic and diluted	25	(0.08)	(0.04)

The accompanying notes are an integral part of these consolidated financial statements.

Volatus Aerospace Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Number of Preference shares #	Preferred shares	Warrants reserve	Share-based reserve	Contributed surplus	Non- controlling interest	Deficit	Total Shareholders Equity
January 1, 2022 (restated Note 4)	101,835,722	9,110,305	704,322	704,322	4,053,191	459,152	211,831	(965,611)	(2,504,024)	\$11,069,166
Repayment of preference shares			(351,688)	(351,688)						\$(351,688)
Shares Issued on acquisition	349,399	145,001								\$145,001
Exercised stock options	16,924	5,063								\$5,063
Stock options expense						1,244,857				\$1,244,857
Net Proceeds from issue of share units	11,741,034	1,696,889			2,045,666					\$3,742,555
Acquisition of non-controlling interest								12,927		\$12,927
Net loss for the year	-	-			-	-	-	(826,538)	(4,623,378)	\$(5,449,917)
December 31, 2022 (restated Note 4)	113,943,079	\$10,957,258	352,634	\$352,634	\$6,098,857	\$1,704,009	\$211,831	\$(1,779,222)	\$(7,127,402)	\$10,417,966

	Number of shares	Capital Stock	Number of preference shares	Preferred shares	Warrants reserve	Share- based reserve	Convertible debt - equity portion	Contributed surplus	Non- controlling interest	Deficit	Total Shareholders Equity
January 1, 2023	113,943,079	10,957,258	352,634	352,634	6,098,857	1,704,009	-	211,831	(1,779,222)	(7,127,402)	\$10,417,965
Repayment of preference shares				(870)							\$(870)
Shares Issued on acquisition	1,691,275	628,254									\$628,254
Stock options expense						723,804					\$723,804
Convertible debenture (net of tax)					93,828		200,356				\$294,184
Payment of contingent consideration through issue of shares	1,098,684	175,789									\$175,789
Acquisition of non-controlling interest	7,270,723	1,599,559							1,238,655	(2,845,818)	(7,604)
Net loss for the year									(229,583)	(9,464,043)	\$(9,693,626)
December 31, 2023	124,003,761	\$13,360,860	352,634	\$351,764	\$6,192,685	\$2,427,813	\$200,356	\$211,831	\$(770,150)	\$(19,437,263)	\$2,537,896

The accompanying notes are an integral part of these consolidated financial statements.

Volatus Aerospace Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	December 31, 2023	December 31, 2022 (restated - Note 4)
OPERATING ACTIVITIES		
Net loss	(9,693,626)	(5,449,916)
Adjustments For:		
Depreciation and amortization	4,033,731	1,849,630
Impairment of intangible assets	-	17,162
Gain on sale of property and equipment	(92,782)	(414)
Finance cost	1,315,429	750,073
Interest accretion on convertible debenture	294,750	-
Share based payments	723,804	1,244,858
Deferred tax	(464,216)	71,311
Bargain purchase gain	(221,808)	(2,112,197)
Fair value changes in contingent consideration	(386,731)	33,846
Interest paid on lease liability	165,057	136,520
	(4,326,392)	(3,459,128)
Net changes in non-cash working capital items:		
Trade and other receivables	556,356	(918,417)
Prepaid expenses and deposits	197,976	(251,711)
Inventory	778,399	(541,251)
Trade payables and accrued liabilities	835,637	(646,988)
Deferred revenue	137,229	(358,625)
Other short-term liabilities	169,317	(936,357)
Cash (used in) Operating Activities	(1,651,478)	(7,112,473)
INVESTING ACTIVITIES		
Acquisition of property, plant & equipment	(1,734,936)	48,434
Payment of contingent consideration	-	(10,000)
Acquisition of businesses, net of cash acquired	(299,000)	(933,548)
Cash (used in) Investing Activities	(2,033,936)	(895,114)
FINANCING ACTIVITIES		
Proceeds from borrowings	3,955,712	2,644,022
Repayment of borrowings	(3,851,813)	(2,870,958)
Repayment of preference shares	(870)	(351,688)
Repayment of lease obligations	(644,091)	(283,660)
Proceeds on exercise of stock options	-	5,063
Net proceeds from issuance of shares	-	3,742,555
Net proceeds from issuance of convertible debenture	2,224,297	-
Cash provided by Financing Activities	1,683,235	2,885,334
Net change in cash	(2,002,179)	(5,122,253)
Cash and cash equivalents, beginning of the period	3,684,581	8,806,836
Cash and cash equivalents, end of the period	1,682,402	3,684,581
Supplemental Disclosures		
Acquisitions of property and equipment through financing	542,086	594,022

The accompanying notes are an integral part of these consolidated financial statements.

1. The Company and its Operations

Volatus Aerospace Corp. ("Volatus" or the "Company") was incorporated on December 17, 1987 and has its registered office located at 60 Airport Road, Oro Medonte, Ontario L0L 2E0, Canada. The Company's shares trade on the Toronto Venture Exchange (the "TSXV") under the symbol "VOL" and OTC Markets (the "OTCQB") under the symbol "VLTF".

Volatus and entities it controls are together referred to in these consolidated financial statements as the "Company" or "VAC" or "Volatus". Refer to Note 5 for the Company's major subsidiaries.

Volatus is a leading provider of integrated drone solutions throughout Canada, the United States, and the UK. Operating a vast pilot network, Volatus serves commercial and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, design, manufacturing, and R&D. Through its subsidiaries Synergy Aviation Ltd., Canadian Air National Inc., Volatus carries on the business of aircraft management, pipeline inspection and monitoring, aircraft sales, charter sales, and cargo services using piloted, remotely piloted, and autonomous aircraft.

2. Basis of preparation, going concern and critical judgements and estimates

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), effective for the year ended December 31, 2023, applicable to companies reporting under IFRS, and have been consistently applied unless otherwise indicated.

These consolidated financial statements of the Company were approved by the Board of Directors on May 12, 2024.

Basic of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, certain financial instruments and derivative financial instruments, and contingent consideration related to business acquisitions, which are measured at their estimated fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet and continue its obligations for at least the next twelve months from December 31, 2023. At December 31, 2023, the Company had not yet achieved profitable operations, had an accumulated deficit of \$19.5 million since its inception and negative working capital of \$4.2 million. The Company expects to incur further operating losses in 2024 with the continued ramp up of business activities to service evolving market demands in a nascent industry.

The Company's ability to continue as a going concern is dependent upon the successful execution of management's operating and strategic plan which includes, amongst other things, securing additional financing to meet its ongoing operating requirements to fund inventory levels and fulfil new service contracts and, ultimately, the attainment of future profitable operations. There are no assurances that any of these initiatives will be successful which indicates

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

the existence of a material uncertainty that cast doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Presentation currency

These consolidated financial statements are presented in Canadian dollars ("C\$"). The functional currency of the Company's subsidiaries is outlined in note 5.

Critical Judgments and estimates

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

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Following are the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these consolidated financial statements:

Purchase price equations

The acquired assets and assumed liabilities are generally recognized at fair value on the date the Company obtains control of a business. The measurement of each business combination is based on the information available on the acquisition date. Management applied significant judgement in estimating the fair value of the contingent consideration and customer relationships. Management used the multi-period excess earnings method to fair value customer relationships using a discounted cash flow model. The significant assumptions used in the discounted cash flow models are revenue growth rates, the earnings before interest, taxes, depreciation, and amortization ("EBITDA") margins and discount rates. Changes in these estimates and judgments could result in significant changes to the valuation of the intangible assets.

Impairment

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. Management applied significant judgement in determining the recoverable amounts. The recoverable amounts of the CGU was based on the FVLCD method using discounted cash flow models. Significant assumptions used in the discounted cash flow models included revenue growth rates, EBITDA margins and discount rates. Changes in these estimates and judgments could result in significant changes to management's conclusions with respect to asset impairment.

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

Contingent consideration liabilities

Contingent consideration liabilities are initially recorded on the date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated fair value at the various acquisition dates and the fair value is re-assessed at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. Determining the probability of the acquired business achieving targets requires judgement. Changes in the fair value of the contingent consideration are included in the determination of net income/loss.

Estimated Useful Lives of Property and Equipment and Intangible Assets

Management estimates the useful lives of property and equipment and intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation and amortization for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and intangible assets in the future. Changes in these estimates and judgments could result in significant changes to the amortization expense and carrying value of intangible assets and property, plant and equipment.

Fair Value of Share-Based Payments

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and the expected life of the stock options issued. Fair value inputs are subject to market factors, expected forfeiture rates as well as internal estimates. Changes in these estimates and judgments could result in significant changes to the valuation and amount of share based payments expense.

3. Summary of material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Company's subsidiaries, unless otherwise noted.

Basic of consolidation*Subsidiaries*

These consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in these results from the date the control commences until the date control ceases. All intra-company balances and transactions are eliminated in preparing the consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its subsidiaries (note 5).

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

Non-controlling interest

In the case of a business combination involving less than 100% of ownership interests, a non-controlling interest is measured either at fair value or at the non-controlling interest's share of the identifiable net assets of the acquiree. The basis of measurement is determined on a transaction-by-transaction basis.

Business combinations

Acquisitions are accounted for using the acquisition method required by IFRS 3 Business Combinations.

The Company measures goodwill as the difference between the fair value of the consideration transferred, including the recognized amount of any non-controlling interests in the acquiree and the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Consideration transferred includes the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, the fair value of any contingent consideration and equity interests issued by the Company.

The Company uses its best estimates and assumptions to reasonably value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to profit or loss.

Foreign currency

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The consolidated financial statements include the accounts of the Company's subsidiaries. Assets and liabilities have been translated into Canadian dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in the statement of loss and comprehensive loss.

Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The company reports revenue under four revenue categories being, the sale of products, services (aviation and drones), and training program services. The payment terms range between 30 to 60 days.

IFRS 15, Revenue from Contracts with Customers, applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

The following describes the nature and timing of the satisfaction of performance obligations in contracts with customers:

Revenue from equipment Sales includes the sale of drones, batteries, drone sets, and related accessories. This revenue is recognized at a point in time when the goods leave the port of shipment or warehouse. Revenue from equipment sales is measured at the fair value of the consideration received less an appropriate deduction for, discounts, net of sales taxes.

Revenue from the provision of Aviation services includes services provided by aircraft pilots relating to pipeline patrolling and inspection. These services are provided across Canada. The Company recognizes revenue over time as the service is completed, as this is when the customers have the ability to direct the use of and obtain the benefits of the service.

Revenue from the provision of drone services consists of service provided by professional drone operators relating to inspection, imaging, and data processing to enterprises and other customers. These services are provided across multiple sectors and industries across Canada, USA, and UK. The Company recognizes revenue over time as the services are completed, as this is when the customers have the ability to direct the use of and obtain the benefits of the service.

Revenue from the provision of training services includes drone pilot training programs in digital, virtual, and onsite formats to various levels of drone pilots as defined by Transport Canada and platform or sector specific training programs. Training revenue is recognized as revenue over time according to the contractual provisions of the arrangement, which is generally when the service is provided.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost comprises of direct materials, direct labour, and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Costs are assigned to individual items of inventory based on weighted average costs. Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

If carrying value exceeds net realizable amount, a write-down is recognized.

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition and bringing the asset to the location and condition for its intended use. Depreciation is based on the estimated useful life of the asset and is provided on a straight-line method using the following annual rates:

Estimated useful lives are as follows:

Category	Useful Life
Drones & Accessories	1-4 years
Computer & Equipment	4 years
Furniture & Fixtures	5-8 years
Leasehold Improvements	10 years
Machinery	5 years
Aircraft & Accessories	3-10 years
Vehicles	5 years

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Property, plant and equipment are grouped into cash generating units (CGU) and reviewed for impairment when events or changes in circumstances indicate that the carrying value of the CGU may not be recoverable.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized using the liability method, with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable income will be provided.

Share-based payment arrangements

Equity-settled share-based payments to employees and directors and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of equity-settled share-based transactions was determined using the Black-Scholes Model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled employee benefits reserve). At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees and directors are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Intangible assets*Acquired Intangible Assets*

The Company uses the income approach to value acquired technology and customer relationship intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life. The Company utilizes the discounted cash flow ("DCF") methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets.

Estimated useful lives are as follows:

Category	Useful Life
Customer Relationship	7 years
Technology	7- 10 years
Trademarks and brand names	5-7 Years

Impairment of non-financial assets

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. When an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value of the consideration received or receivable, or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the acquisition.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or FVTPL. The classification depends on the purpose for which the financial assets were acquired. Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as FVOCI are measured at fair value with any subsequent remeasurement recognized in other comprehensive income. Financial assets at amortized cost are non-derivative financial assets that are held for collection of contractual cash flows, where those cash flows represent repayments of principal and interest.

Financial Liabilities:

The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Financial instruments	Classification
Cash & cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade payables and accrued liabilities	Amortized cost
Deferred / contingent consideration	FVTPL
Lease obligations	Amortized cost
Convertible debenture	Amortized cost
Loans and borrowings	Amortized cost

Leases

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right of control for the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating Segment

Management has determined that the Company operates in one reportable operating segment providing integrated drone solutions.

Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding, if applicable. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at the time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Compound financial instruments.

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Comparative Information

Certain comparative information was reclassified to conform to the current year's presentation.

Accounting standards and amendments adopted during the year

The following new standards and amendments to existing standards were issued by the IASB and were adopted by the Company on January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements

Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 were made to explain how an entity could identify a material accounting policy. The amendment had minimal impact to the Company and certain accounting policies were reduced from the financial statements that were not deemed material.

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendment had no material impact to the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, Income Taxes ('IAS 12'), which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment had no material impact to the Company.

Accounting standards and amendments issued but not yet adopted.

The following new standards and amendments to existing standards were issued by the IASB and are expected to be adopted by the Company in 2024 or later.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

the classification requirements for debt and equity might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption to have a material impact on its consolidated financial statements.

4. Restatement of previously issued financial statements

During the year, certain errors were identified that relate to prior years with respect to the following:

- the classification of certain intangible assets that were classified as intangible assets with indefinite useful lives but should be classified as intangibles with finite useful lives.
- Recognition of deferred taxes, intangible assets, and deferred/contingent consideration related to certain acquisitions in the prior year and resulting adjustments to goodwill and bargain purchase gain.
- The classification of a debt arrangement that was classified as long-term but should be classified as a short-term liability.

Summarized below is the impact to the comparative financial statements for these adjustments:

Consolidated Statement of Financial Position

	December 31, 2022 Previously reported	Adjustments	December 31, 2022 As restated
Intangible assets	8,815,125	(4,686,451)	4,128,674
Goodwill	689,835	273,769	963,604
Total Assets	33,609,987	(4,412,682)	29,197,305
Other short-term liabilities	373,163	3,165,943	3,539,106
Total current liabilities	6,165,334	3,165,943	9,331,277
Deferred tax liability	-	619,511	619,511
Long-term borrowings	10,063,911	(3,165,942)	6,897,969
Contingent consideration	2,356,850	(1,252,307)	1,104,543
Total non-current liabilities	13,246,800	(3,798,739)	9,448,061
Total Liabilities	19,412,133	(632,795)	18,779,338
Deficit	(8,971,689)	1,844,287	(7,127,402)
Contributed Surplus	2,989,819	(2,777,988)	211,830
Non controlling interest	1,066,963	(2,846,185)	(1,779,222)
Total Shareholders Equity	14,197,852	(3,779,886)	10,417,966

	January 1, 2022 Previously reported	Adjustments	January 1, 2022 As restated
Intangible assets	5,811,929	(4,204,325)	1,607,604
Goodwill	583,188	273,769	856,957
Total Assets	22,668,821	(3,930,556)	18,738,264
Deferred tax liability	-	260,319	260,319
Total non-current liabilities	3,788,122	260,319	4,048,441
Total Liabilities			
Non controlling interest	288,768	(1,254,379)	(965,611)
Deficit	(2,345,515)	(158,509)	(2,504,024)
Contributed Surplus	2,989,819	(2,777,988)	211,831
Total Shareholders Equity	15,260,042	(4,190,876)	11,069,166

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Consolidated Statement of Loss and Comprehensive Loss

	For the year ended December 31, 2022 Previously reported	Adjustments	For the year ended December 31, 2022 As restated
Depreciation and amortization	-	(482,126)	(482,126)
Bargain purchase gain	-	2,112,197	2,112,197
Fair value changes in contingent consideration		(33,846)	(33,846)
Deferred tax expense	-	(71,311)	(71,311)
Net Loss and comprehensive loss	6,974,830	(1,524,914)	5,449,916
Owners of Volatus Aerospace	(6,626,174)	2,002,796	(4,623,378)
Non-controlling interest	(348,656)	(477,882)	(826,538)
EPS – basic and diluted	(\$0.06)	\$0.02	(\$0.04)

Consolidated Statement of Changes in Equity

	January 1, 2022 Previously reported	Adjustments	January 1, 2022 As restated
Non-controlling interest	288,768	(1,254,379)	(965,611)
Deficit	(2,345,515)	(158,509)	(2,504,024)
Contributed Surplus	\$2,989,819	(2,777,988)	211,831

	December 31, 2022 Previously reported	Adjustments	December 31, 2022 As restated
Non-controlling interest	\$1,066,963	(2,846,185)	(1,779,222)
Deficit	(\$8,971,689)	1,844,287	(7,127,402)
Contributed Surplus	\$2,989,819	(2,777,989)	211,831

Consolidated Statement of Cash Flows

	For the year ended December 31, 2022 Previously reported	Adjustments	For the year ended December 31, 2022 As restated
Net loss	(6,974,830)	1,524,914	(5,449,916)
Depreciation and amortization	1,367,503	482,126	1,849,630
Deferred income taxes	-	71,311	71,311
Bargain purchase gain	-	(2,112,197)	(2,112,197)
Fair value changes on contingent consideration	-	33,846	33,846
Total cash outflows from operating activities	(7,112,174)	-	(7,112,174)

5. Subsidiaries

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

These consolidated financial statements include entities controlled by the Company. Control exists when the Company has the ability to direct the relevant activities and the returns of an entity. The financial statements of these entities are included in these results from the date that control commences until the date that control ceases. Details of the Company's significant entities are as follows:

Name of Subsidiary	Principal Activity	Functional Currency	Country of Incorporation	Ownership Interest
Volatus Flight Systems Inc.	Fixed-wing Drone Technology	CAD	Canada	70%
Volatus Aerospace USA Corp.	Drone Solutions Provider	USD	USA	90%
ConnexiCore LLC	Drone Solutions Provider	USD	USA	100%
Indigenous Aerospace Corp.	RPAS/UAV Service and Training	CAD	Canada	49%
Volatus Aviation (Partner Jet Inc.)	Aircraft management & charter services	CAD	Canada	100%
RPV Aviation Inc.	Regulatory Consulting	CAD	Canada	100%
MVT Geo Solutions Inc.	RPAS/UAV Service	CAD	Canada	100%
Canadian Air National Inc.	Pipeline Inspection & Surveillance Services	CAD	Canada	100%
Volatus Aerospace UK Ltd.	RPAS/UAV Service and Training	GBP	UK	100%
iRed Limited	RPAS/UAV Service and Training	GBP	UK	100%
Synergy Aviation Ltd.	Pipeline Inspection & Surveillance Services	CAD	Canada	51%
Synergy Flight Training Inc.	Aircraft Training	CAD	Canada	51%
Empire Drones LLC	Distribution & Services	USD	USA	100%
Sky Scape Industries, LLC	Drone Solutions Provider	USD	USA	100%
Aerial Motion Pictures Limited (UAV Hub)	RPAS/UAV Training	UK £	UK	100%
Open Sky Consulting International Ltd (Drone Mentor)	RPAS/UAV Training	UK £	UK	100%
Volatus Unmanned Services Inc.¹		CAD	Canada	100%
- UAViation Aerial Solutions Limited	RPAS/UAV Service	CAD	Canada	100%
- SkyGate Videography Inc.	RPAS/UAV Service and Training	CAD	Canada	100%
- M3 Drone Services Limited	RPAS/UAV Service	CAD	Canada	100%
- M3 Drone Training Zone Inc.	RPAS/UAV Training	CAD	Canada	100%
- Canadian UAV Solutions Inc.	RPAS/UAV Service	CAD	Canada	100%
- OmniView Tech Corp.	Distribution & Service	CAD	Canada	100%

¹ - Volatus Unmanned Services is the infrastructure services arm of Volatus Aerospace Corporation for Canada. Except for MVT Geo Solutions Inc., all sales, services, and training related companies in Canada were acquired under Volatus Unmanned Services.

The 30% external shareholding of Volatus Flight Systems, 10% external shareholding of Volatus Aerospace USA Corp, 51% external shareholding of Indigenous Aerospace Corp., 49% external shareholding of Synergy Aviation Ltd. And Synergy Flight Training Inc. are all attributable to Non-Controlling Interests in the consolidated financial statements.

On August 29, 2023, the Company acquired the non-controlling interest of 33.66% of Volatus Unmanned Services by issuing 7,270,723 shares of Volatus Aerospace Corp. at \$0.22 and, on Nov 16, 2023, the Company acquired the minority interest of 49% of iRed Ltd. by issuing 1,098,684 shares of Volatus Aerospace Corp. at \$0.16 and cash of

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

\$34,170. The difference between the value of the cash and share consideration paid and the carrying value of the non-controlling interest at the time of the transaction was recorded as an adjustment to retained earnings.

6. Trade and other receivables

	December 31, 2023	December 31, 2022
Trade receivables	\$ 3,506,386	\$ 4,056,665
Accrued revenues	248,132	68,599
Tax credits receivable	56,778	200,000
Other receivables	21,748	4,925
Expected credit loss provision	(17,566)	-
Total	\$ 3,815,478	\$ 4,330,189

7. Prepaid expenses, deposits, and other current assets

	December 31, 2023	December 31, 2022
Prepaid expenses	\$ 1,256,943	\$ 1,281,023
Security deposit	329,111	299,163
Other current assets	436,782	423,347
Total	\$ 2,022,836	\$ 2,003,533

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

8. Property, plant & equipment

Cost	Drones & Accessories	Machinery	Leasehold Improvements	Furniture & Fixtures	Computer & Equipment	Vehicle	Aircraft	Construction in Progress	Total Tangible Assets
Balance, December 31, 2022	2,601,771	315,471	400,725	640,933	825,256	1,063,077	5,643,582	102,235	11,593,050
Additions	128,351	38,100	5,250	63,027	52,456	61,664	2,227,419	381,034	2,957,301
Additions related to business combinations	77,794	-	-	7,481	8,973	168,750	-	-	262,998
Disposals/Retirements	(315,219)	-	-	(6,876)	(52,085)	(18,186)	(737,433)	-	(1,129,799)
Balance, December 31, 2023	2,492,697	353,571	405,975	704,565	834,600	1,275,305	7,133,568	483,269	13,683,550
Accumulated Depreciation									
Balance, December 31, 2022	711,061	153,150	20,519	483,146	459,114	156,367	279,580	-	2,262,937
Depreciation for the year	597,307	43,931	40,554	41,776	120,094	221,933	1,605,242	-	2,670,837
Disposals/Retirements	(263,522)	-	-	(5,439)	(62,549)	(13,359)	(195,692)	-	(540,561)
Balance, December 31, 2023	1,044,846	197,081	61,073	519,483	516,659	364,941	1,689,130	-	4,393,214
Net carrying Amount	-	-	-	-	-	-	-	-	-
December 31, 2022	1,890,710	162,320	380,206	157,788	366,141	906,709	5,364,002	102,236	9,330,112
December 31, 2023	1,447,851	156,489	344,902	185,082	317,941	910,364	5,444,438	483,269	9,290,336

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

9. Intangible assets

	Technology	Customer	Trademark / Brand Names	Total
Cost				
Balance, December 31, 2022 (restated, Note 4)	644,248	3,334,774	867,548	4,846,570
Additions related to business combinations (note 17)	-	1,509,221	-	1,509,221
Balance, December 31, 2023	644,248	4,843,995	867,548	6,355,791
Accumulated Depreciation				
Balance, December 31, 2022 (restated, Note 4)	128,850	422,071	166,975	717,896
Amortization for the year	64,425	664,755	141,987	871,167
Balance, December 31, 2023	193,275	1,086,826	308,962	1,589,063
Net carrying Amount				
December 31, 2022	515,398	2,912,703	700,573	4,128,674
December 31, 2023	450,973	3,757,169	558,586	4,766,728

10. Goodwill

	December 31, 2023	December 31, 2022 (Restated – note 4)
Balance, beginning of year	\$ 963,604	\$ 856,957
Acquisitions	-	106,647
Balance, end of year	\$ 963,604	\$ 963,604

The Company performs an impairment test annually on December 31, 2023.

At December 31, 2023, an impairment test was performed for the Company's group of cash generating units (group of CGU's) representing the Company as a whole. No impairment was identified.

The recoverable amount of the Company's CGUs were determined based on fair value, which is a level 3 fair value and was determined by discounting future cash flows over a period of up to five years. Cash flows beyond the five-year period were extrapolated using estimated growth rates.

The following table outlines the key assumptions for the grouping of CGUs.

Assumption	Approach
EBITDA margins	Based on past performance and expectations for the future.
Annual revenue growth rates	Annual growth rates are forecasted over a five-year period based on historical performance and expectations of market development.
Long-term growth rates	The weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
Discount rate	Calculated basis of Weighted Average Cost of Capital of the CGU

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

The calculation of the FVL COD discounted cash flow model was based on the following key assumptions:

The discount rate was estimated based on the Company's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount for the group of CGU's was 20% (December 31, 2022 – 14%).

- The revenue growth rates are based on management's internal forecast and projections. Annual revenue growth rates for 2024 - 2028 were estimated between 20% and 50%.

- The long-term growth rate after 5 years used in determining the recoverable amount is 2% (December 31, 2022 - 2%).

- EBITDA for the five years is based on management's internal forecast and projections. EBITDA margins were projected to be 3% to 15%.

11. Inventories

Inventory mainly consists of finished goods of drones and related accessories. No write-downs were made during the years ended December 31, 2023 and 2022. Direct costs for the year ended December 31, 2023 included \$14,709,172 of inventory sold (2022 - \$12,824,117).

12. Trade payables and accrued liabilities

	December 31, 2023	December 31, 2022
Accounts Payable	\$ 2,915,259	\$ 2,804,243
Payroll	716,307	388,165
Other accrued Liabilities	792,918	204,660
Total	\$ 4,424,484	\$ 3,397,068

13. Long-term Borrowings

	Dec 31, 2023	December 31, 2022 (Restated - note 4)
Aircraft Loans	\$ 5,068,310	\$ 5,841,939
Vehicle Loans	632,215	643,386
CEBA	480,000	420,000
Development Loan	333,343	500,000
Promissory Note	812,444	1,049,999
Other loans	701,175	438,326
Total	\$ 8,027,487	\$ 8,893,650
Less: Current Portion of Long-Term Borrowings	\$ (2,252,385)	\$ (1,995,681)

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Long-term borrowings	\$	5,775,102	\$	6,897,969

Aircraft loans bear interest at rates ranging between 9.50% to 12% with expiries between July 2027 and Aug 2030. The loans are payable on a monthly basis with principal and interest.

Vehicle loans bear interest at rates ranging between 3.5% and 14% with expiries between March 2026 and June 2032. The loans are repayable on a monthly basis with principal and interest.

The Company applied for and received \$480,000 in Canada Emergency Business Account ("CEBA") loans in a prior year which are interest-free loans to cover operating costs impacted by the Covid-19 pandemic outbreak. Individual loans were granted to separate wholly owned subsidiaries of the Company. On January 31, 2024, the Company has chosen the option to extend the repayment of CEBA loans over 3 years with a 5% annual interest charge.

The development loan does not bear interest and has a maturity in 2025. The principal amount is paid on a monthly basis.

Promissory notes bear interest at rates ranging between 9% and 10% with an expiry in 2024.

Other loans consist mainly of equipment loans that bear interest at rates ranging between 4% and 12% with expiries between 2024 and 2050.

14. Other Short-term Liabilities

	December 31, 2023	December 31, 2022 (Restated – note 4)
Shareholders loan (note 15)	\$ 625,000	-
Other loans	494,475	373,163
Revolving Line of Credit	5,965,000	3,165,943
Total	\$ 7,084,475	\$ 3,539,106

The Company has demand revolving credit facilities totalling \$6,000,000 through its subsidiaries bearing interest at rates ranging between 9% and 12%.

The shareholders loans are short-term loans with interest rates between 9% and 10% and are repayable in full in 2024. The repayment terms of shareholders loans are monthly and a balloon payment at the end of maturity along with interest accrued.

Other loans consist of loans maturing within the next 12 months and have an interest rate between 9% and 12%.

15. Related Party Transactions

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amount approximates fair market value.

Trade payables and accrued liabilities:

On August 31, 2022, the Company entered into an independent consultant agreement ("Consultant Agreement") with GripFast Solutions Inc., a company controlled by an independent director, to provide consulting services to the Company for scaling in the defense sector. The costs of all charges are based on the fees set in the Consultant Agreement and are settled on a monthly basis. The Company records these charges under External Partner Cost in the consolidated statement of loss and comprehensive loss. For the year period ended December 31, 2023, the Company incurred fees of \$96,000 (2022- \$50,000). As at December 31, 2023, the Company was indebted to this company in the amount of \$27,120 (2022 - \$8,000).

Share Capital:

The Company has outstanding preferred shares valued at \$206,188 that are non-redeemable and have no coupon interest payment and have a face value of \$1 to a company controlled by a director of the Company. (2022 – \$206,188) (Refer to Note 18)

Loans & Advance:

The Company has entered into a promissory note with the director of the Company on March 17, 2023, for a short-term loan at an interest rate of 9.2% per annum. The amount of \$625,000 is outstanding as at Dec 31, 2023 and repayable in full on June 30, 2024. This amount is included in other short-term liabilities in the consolidated balance sheet.

16. Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Compensation awarded to key management for the year ended December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Salaries	894,887	856,651
Share-based payments	653,590	1,168,658
	1,548,477	2,025,309

17. Business Combinations

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Volatus Drones (Empire Drone Company LLC)

On January 31, 2023, Volatus acquired Empire Drone Company LLC., a drone network and reseller based out of New York, United States. Under the terms of the agreement the Company purchased 100% of the company for a cash consideration US\$300,000 (CAD \$401,790) on Closing; (ii) US\$ 350,000 of common shares with the number of shares calculated using a floor price of CDN\$0.65 per common share or 30 days VWAP, whichever is higher on Closing; and (iii) subject to the achievement of certain revenue milestones 12 months after closing, issue additional common shares of US\$350,000 with the number of shares calculated using a floor price of CDN\$0.65 per common share or 30 days VWAP on first anniversary from Closing, whichever is higher. The share consideration per (ii) above was recorded at its fair value of US\$184,000 (CAD \$259,754). The contingent share consideration per (iii) above was recorded as its estimated fair value of US\$28,000 (CAD \$ 37,946).

Total consideration	\$ 699,490
Net assets acquired:	
Cash & cash equivalents	102,790
Accounts receivables	49,249
Inventory	217,279
Property, plant and equipment	8,907
Accounts payable and accrued liabilities	(157,769)
Other current liabilities	(93,085)
Non-current loans	(327,398)
Identified intangible assets – customer relationships	1,121,325
Bargain Purchase Gain	(221,808)

The breakdown of consideration paid is as follows:

Cash	\$401,790
Issuance of 721,538 common shares upon closing	\$ 259,754
Contingent consideration (earnout)	37,946
Total consideration	\$ 699,490

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 25% per annum.

The Company did not incur any acquisition-related costs.

Sky Scape Industries, LLC

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

On April 4, 2023, Volatus acquired Sky Scape Industries LLC., a New Jersey based company providing airborne intelligence data services. Under the terms of the definitive agreement, as amended following the completion of due diligence, the total purchase price, subject to an earn-out provision, is US\$585,000 (C\$783,900) to be paid as follows: An initial payment of approximately US\$275,000 (C\$368,500) in the form of newly issued common shares of Volatus Aerospace Corp. based on the share price at closing or the prior 30-day VWAP, whichever is higher. This converts to 969,737 common shares at the closing price of C\$0.38. The earn-out payment of US\$310,000, will be payable twelve (12) months after closing in the form of additional Volatus common shares with the number of shares calculated using a floor price of C\$0.65 or the prior 30-day VWAP, whichever is higher. This payment is conditional on Sky Scape retaining a certain inspection contract to be performed in 2024. The contingent share consideration was recorded as its estimated fair value of US\$107,500 (C\$144,078)

Issuance of 969,737 common shares upon closing	\$ 368,500
Contingent consideration (earnout)	144,078
Total consideration	\$ 512,578
Net assets acquired:	
Property, plant and equipment	252,349
Identified intangible assets - Customer relationships	387,896
Long-term borrowing	(127,667)
Net assets acquired	512,578

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 251% per annum.

The Company did not incur any acquisition-related costs.

The company has not disclosed the proforma revenue and profit or loss of combined entity for the current reporting period as though the acquisition occurred at the beginning of the reporting period as required by IFRS 3.B64(q) because of differential accounting practices adopted by acquirees and inadequate daily accounting practises adopted in periods before acquisition.

Synergy Aviation Limited

On October 31, 2022, the Company acquired a controlling interest of 51% in Synergy Aviation Ltd and its subsidiary, Synergy Flight Training Limited, an Alberta-based Oil and Gas pipeline inspection, surveillance, and training company. The remaining 49% represents non-controlling interest. Under the terms of the agreement, Volatus will make an equity investment of \$2,290,000 in Synergy Aviation over the course of 10 months from closing in exchange for newly issued shares that will represent 51% of all outstanding shares. The remaining 49% will be acquired at the option of Synergy shareholders in 2024 after meeting minimum operational and financial metrics for a maximum value of \$2,200,000 in exchange for Volatus shares. The number of shares to be issued is based on a formula within the purchase sale agreement that is based on 30 days VWAP (volume weighted average price) on date of Closing with a minimum floor price of \$0.65 per share, whichever is higher.

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

The fair value of identifiable assets acquired, and liabilities assumed as at the acquisition date are as follows:

	(Restated – Note 4)
Total consideration	\$ 3,205,923
Net assets acquired:	
Cash & cash equivalents	783,404
Other receivable	1,540,000
Accounts receivables	2,244,805
Inventory	2,498,334
Other current assets	919,647
Property, plant and equipment	6,282,499
Intangible assets	622,619
Accounts payable and accrued liabilities	(1,179,641)
Deferred tax liability	(285,726)
Other current liabilities	(446,607)
Non-current liabilities	(8,701,822)
Identified intangible assets – customer relationships	<u>1,040,608</u>
Bargain Purchase Gain	(2,112,197)

Cash	\$ 750,000
Deferred consideration	1,540,000
Deferred consideration – 49%	915,923
Total consideration	\$ 3,205,923

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 19.4% per annum.

The deferred consideration for the additional 49% interest is reflected as a liability and measured at its estimated redemption amount.

18. Share Capital, Stock Options and Warrants

Authorized share capital

Unlimited number of common shares without par value.

Preferred shares

	December 31, 2023		December 31, 2022	
	Shares	Amount	Shares	Amount
Issued for acquisition of Partner Jet Corp.	206,188	\$ 206,188	206,188	\$ 206,188
UAViation Aerial Solutions Limited Investment	146,446	145,576	146,446	146,446
Total	352,634	\$ 351,764	352,634	\$ 352,634

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

The above preferred shares are non-redeemable and have a face value of \$1. The preferred shares outstanding in UAviation Aerial Solutions Limited are in the Volatus owned subsidiary, Volatus Unmanned Services Inc.

Stock Options

The continuity of stock options during the period were as follows:

	2023		2022	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,357,691	0.56	3,984,615	0.63
Granted	3,057,500	0.23	1,640,000	0.36
Exercised	-	-	(16,924)	0.30
Forfeited	(222,500)	0.31	(250,000)	0.36
Outstanding, December 31	8,192,691	0.44	5,357,691	0.56

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2023:

Range of price (C\$)	Options Outstanding			Options Exercisable		
	Number of Stock Options outstanding	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price	Number of Stock Options exercisable	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price
\$0.20 - \$0.30	3,152,691	4.46	0.23	177,691	1.77	0.30
\$0.31 - \$0.49	1,250,000	3.53	0.36	362,500	3.57	0.36
\$0.50 - \$0.65	3,790,000	3.00	0.65	2,660,000	3.00	0.65
	8,192,691	3.64	0.45	3,200,191	3.00	0.60

On August 11, 2023, the Company granted 3,057,500 additional options at an exercise price of \$0.23 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.18 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.23, risk-free interest rate of 4.25%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On June 24, 2022, the Company granted 1,440,000 additional options at an exercise price of \$0.36 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.30%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On October 5, 2022, the Company granted 200,000 additional options at an exercise price of \$0.36 that will be vested over two years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.12%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

Warrants

Details of warrants and their fair value:

Sr. No	Issue Date	Number of warrants outstanding at December 31, 2023	Fair Value at December 31, 2023	Number of Warrants Outstanding at December 31, 2022	Fair Value at December 31, 2022	Exercise Price	Expiry Date
1	22-Dec-21	-	-	5,308,476	1,804,881	0.65	22-Dec-23
2	22-Dec-21	-	-	7,025,966	2,248,310	0.75	22-Dec-23
3	06-Oct-22	11,741,034	1,878,565	11,741,034	1,878,565	\$0.50	05-Oct-24
4	06-Oct-22	879,475	167,100	879,475	167,100	\$0.36	05-Oct-24
5	11-May-23	421,860	20,587	-	-	\$0.50	06-May-25
6	11-May-23	2,646,000	107,437	-	-	\$0.50	06-May-25
		15,688,369	2,173,689	24,954,951	6,098,856		

As of December 31, 2023, the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2022	24,954,951	\$ 0.60
Issued (note 19)	3,067,860	\$ 0.50
Exercised	-	-
Forfeited	(12,334,442)	\$ 0.71
Outstanding, December 31, 2023	15,688,369	\$ 0.49

19. Convertible Debenture

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

On May 11, 2023, the Company completed a convertible debenture unit financing to raise aggregate gross proceeds of \$2,646,000. The debentures bear interest at a rate of 12% per annum and mature 2 years from the closing date. The principal and interest outstanding under the debentures are convertible into Subordinate Voting Shares at \$0.50/share, and for every \$1000 of debentures purchased, subscribers also received 1000 common share purchase warrants for Subordinate Voting Shares exercisable at \$0.50/share.

The convertible debenture has been split on initial recognition into three components: debt, conversion feature and warrants based on fair values.

The fair value of the liability component, at inception was calculated using a market interest rate for an equivalent instrument without conversion option using a discount rate of 25.44% and the residual was allocated to the share conversion feature.

The warrants were calculated using a Barrier Option Pricing Model.

Inputs used in valuing the components of the convertible debenture:

	2023	2022
Risk free rate	3.89%	-
Expected life (years)	2	-
Volatility	55%	-
Underlying stock price	\$0.30	-
Barrier Price	\$1.0	-
Strike price	\$0.50	-

The Company incurred \$421,703 as transaction costs that are directly attributable to the issuance of the convertible debenture and have been allocated to each component of the convertible debenture based on the respective fair value allocation.

The fair values, net of transaction costs of each component of the convertible debenture at the date of issuance is as follows:

Debt Component	\$ 1,802,278
Conversion Feature	293,995
Share Warrants	128,024
	<u>2,224,297</u>

The conversion feature and share warrants were recognised in the financial statements net of tax amounting to \$127,835 and allocated to conversion feature and share warrants based on their respective fair values. As at December 31, 2023 the Debt component was recognised at \$2,097,028 after accretion of interest in the amount of \$294,750 (note 24).

Notes to Consolidated Financial Statements
For the twelve ended December 31, 2023, and 2022**20. Financial Instruments and Risk Management**

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at December 31, 2023:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risk related to its trade and other receivables. The maximum exposure to credit risk is the carrying amount as reported on the financial statements. Credit risk on trade and other receivables is minimized because of the constant review and evaluation of the account balances.

The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. There is no indication, as at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible. There are no significantly aged trade and other receivables at December 31, 2023 and 2022.

Foreign Currency Risk

The Company has operations in Canada, the UK, and the U.S., therefore, has exposure to foreign currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. The consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. As of December 31, 2023, the Company did not have any foreign currency hedges in place.

The summary quantitative data about the Company's exposure to currency risk is as follows:

	2023		2022	
	USD	GBP	USD	GBP
Cash	893,825	108,098	340,961	174,893
Trade and other receivables	742,567	108,852	229,767	125,483
Trade payables and other accrued liabilities	(486,310)	(85,228)	(318,216)	(71,677)
Net assets	1,150,082	131,722	252,512	228,699

Concentration Risk

The Company is not exposed to customer concentration risk as the Company's revenue are widely distributed across multiple customers and revenue streams.

Interest Rate Risk

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

The Company is subject to the risks associated with debt financing, including the risk of interest rates on floating-rate debt.

The Company's objective of managing interest rate risk is to minimize the volatility of interest expense which impacts earnings.

The Company is also exposed to interest rate risk on its Credit Facility which fluctuates based on prime or floating bankers' acceptance rates.

Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is required to meet its financial obligations as these become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due, without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital. Refer to note 2 for going concern.

The following summarizes the Company's contractual commitments as at December 31, 2023:

	Less than 1 Year	2-5 Year	Over 5 years	Total
Trade Payables and Accrued Liabilities	4,424,484			4,424,484
Other short-Term Liabilities	7,084,475			7,084,475
Contingent Consideration	182,024	507,692		689,716
Leases	756,962	915,948		1,672,910
Borrowings	875,174	2,011,869	7,242,991	10,130,034
Convertible Debenture	317,520	2,963,520		3,281,040
	13,640,639	6,399,029	7,242,991	27,282,659

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes that a 10% movement in interest rates and foreign exchange rates that may reasonably be expected to occur over the next twelve-month period will not have a significant impact on the Company.

Fair Value

Financial assets and liabilities recognized or disclosed at fair value are classified in the fair value hierarchy based upon the nature of the inputs used in the determination of fair value. The levels of the fair value hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

The following table summarizes the carrying value of the Company's financial instruments:

	December 31, 2023	December 31, 2022
Cash	1,682,402	3,684,581
Trade and other receivables	3,815,478	4,330,189
Trade payables and accrued liabilities	4,424,484	3,397,068
Lease liability	1,521,182	1,151,988
Other short-term liabilities	7,084,475	3,539,106
Long-term borrowings	8,027,487	8,893,650
Convertible Debenture	2,097,028	-
Contingent Consideration	689,716	1,104,543

Due to the short-term maturities of cash, trade and other receivables, trade payables and accrued liabilities and other short-term liabilities, the carrying amounts of these financial instruments approximate fair value at the respective balance sheet date.

The carrying value of lease liabilities, long-term debt approximate fair value based upon a discounted cash flows method using a discount rate that reflects the Company's borrowing rate at the end of the year.

Deferred / contingent consideration is a level 3 financial liability that is recognized at fair value with changes in fair value recorded in the consolidated statement of loss and comprehensive loss at each reporting period end date.

There were no transfers of assets or liabilities during the year ended December 31, 2023 (2022 - \$nil) between any levels within the fair value hierarchy.

21. Right-of-use ("ROU") assets:

The following tables reconcile the changes in right of use (ROU) assets:

	Vehicle and Equipment	Building	Total
Cost			
Balance, January 1, 2023	99,037	1,429,967	1,529,004
Additions	19,679	828,549	848,228
Balance, December 31, 2023	118,716	2,258,516	2,377,232
Accumulated amortization			
Balance, January 1, 2023	13,425	520,998	534,423
Depreciation	28,834	462,893	491,727
Balance, December 31, 2023	42,259	983,891	1,026,150
Net book value			
December 31, 2022	85,612	908,969	994,581
December 31, 2023	\$ 76,457	\$ 1,274,625	\$ 1,351,082

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

22. Leases

Company as a lessee

Leasing arrangements

The Company leases various items of real estate property and vehicles used in its operations. The lease terms are generally between 4 and 6 years. There are some leases with renewal options that are included when management is reasonably certain they will be exercised. Management uses significant judgement in determining whether these extensions are reasonably certain to be exercised.

Lease liabilities

Carrying amounts of lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of year	\$1,151,988	\$ 1,362,847
Additions	848,228	99,037
Disposals	-	(25,821)
Interest	165,057	136,520
Payments	(644,091)	(424,485)
Balance, end of year	1,521,182	1,151,988
Current	542,298	325,950
Non-current	978,884	826,038

23. Income Taxes

Income taxes consists of the following:

	2023	2022 (restated – Note 4)
Deferred tax expense (recovery)	(464,216)	71,311

Reported income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before income tax due to the following:

	2023	2022 (restated – Note 4)
Loss before income tax	\$ (10,157,842)	\$ (5,378,605)
Effective income tax rate	26.5%	26.5%

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Expected income tax recovery	(2,691,828)	(1,425,330)
Permanent differences and other	77,168	316,437
Deferred tax assets not recognized	2,150,444	1,180,204
	\$ (464,216)	\$ 71,311

Deferred tax assets recognized consist of:

	Balance January 1, 2023 (restated – Note 4)	Recognized in net income (loss)	Recognized in Goodwill	Recognized in Equity	Balance December 31, 2023
Property, plant and equipment	(938,745)	328,897	-	-	(609,848)
Share issuance costs	20,449	(22,431)	-	-	(1,982)
Non-capital losses	947,867	58,826	-	-	1,006,693
Intangibles	(649,082)	77,964	-	-	(571,117)
Convertible debt	-	20,960	-	(127,835)	(106,875)
Total	\$(619,511)	464,216	-	(127,835)	(283,130)

	Balance January 1, 2022 (restated – Note 4)	Recognized in net income (loss)	Recognized in Goodwill	Recognized in Equity	Balance December 31, 2022 (restated – Note 4)
Property, plant and equipment	(7,229)	(115,419)	(816,096)	-	(938,745)
Share issuance costs	-	20,449	-	-	20,449
Non-capital losses	13,450	23,659	910,758	-	947,867
Intangibles	(266,540)	-	(382,542)	-	(649,082)
Convertible debt	-	-	-	-	-
Total	\$(260,319)	(71,311)	(287,881)	-	(619,511)

Company has \$18,004,582 (2022 - \$10,833,971) of non-capital losses available to offset future income for tax purposes of which \$16,997,889 losses are unrecognized. The non-capital losses will expire as follows:

2041	3,517,080
2042	6,974,803
2043	7,512,699
	\$18,004,582

24. Finance costs.

Finance costs comprise the following:

(in C\$)	December 31, 2023	December 31, 2022

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Bank charges	110,496	\$	47,231
Interest expense on lease liabilities	165,280		136,520
Interest expense on promissory notes	61,860		82,084
Interest expense on Convertible Debt	294,750		-
Interest expense on short-term borrowings	373,414		93,594
Interest expense on long-term borrowings	769,436		166,809
	1,775,236	\$	526,238

25. Earnings per share

Basic and dilutive earnings per share is calculated by dividing net loss attributable to shareholders by the sum of the weighted average number of shares outstanding. The Company's diluted loss per share does not include the effect of debentures, stock options and warrants as they are anti-dilutive:

For the Year ended December 31		
	2023	2022
		(Restated - note 4)
Net loss attributable to Volatus	(9,464,043)	(4,623,379)
Weighted average number of common shares outstanding	117,887,327	104,932,598
Basic and diluted loss per share	(0.08)	(0.04)

26. Segment Information

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's internal management system at a consolidated level. The Company has determined that it has only one operating segment.

The Company derives revenues in the following major categories:

Revenue	2023	2022
Sale of Products	18,298,988	22,573,402
Provision of Services	16,573,827	7,197,737
Total Revenue	34,872,815	29,771,139

The amount of revenue from external customers, broken down by location of the customers, is as follows:

Revenue:	2023	2022

Volatus Aerospace Corp.

Notes to Consolidated Financial Statements For the twelve ended December 31, 2023, and 2022

Canada	21,938,048	25,562,122
United States	7,681,939	3,827,322
United Kingdom	5,252,828	381,695
Total Revenue	34,872,815	29,771,139

As at the year ended December 31, 2023, and 2022, there were no material contract liabilities or assets arising from short-term revenue contracts with the customers.

2023	Property, plant and equipment	Goodwill	Intangible assets	Right of use assets
Canada	7,622,189	963,604	2,724,843	1,258,109
United States	1,427,500		1,736,897	77,346
United Kingdom	240,647		304,988	15,627
Totals	9,290,336	963,604	4,766,728	1,351,082

2022	Property, plant and equipment	Goodwill	Intangible assets	Right of use assets
Canada	8,155,569	963,604	3,260,738	994,581
United States	1,051,772		513,504	
United Kingdom	122,771		354,432	
Totals	9,330,112	963,604	4,128,674	994,581

27. Subsequent Events

Management has evaluated subsequent events as of May 04, 2024, the date the consolidated financial statements.

On January 2, 2024, the Company announced the acquisition of Aerial Motion Pictures Ltd, dba UAVHUB and 100% of the outstanding shares in Open Sky consulting International Ltd dba Drone Mentor for a total share consideration of £150,000.



VOLATUS AEROSPACE CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DEC 31, 2023**

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management Discussion & Analysis ("MD&A") is intended to provide readers with the information that management believes is required to gain an understanding of the current results of Volatus Aerospace Corp. (the "Company" or "Volatus") and to assess the Company's prospects. The following MD&A is presented and dated as of May 12, 2024, and should be read in conjunction with the interim condensed consolidated financial statements and related notes for the twelve months ended Dec 31, 2023. The Financial Statements presented herein include the accounts of the Company and all its subsidiaries. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and all amounts, unless otherwise indicated, are expressed in Canadian dollars.

NON-IFRS FINANCIAL MEASURES

In this MD&A we describe certain income and expense items that are unusual or non-recurring. There are terms not defined by International Financial Reporting Standards (IFRS). Our usage of these terms may vary from the usage adopted by other companies. Specifically, *Gross margin, Gross profit, and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization)* are undefined terms by IFRS. Management believes that gross profit, defined as revenue less cost of goods sold, is a useful supplemental measure of operations. Adjusted EBITDA is a supplemental measure used by management and other users of Volatus' financial statements, including lenders and investors, to assess the financial performance of the Company's business without regard to financing methods or capital structure. Adjusted EBITDA is also a key metric that management uses prior to the execution of any strategic investing or financing opportunity. For example, management uses Adjusted EBITDA as a measure in determining the value of acquisitions, expansion opportunities, and dispositions. In addition, Adjusted EBITDA is utilized by financial institutions to measure borrowing capacity. The Company believes that Adjusted EBITDA is useful to management, lenders, and investors in assessing the underlying performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements. The Company defines Adjusted EBITDA as IFRS net loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, integration, and due diligence costs, one time profit or loss (non-recurring), and impairment of goodwill, property, plant, and equipment and right-of-use assets (ROU).

We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("IFRS").

**Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023**

FORWARD-LOOKING STATEMENTS

This management's discussion and analysis may contain statements about expected future events and financial and operating results of the Company that are forward-looking. All statements other than statements of historical fact may be forward-looking statements. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations, or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. For example, statements in this MD&A relating to the Company's mission, expected timing for the marketing and sale of the Company's products, the Company's intentions with respect to growth and future acquisitions, expectations as to timing to commence operations at various locations and the potential benefits to the Company from such new operations, expectations as to the timing and quantity of sales and recognition of revenues and expenses and expectations as to Company growth are all forward-looking statements. The operations of the Company are subject to a number of risks, both anticipated and unanticipated. Please refer to the heading "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors – Risk Factors Relating to the Transaction" in the Information Circular to which this MD&A is attached.

BUSINESS OVERVIEW

Volatus was incorporated on December 17, 1987, and has its registered office located at 60 Airport Road, Oro Medonte, Ontario L0L 2E0, Canada. The Company is an industry leading aerial intelligence innovator with an extensive background in commercial aviation and a commitment to commercializing the full potential of remotely operated and autonomous technologies throughout the Americas and around the world. With locations across Canada, the United States and the United Kingdom, the Company offers a comprehensive range of aerial intelligence solutions for civilian and military applications.

The Company's mission is to be a leading innovator and provider of remotely operated and autonomous solutions and to be at the forefront of melding remotely piloted aircraft with piloted aircraft service offerings. Through our efforts we are reducing the environmental impact of aerial operations and working to empower people everywhere to live more sustainably.

Volatus is a leading consolidator of established drone service and equipment providers. By unlocking their potential and driving organic growth through cross selling and aggressive marketing, the Company is establishing itself as an international player with operations from coast to coast and across the Americas. The Company has a physical presence in Alberta, British Columbia, Manitoba, Ontario, Quebec, Prince Edward Island, New York, Pennsylvania, New Jersey, Florida, Nevada, Ohio, Illinois, Oklahoma, Missouri, Texas, Maine, and the UK. In addition, a network of more than 1200 Transport Canada and FAA-qualified UAV pilots are available to the Company to support service delivery in every province and territory of Canada and the US.

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

The Company and its subsidiaries offer:

System design engineering, research & development, and manufacturing. Volatus own technologies include the E100 and M100 Medium Altitude High Endurance fixed wing drones, our Aerieport drone-in-the-box solution, and the Paremoha surveillance fixed wing-drone for defense are expected to be marketed and sold commencing mid-2024.

Aerial Intelligence Services. The Company offers turnkey infrastructure inspection, and mapping and imaging services including long-linear inspections such as pipeline, energy, and railway, and uses its proprietary technology 'Valqari' software to capture and process data that is shared through its proprietary Aerial Information Reporting System (AIRS2). Wildfire services and agriculture spraying are new growth sectors. In addition, the company provides data management, analytics, and GIS services and is committed to the use of machine learning, and AI to enhance the value to its customers.

Drone & Sensor Training, and Consulting. The Company provides operator training for remotely piloted aircraft systems and payloads and pilot certification training in Canada, the USA, and the United Kingdom and conducts regular educational Science Experiential Aerial Research (SEAR) Programs with school boards in both Canada and the United States.

Value Added Reseller. The Company is a value-added reseller of remotely piloted aircraft systems providing equipment sales, payload integration, and maintenance, repair after sale support.

UAVs are playing a significant role in the defense and commercial sectors, progressively replacing traditional modes of inspection, surveillance, survey, and transportation due to their inherent cost, safety, and efficiency. Numerous market studies have predicted significant growth in the use of UAVs in all sectors the Company is targeting.

BUSINESS HIGHLIGHTS

The first half of 2023 was, as expected, a slower period due to reduced service activities in Canada. Winter weather conditions create this seasonality in the business in Canada and the Northern USA. The third and fourth quarters are stronger quarters compared to the first two quarters. Despite this, we have grown revenues by 43% on a year-over-year basis from \$24,414,418 in 2022 to \$34,872,815 in 2023. The 2022 revenue numbers are normalized to exclude crewed revenue in 2022. Chartered revenue was excluded for comparison purposes as this relates primarily to a non-recurring transaction for the sale of an aircraft. The Company has also executed operational efficiencies that has led to an increased gross profit by \$2,790,489 over the entire year. The overall gross margin for the Company has increased by 400 basis points, from 28% in 2022 to 32% in 2023. This increase is also due to a change in the product mix where long-term recurring service contracts contributing higher margins are growing. The Company has also made significant wins (multi-year contract valuing up to \$60M over 3 years) in 2023 in aerial intelligence segment in the US Utility market. The Company has executed serviceable backorders of \$80M over the next three years. The year, however, was not without challenges. The services activities were delayed in Q2 across certain regions of Canada (Quebec, Alberta, and British Columbia) due to the impact of wildfires, numerous patrols and inspections experienced launch delay to Q3 and continued till Q4. This delay opened an opportunity to expand services in wildfire hot-spot mapping. We expect material growth in this segment in the coming years. The Company faced lower equipment sales due to longer supply

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

chain challenges, working capital delays, export restrictions, and deteriorating credit of certain customer groups. The Company had an EBITDA drain of (\$3,634,968) for the year 2023 with an estimated unfulfilled demand exceeding \$10M in the equipment sales due to working capital constraints. The Company's London, UK office, continued scaling to have better access to potential sales in European territory and serve NATO countries to meet the demand for drones in the public safety sector. The Company continued to execute its strategy of creating partnerships with technology companies across the globe. The Company successfully integrated operations of Sky Scape Industries LLC, based out of New Jersey, after its acquisition in early Q2 to expand its offerings to utility companies in the US. It also integrated operations of Empire Drones Company LLC, based out of New York, acquired in Q1 2023 to expand its equipment distribution network in the US. The Company leveraged its sales and business development team to expand its offerings to its customers in the industrial and defense segments.

The Company has executed its horizontal integration and geographic expansion strategies over the past two years with demonstrated results in sales growth and overall market presence. We had maintained acquired subsidiaries as stand-alone businesses to leverage their brand strengths fully and progressively integrate them under the Volatus brand. To this end, in mid Q3, we commenced a consolidation of companies and organizational units under Volatus Aerospace to maximize the operational efficiencies and cost controls. Due to poor results the Company terminated its joint venture in Latin America and in its place has executed an independent sales agency agreement. This will impact the revenue guidance but not materially. These steps, fully implemented over the 3rd and 4th quarters, aim to achieve an EBITDA-positive position in 2024 and yield operational efficiencies with annualized cost savings of at least \$3M.

Expansion into US Oil and Gas Pipeline Surveillance Market

Volatus has successfully entered the US Oil and Gas pipeline surveillance market by entering into a contract with a leading energy company in the US. The value of the contract is expected to be up to \$4M in 2024. The contract is set to launch in late Q2 2024.

Expansion of Drones in Education Program in the US

Volatus marked a key milestone by expanding its successful Science Experiential Aerial Research Program (SEAR) in the US. High school students in Florida began the course and learned the basics of machine learning, aerial intelligence collection with drones and other essential science disciplines that will help prepare them for future work in aviation, technology, and science. This is an expansion of the SEAR programs successfully conducted in Canada.

Strategic Partnership with Flyscan Systems to automate Aerial Pipeline Surveillance

Volatus through its subsidiary Synergy Aviation has entered into a strategic partnership to conduct flight patrols with a Flyscan Systems developed sensor to automate airborne gas leak detection, including small liquid leaks, airborne photo documentation, right-of-way threat detection, terrain management, geo-hazard change detection and vegetation management. The software platform enables the Company to detect quickly and accurately what may not be visible to the human eye and other technologies, catching threats to our

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

environment such as leaks and erosion. The addition of Flyscan's capabilities enhances the Company's current abilities, providing more actionable and accurate data to clients than ever before.

Acquisition of Sky Scape Industries LLC

Volatus completed the acquisition of New jersey-based Sky Scape Industries LLC on April 5, 2023. Founded in 2014, Sky Scape Industries comprehensive inspection service capabilities in the areas of facility, structural, line, and right of way for power utilities, emergency response for oil and gas, and façade inspection services for property management. The company has a strong presence and long-term contracts with utility companies in the US. This acquisition complements our pilot network business 'ConnexiCore' acquired in 2021 and will enable us to scale our service offerings and establish a subject matter expertise. Consideration for the acquisition is comprised of the issuance of new Volatus shares at closing and an earn-out component comprised of additional Volatus shares.

Acquisition of Empire Drones LLC

Volatus closed the acquisition of New York based Empire Drone Company LLC on January 31, 2023. Empire is a rapidly growing, value-added reseller focused on equipment and solution sales in the commercial and public safety markets in the United States. This acquisition will accelerate Volatus' growth in the vast USA market by maximizing gross margin performance through domestic supply and offer improved after sales support, maintenance, and repair by eliminating the need for cross border shipments. This acquisition also reduced the exchange currency risk, especially involving goods purchased in USD and sold in CAD. Empire, combined with Volatus existing distribution in Canada, LATAM, and now iRed in the UK, establishes Volatus to be a leader in equipment distribution and after-market support in the industry.

Acquisition of UAVHub and the Drone Mentor

The Company signed an arm's length definitive agreement On November 30th, 2023 the Company executed an agreement to acquire two UK-based companies, Aerial Motion Pictures Ltd., dba UAVHub and Open Sky Consulting International Ltd., dba The Drone Mentor, providing world leading online video-based drone training and certification. The transaction was closed on Jan 1, 2024. Founded in 2014, [UAVHub](#) is the highest rated drone training and certification company in the UK. UAVHub currently service the regulated drone pilot space by delivering UK Civil Aviation Authority approved online training, and have developed proprietary tools that help simplify regulatory compliance in this ever-evolving sector. The [Drone Mentor](#) specialises in non-regulatory based training and support for the uncrewed sector, facilitating the advancement of personal, professional, and business development-the 'second stage' of the 'drone journey' which is often not considered when pilots first start out; ensuring individual success and ultimately, the longevity of the industry as a whole. The transaction closed on Jan 1, 2024.

Regulatory Success:

Expansion in Wildfire Suppression using Drones

Volatus is qualified to provide infrared imaging services using drones for wildfire suppression. The Company was granted a Special Flight Operating Certificate (SFOC) to fly beyond visual line of sight (BVLOS) and above

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

400 feet above ground level (AGL) in order to support fire suppression agencies across Canada. These approvals enable the Company to target a serviceable obtainable market opportunity value at \$70M as per management expectations. While forest fire events restrict aerial service activities, wildfire suppression will enable the Company to help authorities detect hotspots, save human lives, and diversify its business.

Canada-Wide Approval to Operate Heavy Spray Drones for Precision Agriculture

The Company has received a Transport Canada Special Flight Operating Certificate (SFOC) to operate heavy crop spraying drones weighing over 25 kg. This special authority enables pilots who are trained through our tailored training program, to operate in compliance with Transport Canada's conditions outlined in the approval, to operate throughout Canada. The current advanced drone regulations in Canada restrict the flight of a remotely piloted aircraft weighing over 25 kg within national airspace, this approval permits the Company to operate a heavy crop spraying drone, which has a maximum takeoff weight of 101 kg. This unlocks our ability to offer compliant drone crop spraying services across Canada for our precision agriculture clients subject to Health Canada approval.

Volatus Aerospace Receives Canadian Transportation Agency License for Drone Cargo Services

In February 2023, the Company has been issued a Canadian Transportation Agency (CTA) License to market and sell RPAS cargo services within Canada. This license builds on the existing CTA licenses held by Volatus subsidiaries Partner Jet Inc. (Volatus Aviation) and Synergy Aviation. The addition of this license allows the Company to build its drone cargo capability under the Volatus brand in preparation for the anticipated Transport Canada/FAA regulatory changes. Positioning Volatus with this license is an important step toward the long-term vision of the Company in drone cargo operations. Previously announced, the Company is scheduled to take delivery of the first 3.8 tonne Natilus Kona uncrewed regional feeder aircraft upon aircraft certification within the next few years.

Financing

The Company raised C\$2,646,000 through convertible debt on May 11, 2023. The financing was used to scale operations, research, and development, and for working capital purposes.

The Company secured \$2,250,000 of an additional revolving operating line of credit at Prime + 2.78%. This amount will be used to scale our operations in Canada and the US.

Strategic Partnerships

The Company has signed exclusive distributor rights for markets in the Americas with Velos Robots Inc., and AEE Technology Inc. These are drone manufacturers that have use cases in public safety, utility and oil and gas sectors. These partnerships are part of an ongoing strategy to expand our US National Defense Authorization Act (NDAA) compliant drone portfolio.

Fugitive Gas Detection Contract

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

Volatus' acquisition of iRed Remote Sensing in 2022 is achieving positive results. The Company signed a contract for monthly recurring inspections to detect fugitive methane leaks at 14 water treatment facilities across the northwest of the United Kingdom. Under the terms of the 12-month contract, iRed® will conduct remote analysis of infrastructure at water treatment facilities across the northwest UK using Optical Gas imaging cameras. According to International Energy Agency's "Faster and Further: Canada's Methane Strategy," report published in September 2022, methane is a potent greenhouse gas with 25 times more global warming potential than carbon dioxide over a 100-year period. Fugitive methane emissions occurring due to leaks, loose valves, or venting of methane gas result in the loss of valuable energy, increased costs, and damage to the environment. Optical gas imaging (OGI) visualizes a narrow band of the infrared spectrum, allowing the identification of methane and other hydrocarbon gases which may otherwise be invisible to the naked eye. The added capability of Optical Gas Imaging is expected to open new doors with our existing oil and gas customers as well as create new opportunities in the North American waste management sector.

Volatus Aerospace Secures Annual Recurring Contract to Expand Pipeline Corridor Surveillance in Eastern Canada

The Company has signed a 3-year master service agreement with a leading pipeline operator to provide pipeline right-of-way patrols and environmental monitoring throughout Ontario. The agreement, signed in Q1 2023, is estimated to generate revenues of up to \$5M over the next three years with margins within historical norms for jobs of this nature. The Company provides pipeline right-of-way surveillance, data gathering and analysis services across Canada from Kitimat, British Columbia to Ottawa, Ontario. Combined, on an annual basis, the Volatus Group patrols over 1,600,000 kilometers of pipeline.

BUSINESS OUTLOOK & STRATEGY

The commercial drone industry is highly dependent on regulations. However, the instability in Ukraine and Middle East have accelerated the adoption of drones in the defense and public safety segment. The Company believes that drone regulations are evolving however, building a business model around anticipated regulatory changes will restrict the growth of the Company. The Company has designed a strategy that addresses current market needs within the existing regulatory framework and concurrently has started to get special approvals to perform BVLOS (Beyond Visual Line of Sight) missions as highlighted above. The Company believes in solving customer problems by providing customized solution that integrates its own technology along with the best fourth-party technologies available in the market. The intent is to create a "stickiness" with the customer to foster repeat business and the Company becomes a one stop solution for all drone needs. To enable this strategy, Volatus introduced the "Vetted by Volatus" program that can qualify great drone technologies as part of its integrated solutions.

The Company also realized that certain sectors cannot be disrupted using drones due to regulatory constraints and the slow adoption rates. In certain cases, the Company will use piloted aircraft and progressively introduce remotely piloted aircraft (drones) to replace piloted aircraft to generating higher gross margins and environmental wins to its customers.

2023 RESULTS

**Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023**

	For the year ended Dec 31	
	2023	2022
Total Revenue	34,872,815	29,771,139
Gross profit (as a % of revenues)	32%	28%
Net loss from operations	(9,064,243)	(7,194,729)
Net loss and comprehensive Loss	(9,693,626)	(5,449,9176)
Adjusted EBITDA loss	(3,643,968)	(5,616,940)
Net loss and comprehensive loss per share, basic and diluted		
- Basic	(0.08)	(0.04)
- Diluted	(0.08)	(0.04)
Change in cash and cash equivalents	(2,002,179)	(5,122,253)

2023 Total Reported Revenue of \$34,872,815. A growth of 17% compared to 2022

On a reported basis, the revenue growth is 17%. Equipment revenue experienced growth of 12% and aerial intelligence service revenue experienced growth of 106%. The overall revenue increased by 43% from \$24,414,418 in 2022 to \$34,872,815 on a comparative and normalized basis (excluding charter revenue in 2022 of \$5,356,721). Chartered revenue was excluded for comparison purposes as this relates primarily to a non-recurring transaction for the sale of an aircraft.

2023 Gross Profit of \$11,135,842. Gross Margin of 32%

The Company has increased its gross margin percentage from 28% in 2022 to 32% in 2023. The growth in gross margin percentage was driven by higher efficiencies and change in product mix. Higher margins were due to significant increase in aerial intelligence service activities. The gross margins by revenue were 20% for equipment sales and 45% for services. Services is expected to consistently generate a gross margin of 40% to 50% over the long term.

2023 Revenue Distribution

The product mix consisted of Equipment sales at 53%, and services at 47% for 2023 compared to, equipment sales of 72% and revenue from services of 28% in 2022. Over the long-term as the industry keeps maturing, the product mix will change more towards services that generates higher gross margins.

Adjusted EBITDA (Earnings before Interest, Tax, Depreciation, and Amortization)

The Company improved its Adjusted EBITDA by \$1,981,972, from (\$5,616,940) in 2022 to (\$3,634,968) in 2023. This improvement is contributed due to increase in revenue and reduction in operating expenses such as office

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

cost due to termination of lease, reduction in external partner cost, advertisement and marketing, and reduced cost of services resulting in higher gross profit. The reconciliation of adjusted EBITDA has been highlighted further below in this document.

Cash and cash equivalents decreased by \$2,002,179 for the year ended December 31 2023. The decrease was attributable to the loss from operations, changes in working capital and investment in CAPEX. This was partially offset by issuance of convertible debt that provided net proceeds of \$2,224,297.

Q4 2023 RESULTS

The following is selected financial data for the fourth quarter ended December 31

	Three months ended Dec 31	
	2023	2022
Total Revenue	10,500,995	7,213,129
Gross Profit (as a % of revenues)	27%	28%
Loss from operations	(2,581,777)	(2,994,477)
Net loss and comprehensive Loss	(2,311,647)	(1,168,290)
Adjusted EBITDA loss	(769,943)	(3,767,238)

Revenues for the period Q4 2023 increased by 46% due to the increase in equipment sales by 80% and increase aerial intelligence and data services by 16%. The Company has significantly scaled in oil and gas and utility inspections market in Canada and the US. This has led to long-term recurring contracts and is expected to outperform sales of equipment .

The reported gross margin of the Company was 27% for Q4 2023 compared to 28% for Q4 2022. The average reported gross margin decreased in Q4 2023 due to higher revenues from equipment sale business and to public safety segment that generates lower than general gross margin from the equipment business.

The net loss and comprehensive Loss increased compared to the comparative quarter due to higher financing costs consisting mostly of interest on equipment and aircraft loans, convertible debenture, revolving credit and promissory notes and adjustments to contingent consideration, and bargain purchase gain adjustment recognized.

The adjusted EBITDA drain for quarter ended Dec 31, 2023, totalled (\$769,943). The EBITDA drain reduced over the previous quarters due to cost optimization initiated by the management and synergies due to consolidation of subsidiaries.

As at	December 31, 2023	December 31, 2022

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Total Assets	26,876,098	29,197,305
Non-Current Assets	16,371,750	15,416,971
Goodwill	963,604	963,604
Total non-current Liabilities	9,641,836	9,448,061
Total Liabilities	24,338,202	18,779,338
Working Capital	(4,192,018)	4,449,057
Shareholder's Equity	2,537,896	10,417,966
Distribution or Cash Dividends	-	-

As at December 31 2023, the Company held total assets of \$26,876,098. The decrease in total assets was due to changes in the cash position of the business. Non-current assets increased by \$954,779 due to higher CAPEX to scale operations and the acquisition of Empire Drones and Sky Scape Industries. The Company continued to deploy cash in operating activities and scale its service business. The increase in total liabilities was driven by increased accounts payable, increased long-term borrowings due to acquisitions, the addition of an operating line of credit, and issuance of convertible debt.

RESULTS OF OPERATIONS

	Twelve months ended Dec 31		
	2023	2022	2021
Product and Services Revenue	34,872,815	24,414,418	9,913,953
Aircraft Sale	-	5,356,721	-
Direct Cost	23,736,973	21,425,786	7,385,243
Gross Profit	11,135,842	8,345,353	2,528,710
	32%	28%	26%
OPERATING EXPENSES			
Advertising & marketing	1,856,220	2,225,224	521,250
IT & tech	669,096	512,056	169,571
Personnel	6,984,713	5,660,069	2,080,871
R&D	1,341,377	541,023	-
Office cost	2,830,861	1,513,960	425,355
Travel	479,163	419,823	196,998
External partner cost	1,281,121	1,556,278	318,844
Depreciation	4,033,731	1,866,791	637,203
Share based Payments	723,803	1,244,858	459,152
	20,200,085	15,540,082	4,809,244

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

(Loss) from Operations	(9,064,243)	(7,194,729)	(2,280,534)
OTHER ITEMS - INCOME/(EXPENSE)			
Finance cost	(1,775,236)	(526,238)	(438,954)
Goodwill Impairment	-	-	(1,399,029)
Bargain Purchase Gain	221,808	2,112,197	-
FV changes in Contingent Consideration	386,731	(33,846)	
Other income (expense)	15,405	411,502	192,963
Gain (Loss) on disposal of drones	92,782	9,969	37,006
Foreign exchange translation	(35,089)	(157,460)	(25,958)
Net Loss and comprehensive loss before tax	(10,157,842)	(5,378,605)	(3,914,506)
Deferred Tax Income/ (Expense)	464,216	(71,311)	
Net loss and comprehensive loss after tax	(9,693,626)	(5,449,916)	(3,914,506)
Total comprehensive loss for the period attributable to:			
Owners of Volatus Aerospace Corp.	(9,464,043)	(4,623,378)	(2,953,117)
Non-controlling interest	(229,583)	(826,538)	(961,389)
	(9,693,626)	(5,449,916)	(3,914,506)
Loss per share			
Basic and Diluted	(0.08)	(0.04)	(0.03)
Weighted average number of common shares outstanding			
Basic and Diluted	117,887,327	104,932,598	84,447,725

The Company generated revenues from two major areas: Sale of equipment and provision of aerial services consisting of drone services and training, and crewed services for long liner pipeline inspections. For the year ended Dec 31, 2023, equipment sales generated a gross margin of 20% whereas service sales generated 45% gross margin. The sale of third-party products has low gross margins compared with services and training. As the business scale and product mix change, the gross margins have increased from 26% to 32% between 2021 and 2023.

The Company incurred \$1,856,220 on marketing activities including participation at trade shows, investor relations, advertising, and business development events, a reduction of 16% compared to 2022. The Company has incurred a total of \$465,287 on investor relations (IR) activities in 2024 a reduction of 18% compared to 2022. The Company has paused on any new IR initiatives starting the second half of 2023. The IR activity currently includes platform fees paid to manage contractors, website, subscriptions, and market-maker.

Personnel costs for the year 2023 were \$6,984,713. The Company initiated a cost reduction initiative in the second half of 2023. Management is driving the Company towards profitability and this initiative was critical to structure the subsidiaries and redefine the organizational structure.

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

Office costs increased by \$1,316,901 to \$2,830,861 in 2023. The increase was attributable to insurance costs, , maintenance, rental, and additions due to acquisitions (especially insurance towards rotary and fixed wing traditional aircraft). The management is currently reviewing its entire insurance program for 2024. The external partner cost consists of third-party consulting firms, marketing firms, legal firms, and transfer agent fees. The Company has taken steps to reduce the office costs, travel costs and external partner costs starting in the second half of 2023. In 2023, the Company has terminated leased space, consolidated its IT & Tech firm, reduced dependency on external consulting firms, and focused on key marketing events.

SUMMARY OF QUARTERLY RESULTS

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	10,500,995	8,274,349	8,684,991	7,412,480	7,213,129	11,120,589	6,629,593	4,807,829
Direct Cost	7,700,881	5,265,775	5,724,516	5,045,802	5,190,979	7791145	4728672.918	3714988.951
Gross Profit	2,800,114	3,008,574	2,960,475	2,366,678	2,022,150	3,329,444	1,900,920	1,092,840
	26.67%	36.36%	34.09%	31.93%	28.03%	29.94%	28.67%	22.73%
OPERATING EXPENSES								
Advertising & marketing	278,781	541,635	629,686	406,118	575,539	599,285	591,365	459,035
IT & tech	28,439	243,602	211,960	185,095	164,260	140,392	110,775	96,629
Personnel	1,312,983	1,727,086	1,788,347	2,156,297	1,552,913	1,393,606	1,565,456	1,148,094
R&D	771,861	104,832	364,263	100,420	541,023	-	-	-
Office cost	605,396	722,276	610,650	892,539	490,740	378,474	416,589	228,157
Travel	126,710	90,804	167,364	94,285	144,372	140,622	54,456	80,373
External partner cost	436,686	243,443	326,979	274,013	602,171	403,238	168,371	382,497
Depreciation	1,647,364	843,744	797,487	745,136	604,849	270,081	300,511	209,224
Share based Payments	173,671	195,372	178,361	176,401	340,761	330,918	290,103	283,076
	5,381,891	4,712,793	5,075,097	5,030,304	5,016,628	3,656,616	3,497,626	2,887,086
(Loss) from Operations	(2,581,777)	(1,704,219)	(2,114,622)	(2,663,626)	(2,994,477)	(327,172)	(1,596,707)	(1,794,246)
OTHER ITEMS - INCOME/(EXPENSE)								
Finance cost	(667,949)	(425,671)	(368,635)	(312,982)	(249,798)	(121,672)	(81,239)	(73,528)
Bargain Purchase Gain	221,808				2,112,197	-	-	-

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

Changes in Fair Value of Contingent Consideration	386,731			(33,846)	-	-	-
Other income (expense)	14,955	(39,229)	41,237	(1,558)	192,498	79,640	31,576
Gain (Loss) on disposal of equipment	(125,476)	228,769	(0)	(10,511)	414	10,566	(1,011)
Foreign exchange translation	(24,156)	19,946	(16,191)	(14,688)	(195,277)	6,430	20,484
Net loss and comprehensive loss before tax	(2,775,864)	(1,920,403)	(2,458,211)	(3,003,365)	(1,168,290)	(352,208)	(1,626,897)
							(1,774,398)
Deferred Tax Income/ (Expense)	464,216			(71,311)			
Net Loss and comprehensive loss after tax	(2,311,647)	(1,920,403)	(2,458,211)	(3,003,365)	(1,239,601)	(352,208)	(1,626,897)
							(1,774,398)
Loss per share							
Basic and Diluted	(0.02)	(0.02)	(0.03)	(0.02)	(0.01)	(0.01)	(0.02)

The quarterly results are subject to seasonality. Services activities are slower in the first quarter due to adverse winter conditions in North America. Sales start to pick up again starting in the second quarter and are highest in the third quarter for services. Equipment sales are consistent throughout the year and fluctuate based on customer requirements. However, with expansion in the UK and focus on training, impact of seasonality is expected to reduce as these service offerings are not subject to seasonality. The gross margin for Q4 2023 was lowest compared to the past 3 quarters and it's due to higher equipment sales to public safety division. On comparing gross margins for Q1 2023 with Q1 2022, as product mix has changed and more weighted towards services, gross margins for Q1 2022 were below 25%. The service line is highly competitive and reduces the average gross margin from equipment sales. As the Company signs exclusive partnership with OEMs, this impact will reduce, and gross margin will increase.

The depreciation expense increased in Q4 2023 due to amortization of intangibles as it relates to catchup for the entire 2023 year. The personnel expenses have been reduced by 15% on comparing Q4 2023 with Q4 2022, due to the cost optimization and consolidation of subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

The following is a summary of working capital as of December 31 2023 and December 31, 2022:

	As at	
	December 31 2023	December 31, 2022
Current Assets	10,504,348	13,780,334
Current Liabilities	14,696,366	9,331,277
Working Capital	(4,192,018)	4,449,057

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Current Assets of \$10,504,348 as of December 31, 2023 (December 31, 2022 - \$13,780,334). The balance was primarily comprised of cash of \$ 1,682,402, trade receivables of \$3,815,478, prepaid items and deposits of \$2,022,836 and inventory of \$2,983,632.

Current Liabilities of \$14,696,366 as of December 31, 2023 (December 31, 2022 - \$9,331,277). The balance was primarily comprised of trade payables of \$4,424,484, lease liability of \$ 542,298, current portion of long-term borrowings of \$2,252,385, and other short-term liabilities of \$7,084,475.

The decrease in working capital was due to operating activities and increased debt obligations. Cash on hand reduced from \$3,684,581 at December 31, 2022 to \$1,682,402 at December 31, 2023 as a result of losses from operations, investments in fixed assets, and payouts relating to acquisitions. The cash outflow was offset by issuance of convertible debenture.

Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments.

As the Company prepares a path toward profitability over the next two years, it will be dependent on its ability to increase sales and maintain margins at current levels. This will be influenced by general economic conditions, financial, regulatory, and other factors, including factors beyond the Company's control. The Company may need additional capital and may raise additional funds should the Board of Directors of the Company deem it advisable to support its aggressive acquisition strategy. To date, the Company has had a negative operating cash flow position due to the Company investing in inventory buildup, product development and human capital to meet increased demand. As a result of the Company's business plan for the development of its products and services, the Company expects cash flow from operations to be negative until revenues increase to offset its operating expenditure.

Management intends to finance operating costs over the next twelve months predominantly with cash on hand and with the issuance of securities such as prospectus offerings, private placement of common shares and convertible debentures. Further, in order to maintain or adjust its capital structure, the Company may issue new shares, new debt, or scale back the size and nature of its operations. The Company is not subject to externally imposed capital requirements. As of December 31, 2023, shareholders' equity was \$2,537,896 and on December 31, 2022, shareholder's equity was \$10,417,966.

The Company's ability to continue as a going concern is dependent upon the successful execution of management's operating and strategic plan which includes, amongst other things, securing additional financing to meet its ongoing operating requirements to fund inventory levels and fulfil new service contracts and, ultimately, the attainment of future profitable operations. There are no assurances that any of these initiatives will be successful which indicates the existence of a material uncertainty that cast doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

CASH FLOW:

Twelve months ended December 31

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

	2023	2022
Net cash used in Operating Activities	(1,651,478)	(7,112,473)
Net cash used in Investment Activities	(2,033,936)	(895,114)
Net Cash provided by Financing Activities	1,683,235	2,885,334
Net change in cash	(2,002,179)	(5,122,253)

Operating Activities

The net cash used in operating activities was primarily due to the loss generated in 2023.

Investing Activities

The net cash used in investment activities was primarily cost of acquisition of Empire Drone Company LLC. and investment in fixed assets.

Financing Activities

The net cash provided by financing activities was primarily due to the addition of debt during acquisition, addition of loan from director of the Company, and convertible financing completed by the Company. Company was also approved for a revolving operating line of credit which was made available in H1 2023.

On May 11, 2023, Volatus announced closing of a brokered private placement of up to 2,646 convertible debenture units of the Corporation (the "Debenture Units") at a price of \$1,000 per Debenture Unit for aggregate gross proceeds of \$2,646,000 (the "Offering") with an additional 15% over-allotment option. Each Debenture Unit is comprised of a \$1,000 principal amount senior unsecured convertible debenture (each, a "**Debenture**") and 1,000 common share purchase warrants of the Company (each, a "**Warrant**"). The Debentures will mature on May 11, 2025 (the "**Maturity Date**") and shall bear interest at a simple rate of 12% per annum. Interest will be payable semi-annually in arrears in cash on the last day of June and December in each year, with the first interest payment deferred until June 30, 2024. The principal amount of the Debentures, or any portion thereof, may be converted at the election of the holder thereof into common shares in the capital of the Company ("**Common Shares**") at a conversion price of \$0.50 per Common Share (the "**Conversion Price**"), being a conversion rate of 2,000 Common Shares per \$1,000 principal amount of Debenture Units, at any time prior to the Maturity Date. The principal amount of the Debentures may be converted at the election of the Company into Common Shares at the Conversion Price on not more than 60 days' and not less than 30 days' notice to the holders of Debentures (i) in the event that the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange ("**TSXV**") is greater than \$1.00 per share for 10 consecutive trading days on the TSXV, or (ii) in connection with a qualified equity or similar financing involving Common Shares or warrants resulting in aggregate gross proceeds to the Company of not less than C\$10.0 million (the "**Qualified Financing**"), subject to the Conversion Price being ratcheted down to equal the price per security under the Qualified Financing. The Debentures will be redeemable, in whole or in part, at the option of the Company, on or after the date that is 12 months from the issue date at price equal to 105% of the principal

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

amount of the Convertible Debentures then outstanding plus any accrued and unpaid interest that would otherwise be payable to the holders from the time of such redemption until the Maturity Date.

Each Warrant is exercisable to acquire one Common Share at a price of \$0.50 per Common Share until May 11, 2025. If, at any time following the date that is 4 months and one day following the Closing Date, the daily volume weighted average trading price of the Common Shares on the TSXV is greater than \$1.00 per share for the preceding 10 consecutive trading days on the TSXV, the Corporation shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of notice to holders of Warrants.

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital to meet its liquidity requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and will adjust it, when necessary, to have funds available to support its corporate activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the modest current business and financial size of the Company, is reasonable.

We expect, from time to time, to evaluate the acquisition of businesses, intellectual property, products and technologies for which a portion of the net proceeds may be used. There is always the potential that any acquisition or investment in a company or product has a negative impact on future cash flows of the Company.

RECONCILIATION OF ADJUSTED EBITDA TO NET LOSS

	Three months ended Dec 31		For the year ended Dec 31	
	2023	2022	2023	2022
Adjusted EBITDA (loss)	(769,943)	(3,768,238)	(3,634,968)	(5,616,940)
Interest	667,949	249,798	1,775,236	526,238
Depreciation	1,647,364	604,849	4,033,731	1,866,791
Share-based Payments	173,671	340,761	723,804	1,244,858
Loss from LATAM Operations	-	-	286,423	-
Loss from Sale of Drones	125,476	(414)	(92,782)	(9,969)
Lease Termination	-	-	405,000	-
Crewed Revenue Margin	-	(1,787,902)	-	(1,787,902)
Bargain Purchase Gain	(221,808)	(2,112,197)	(221,808)	(2,112,197)
FV changes in Contingent Consideration	(386,731)	33,846	(386,731)	33,846

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Deferred Tax Income	(464,216)	71,311	(464,216)	71,311
Net Loss	(2,311,647)	(1,168,290)	(9,693,626)	(5,449,916)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Trade payables and accrued liabilities:

On August 31, 2022, the Company entered into an independent consultant agreement ("Consultant Agreement") with GripFast Solutions Inc., a company controlled by an independent director, to provide consulting services to the Company for scaling in the defense sector. The costs of all charges are based on the fees set in the Consultant Agreement and are settled on a monthly basis. The Company records these charges under External Partner Cost. For the year period ended Dec 31, 2023, the Company incurred fees of \$96,000 in 2023 compared to \$50,000 in 2022. As at Dec 31, 2023, the Company was indebted to this company the amount of \$27,120 (2022 - \$8,000).

Share Capital:

The Company has outstanding preferred shares valued at \$206,188 that are non-redeemable and have no coupon interest payment and have a face value of \$1 to a company controlled by a director of the Company. (2022 – \$206,188)

Loans & Advance:

The Company has entered into a promissory note with the director of the Company on March 17, 2023, for a short-term loan at an interest rate of 9.20% per annum. The amount of \$625,000 is outstanding as at Dec 31, 2023 and repayable in full in 2024.

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Compensation awarded to key management for the Fiscal year 2023 and 2022 included:

	2023	2022
Salaries	894,887	856,651
Share-based Payments	653,590	1,168,658
	1,548,477	2,025,309

The Company has an employment agreement with its CEO which provides that in the event the CEO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 18 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 18 months' salary, at \$350,000 per annum, is payable. If the termination had occurred on December 31 2023, the amount payable under this agreement would be \$525,000.

The Company has an employment agreement with its CFO which provides that in the event the CFO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 12 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 12 months' salary, at \$190,000 per annum, is payable. If the termination had occurred on December 31 2023, the amount payable under this agreement would be \$190,000.

SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued common shares.

	Dec 31, 2023		December 31, 2022	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of year	113,943,079	\$ 10,957,258	101,835,722	\$ 9,110,305
Exercise of stock options	-	-	16,924	5,063
Shares issued on acquisition	1,691,275	628,254	349,399	145,001
Shares issued to obtain additional interest in controlled entities	8,369,407	1,775,349		
Shares issued on prospectus and private placement	-	-	11,741,034	1,696,889
Total	124,003,761	\$ 13,360,860	113,943,079	\$ 10,957,258

The Company consolidated its non-controlling interest by issuing 8,369,407 shares to minority shareholders of Volatus Unmanned Services, and iRed Limited.

Contributed Surplus

200 common shares were issued at par value of \$1 each at the formation of Volatus Aerospace Corp. prior to amalgamation with Partner Jet Corp. The excess difference in gross proceeds received for these common shares have been allocated to contributed surplus.

**Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023**

Preferred shares

	December 31, 2023		December 31, 2022	
	Shares	Amount	Shares	Amount
Issued for acquisition of Partner Jet Corp.	206,188	\$ 206,188	206,188	\$ 206,188
UAViation Aerial Solutions Limited Investment	146,446	145,576	146,446	146,446
Total	352,634	\$ 351,764	352,634	\$ 352,634

The above preferred shares are non-redeemable and have a face value of \$1. The preferred shares outstanding in UAViation Aerial Solutions Limited are in the Volatus owned subsidiary, Volatus Unmanned Services Inc.

Stock Options

The continuity of stock options during the period were as follows:

	2023		2022	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,357,691	0.56	3,984,615	0.63
Granted	3,057,500	0.23	1,640,000	0.36
Exercised	-	-	(16,924)	0.30
Forfeited	(222,500)	0.31	(250,000)	0.36
Outstanding, December 31	8,192,691	0.44	5,357,691	0.56

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2023:

Range of price (C\$)	Options Outstanding			Options Exercisable		
	Number of Stock Options outstanding	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price	Number of Stock Options exercisable	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price
\$0.20 - \$0.30	3,152,691	4.46	0.23	177,691	1.77	0.30
\$0.31 - \$0.49	1,250,000	3.53	0.36	362,500	3.57	0.36
\$0.50 - \$0.65	3,790,000	3.00	0.65	2,660,000	3.00	0.65
	8,192,691	3.64	0.45	3,200,191	3.00	0.60

On August 11, 2023, the Company granted 3,057,500 additional options at an exercise price of \$0.23 that will be vested over four years and will expire five years from grant date.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.18 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.23, risk-free interest rate of 4.25%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil. On June 24, 2022, the Company granted 1,440,000 additional options at an exercise price of \$0.36 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.30%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil. On October 5, 2022, the Company granted 200,000 additional options at an exercise price of \$0.36 that will be vested over two years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.12%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

Warrants

Details of warrants and their fair value:

Sr. No	Issue Date	Number of warrants outstanding at December 31, 2023	Fair Value at December 31, 2023	Number of Warrants Outstanding at December 31, 2022	Fair Value at December 31, 2022	Exercise Price	Expiry Date
1	22-Dec-21	-	-	5,308,476	1,804,881	0.65	22-Dec-23
2	22-Dec-21	-	-	7,025,966	2,248,310	0.75	22-Dec-23
3	06-Oct-22	11,741,034	1,878,565	11,741,034	1,878,565	\$0.50	05-Oct-24
4	06-Oct-22	879,475	167,100	879,475	167,100	\$0.36	05-Oct-24
5	11-May-23	421,860	20,587	-	-	\$0.50	06-May-25
6	11-May-23	2,646,000	107,437	-	-	\$0.50	06-May-25
		15,688,369	2,173,689	24,954,951	6,098,856		

As of December 31, 2023, the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2022	24,954,951	\$ 0.60
Issued (note 19)	3,067,860	\$ 0.50
Exercised	-	-

**Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023**

Forfeited	(12,334,442)	\$	0.71
Outstanding, December 31, 2023	15,688,369	\$	0.49

SUBSIDIARIES & ACQUISITIONS

Volatus Drones (Empire Drone Company LLC)

On January 31, 2023, Volatus acquired Empire Drone Company LLC., a drone network and reseller based out of New York, United States. Under the terms of the agreement the Company will purchase 100% of the company for a cash consideration US\$300,000 (CAD 401,790) on Closing; (ii) US\$ 350,000 of common shares with the number of shares calculated using a floor price of CDN\$0.65 per common share or 30 days VWAP on Closing (CAD 259,754), whichever is higher; and (iii) subject to the achievement of certain revenue milestones 12 months after closing, issue additional common shares of US\$350,000 with the number of shares calculated using a floor price of CDN\$0.65 per common share or 30 days VWAP on first anniversary from Closing, whichever is higher (CAD 37,946) . The share consideration per (ii) above was recorded at its fair value of US\$184,000. The contingent share consideration per (iii) above was recorded as its estimated fair value of US\$28,000 (CAD 37,946).

Total consideration	\$ 699,490
Net assets acquired:	
Cash & cash equivalents	102,790
Accounts receivables	49,249
Inventory	217,279
Property, plant and equipment	8,907
Accounts payable and accrued liabilities	(157,769)
Other current liabilities	(93,085)
Non-current loans	(327,398)
Identified intangible assets – customer relationships	1,121,325
Bargain Purchase Gain	(221,808)

The breakdown of consideration paid is as follows:

Cash	\$401,790
Issuance of 721,538 common shares upon closing	\$ 259,754
Contingent consideration (earnout)	37,946

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Total consideration	\$ 699,490

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 25% per annum.

The Company did not incur any acquisition-related costs.

Sky Scape Industries, LLC

On April 4, 2023, Volatus acquired Sky Scape Industries LLC., a New Jersey based company providing airborne intelligence data services. Under the terms of the definitive agreement, as amended following the completion of due diligence, the total purchase price, subject to an earn-out provision, is US\$585,000 (C\$783,900) to be paid as follows: An initial payment of approximately US\$275,000 (C\$368,500) in the form of newly issued common shares of Volatus Aerospace Corp. based on the share price at closing or the prior 30-day VWAP, whichever is higher. This converts to 969,737 common shares at the closing price of C\$0.38. The earn-out payment of US\$310,000, will be payable twelve (12) months after closing in the form of additional Volatus common shares with the number of shares calculated using a floor price of C\$0.65 or the prior 30-day VWAP, whichever is higher. This payment is conditional on Sky Scape retaining a certain inspection contract to be performed in 2024. The contingent share consideration was recorded as its estimated fair value of US\$107,500 (C\$144,078)

This transaction did not qualify as business combination under IFRS 3 and has been accounted for as asset acquisition.

Issuance of 969,737 common shares upon closing	\$ 368,500
Contingent consideration (earnout)	144,078
Total consideration	\$ 512,578

Net assets acquired:

Property, plant and equipment	252,349
Identified intangible assets - Customer relationships	387,896
Long-term borrowing	(127,667)
Net assets acquired	512,578

The Company estimated the fair value as follows:

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 20% per annum.

The Company did not incur any acquisition-related costs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical accounting estimates and assumptions as well as critical judgements in applying the Company's accounting policies are detailed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Assets and Liabilities

The Company has classified cash and cash equivalents as financial assets and measured at fair value through profit or loss. Trade and other receivables are classified as financial assets and measured at amortized cost. Trade payables and accrued liabilities are classified as financial liabilities and measured at amortized cost.

Risk Management

The Company is exposed to risks that arise from its use of financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables, and trade payables and accrued liabilities. Disclosures relating to exposure to risks, in particular credit risk, foreign currency risk, concentration risk, market risk and liquidity risk are provided below.

Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, comprise primarily of cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk of these items is the carrying amount as reported on the financial statements. Cash and cash equivalents are maintained at a major Canadian financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Credit risk on trade and other receivables is minimized because of the constant review and evaluation of the account balances. The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. There is no indication, as

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

Foreign Currency Risk

The Company has operations in Canada, the UK, and the U.S., therefore, has exposure to foreign currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. The consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. As of December 31, 2023, the Company did not have any foreign currency hedges in place.

The summary quantitative data about the Company's exposure to currency risk is as follows:

	2023		2022	
	USD	GBP	USD	GBP
Cash	893,825	108,098	340,961	174,893
Accounts receivable and other receivables	742,567	108,852	229,767	125,483
Accounts payable and other liabilities	(486,310)	(85,227)	(318,217)	(71,678)
Net assets	1,150,082	131,722	252,512	228,699

Concentration Risk

The Company is not exposed to customer concentration risk as the Company's revenue are widely distributed across multiple customers and revenue streams. The Company will keep mitigating these risks and uncertainties by focusing its sales energies on securing additional customer contracts across wider revenue streams and channels.

Interest Rate Risk

The Company is subject to the risks associated with debt financing, including the risk of interest rates on floating-rate debt rising before long-term fixed rate debt is arranged and existing mortgages may not be able to be refinanced on terms similar or more favorable than those currently in place.

The Company's objective of managing interest rate risk is to minimize the volatility of interest expense which impacts earnings.

The Company is also exposed to interest rate risk on its Credit Facility which fluctuates based on prime or floating bankers' acceptance rates.

Liquidity Risk

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

The Company is exposed to liquidity risk to the extent that it is required to meet its financial obligations as these become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due, without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.

The following summarizes the Company's contractual commitments as at December 31, 2023:

	Less than 1 Year	2-5 Year	Over 5 years	Total
Trade Payables and Accrued Liabilities	4,424,484			4,424,484
Other short-Term Liabilities	7,084,475			7,084,475
Contingent Consideration	182,024	507,692		689,716
Leases	756,962	915,948		1,672,910
Borrowings	875,174	2,011,869	7,242,991	10,130,034
Convertible Debenture	317,520	2,963,520		3,281,040
	13,640,639	6,399,029	7,242,991	27,282,658

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes that a 10% movement in interest rates and foreign exchange rates that may reasonably be expected to occur over the next twelve-month period will not have a significant impact on the Company. Refer to note 2 for going concern.

Fair Value

Financial assets and liabilities recognized or disclosed at fair value are classified in the fair value hierarchy based upon the nature of the inputs used in the determination of fair value. The levels of the fair value hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

The following table summarizes the carrying value of the Company's financial instruments:

	December 31, 2023	December 31, 2022

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Cash	1,682,402	3,684,581
Trade and other receivables	3,815,478	4,330,189
Trade payables and accrued liabilities	4,424,484	3,397,068
Lease liability	1,521,182	1,151,988
Other short-term liabilities	7,084,475	3,539,106
Long-term borrowings	8,027,487	8,893,650
Convertible Debenture	2,097,028	-
Contingent Consideration	689,716	1,104,543

Due to the short-term maturities of cash, accounts receivable, accounts payable and accrued liabilities and other liabilities, the carrying amounts of these financial instruments approximate fair value at the respective balance sheet date.

The carrying value of lease liabilities, long-term debt approximate fair value based upon a discounted cash flows method using a discount rate that reflects the Company's borrowing rate at the end of the year.

There were no transfers of assets or liabilities during the year ended December 31, 2023 (2022 - \$nil) between any levels within the fair value hierarchy.

SUBSEQUENT EVENTS

Management has evaluated subsequent events as of May 04, 2024, the date the consolidated financial statements.

On January 2, 2024, the Company announced the acquisition of Aerial Motion Pictures Ltd, dba UAVHUB and 100% of the outstanding shares in Open Sky consulting International Ltd dba Drone Mentor for a total consideration of £150,000.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

BUSINESS RISKS

An investment in the Company's Common Shares is highly speculative and involves significant risks. **In addition to the other information contained in this MD&A and the documents incorporated by reference herein and therein, you should review and carefully consider the risks described herein.** The risks described herein are not the only risk factors facing us and should not be considered exhaustive. Additional risks and uncertainties not currently known to us, or that we currently consider immaterial, may also materially and adversely affect our business, operations and condition, financial or otherwise.

Limited Operating History in Evolving Industry

While the Company has been carrying on business since 1987, it has a limited operating history in the evolving drone segment that may not develop as expected. The Company's growth in this segment is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of significant revenues. There is no assurance that the Company will be successful in achieving a return on shareholder's investment and the likelihood of success must be considered in light of the early stage of operations.

The Company could incur substantial product liability claims relating to its products.

As a manufacturer and service provider in the unmanned aerial vehicle sector, and with aircraft and aviation sector companies under increased scrutiny, claims could be brought against the Company if use or misuse of one of its products causes, or merely appears to have caused, personal injury or death. In addition, defects in the Company's products may lead to other potential life, health and property risks. Any claims against the Company, regardless of their merit, could severely harm the financial condition of the Company and strain management and other resources. The Company is unable to predict if it will be able to obtain or maintain product liability insurance for any products that may be approved for marketing.

Ownership and Protection of Intellectual Property

The intellectual property used by the Company in its business is not protected by patents or registered design rights, which means that the Company cannot preclude or inhibit competitors from entering the same market if they develop the same or similar technology independently. The Company is particularly reliant, therefore, on copyright, trade secret protection and confidentiality and license agreements with its employees, suppliers, consultants and others to protect its intellectual property rights. Although the Company has taken steps it believes to be consistent with industry practice to reduce these risks, such steps may be inadequate. If the Company fails to register, renew or enforce intellectual property rights, or there is any unauthorized use or significant impairment of its intellectual property rights, the value of its products and services could be diminished, the Company's competitive position could be adversely affected and its business may suffer. In addition, fourth parties may independently discover the Company's trade secrets or access proprietary information or systems and, in such cases, the Company may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties.

In order to protect its intellectual property, the Company may be required to spend significant resources to monitor and protect its rights. Costly and time-consuming litigation could be necessary to determine and

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

enforce the scope of the Company's proprietary rights and the outcome of such litigation could not be guaranteed. Further, any efforts by the Company to enforce its intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Failure to prevent the use of such secrets, information or systems by such fourth parties could materially adversely affect the business.

Exposure to risks relating to non-performing strategic suppliers and reseller contracts and agreements, including delays

The Company's ability to serve its customers in a timely manner depends on the ability of its strategic suppliers and resellers to perform their obligations and deliver their products and/or services in a timely manner and in accordance with contractual requirements. The Company relies, to a substantial extent on supplier and reseller contracts and agreements. Any delay in delivery of parts and materials by original equipment manufacturers ("OEMs") will entail a hindrance in the Company's ability to fulfil its contractual obligations. In addition, changes in pricing, incentives or other terms or non-performance of strategic suppliers and resellers could materially adversely affect the Company's ability to perform and subject the Company to additional liabilities. Any non-performance by OEMs, suppliers or resellers, could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Supplier risk

The Company acquires most of the products it sells and the components for the manufacture of its products from suppliers and subcontractors. Supply of certain products and components is highly concentrated with a small number of suppliers. Such suppliers and subcontractors may not be committed or obligated to sell products to the Company. Suppliers of some of the components may require the Company to place orders with significant lead-times to assure supply in accordance with its manufacturing requirements. Any lack of working capital on the part of the Company may cause it to delay the placement of such orders and may result in delays in supply. Delays in supply may significantly hurt the Company's ability to fulfill our contractual obligations and may significantly hurt its business and result of operations. In addition, the Company may not be able to continue to obtain such components from these suppliers on satisfactory commercial terms. Disruptions of its manufacturing operations would ensue if the Company was required to obtain components from alternative sources, which would have an adverse effect on our business, results of operations and financial condition.

Emerging Industry

Company products and services are in new and rapidly evolving markets. The commercial drone market is in early stages of customer adoption. Accordingly, the Company's business and future prospects may be difficult to evaluate. The Company cannot accurately predict the extent to which demand for its products and services will develop and/or increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact the Company's ability to do the following:

- generate sufficient revenue to obtain and/or maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in operations;
- develop and renew contracts;
- attract and retain additional engineers and other highly-qualified personnel;
- successfully develop and commercially market products and services;

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

- adapt to new or changing policies and spending priorities of governments and government agencies; and
- access additional capital when required or on reasonable terms.

If the Company fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources at this preliminary stage of the industry. A failure in the demand for its products or services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the businesses, results of operations and financial condition of the Company.

Industry Growth

There can be no assurance that the Company's targeted vertical and geographic markets will grow, or that they will be successful in establishing new vertical and geographic markets. If the various markets in which the Company's products and services compete fail to grow, or grow more slowly than anticipated, or if they are unable to establish themselves in new markets, their growth plans could be materially adversely affected.

Rapid Technology Developments

The industries within which the Company operates are characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users and therefore attractive to customers and infrastructure providers, the Company will need to continue developing new and upgraded functionality of its offerings and adapt to new business environments and competing technologies and offerings developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Company is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, this could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

The Company has developed and is continuing to develop several offerings incorporating advanced technologies and the Company will pursue those offerings that it expects to have the best chance for success based on its expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Company will be able to develop new offerings and technologies to keep up to date with developments in the industries within which it operates and, in particular, to launch such offerings or technologies in a timely manner or at all. There can be no certainty that such offerings will be popular with end-users or that such offerings or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Defects in Offerings

Company's product and service offerings are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Errors or defects may be found in new or existing offerings and, even if discovered, the Company may not be able to successfully correct such errors or defects in a timely

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

manner or at all. The occurrence of errors and failures in the Company's offerings could result in loss of or delay in end user acceptance of its offerings and may harm the reputation of the Company. Correcting such errors and failures in its offerings could require significant expenditures by the Company, involving cost or time and effort of personnel. The consequences of such errors, failures and claims could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Risk of Accidents

An accident involving a drone or UAV provided by the Company or another manufacturer could cause regulatory agencies around the world to tighten restrictions on the use of drones and UAVs, particularly overpopulated areas, and could cause the public to lose confidence in the Company's products. There are risks associated with unmanned systems and services, flight control, communications and/or other advanced technologies, and there may be accidents associated with these technologies, including crashes with or without personal injury. The safety of certain cutting-edge technologies depends in part on user interaction, and users may not be accustomed to using such technologies. The Company could face unfavorable and tightened regulatory control and intervention on the use of UAVs and other advanced technologies and be subject to liability and government scrutiny to the extent accidents associated with the Company's systems occur. Should a high-profile accident occur resulting in substantial casualty or damages, either involving the Company's products or products offered by other companies, public and political confidence in and regulatory attitudes toward UAVs could deteriorate. Any of the foregoing could materially and adversely affect the Company's reputation, results of operations, financial condition, cash flow, and/or future prospects.

Variable Revenues and Earnings

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, activities of the Company's competitors, cyclical fluctuations, concentration in the Company's customer bases, transition periods associated with the migration to new technologies, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the Company's revenues, gross margins and earnings in any given quarter.

Operating Losses

The Company has incurred net losses since its inception. The Company cannot assure that it can become profitable or avoid net losses in the future or that there will be any earnings or revenues in any future quarterly or other periods. The Company expects that its operating expenses will increase as it grows its business, including expending substantial resources for research, development and marketing. As a result, any decrease or delay in generating revenues could result in material operating losses.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

Regulatory Risks

There is currently a limited legislation/regulatory framework in place specific to the beyond visual line-of-sight operations of commercial drones in Canada or in the United States. All such operations are approved on a case-by-case basis, with company experience and safety record being the major factors in gaining such approvals. The Company has secured the services of Canadian and United States drone regulatory experts in assessing the regulatory regimes of each country and who work with the applicable regulators to secure flight approvals. No significant concerns have arisen, however there can be no assurance that such jurisdictions have enacted or will enact legislation or that, if enacted, the Company will be permitted or qualified to operate under such legislation. The Company's business plan assumes a legislative regime that allows such plans to be realized. If the Company cannot expand its operations in Canada, the United States or other international jurisdictions through local partners or otherwise or cannot fulfill its international business plan within the timeframes established by the Company, it could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Regulatory approvals

Transport Canada is responsible for establishing, managing, and developing safety and security standards and regulations for civil aviation in Canada, and includes unmanned civil aviation (drones). Civil operations include law enforcement, scientific research, or use by private sector companies for commercial purposes. The Canadian Aviation Regulations (CARs) govern civil aviation safety and security in Canada, and by extension govern operation of drones in Canada to an acceptable level of safety. While Transport Canada has been a leader in the development of regulations for the commercial use of remotely piloted aircraft systems ("RPAS"), and continues to move forward rapidly with its regulatory development, it has acknowledged the challenge of regulations keeping pace with the rapid development in technology and the growing demand for commercial RPAS use, particularly in the beyond visual line-of-sight environment. In 2012, the Canadian Aviation Regulation Advisory Council UAS working group released its Phase 2 report which outlined a proposed set of revision to the CARs to permit Beyond Visual Line of Sight (BVLOS) operations. This report was the basis for the recently released NPA on lower risk beyond visual line-of-sight. Failure to obtain necessary regulatory approvals from Transport Canada or other governmental agencies, including the granting of certain SFOCs, or limitations put on the use of RPAS in response to public safety concerns, may prevent the Company from testing or operating its aircraft and/or expanding its sales which could have an adverse impact on the Company's business, prospects, results of operations and financial condition.

Geographical Expansion

The Company faces challenges in expanding into new geographic regions. The Company currently operates in Canada, the United States, and some parts of LATAM, but the Company may in the future seek to expand its presence in new geographic regions. Any international expansion of the Company's technologies, products and services will expose the Company to risks relating to staffing and managing cross-border operations; increased costs and difficulty protecting intellectual property and sensitive data; tariffs and other trade barriers; differing and potentially adverse tax consequences; increased and conflicting regulatory compliance requirements, including with respect to data privacy and security; lack of acceptance of the Company's technologies, products and services; challenges caused by distance, language, and cultural differences; exchange rate risk; and political instability. Accordingly, any efforts by the Company to expand its operations may not be successful, which could limit the Company's ability to grow its business.

Foreign Political and Legal Risk

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

The Company believes that a significant amount of its business opportunities lie outside of Canada, particularly in the United States. Many of the fourth-party products sold by the Company and a majority of the components needed to build the products that the Company expects to manufacture are made and purchased from countries outside of Canada, particularly in Asia. Operating in foreign countries and relying on suppliers in foreign countries exposes the Company to political risks, country risks and currency risks in many forms. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions, may interfere with its supply chains and may have a material adverse effect on the Company's business, financial condition and results of operations.

Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in investment policies or shifts in political attitude in the countries in which the Company will operate or purchase products from may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Factors which may Prevent Realization of Growth Targets

Company is currently in the early development stage and expects that, in the future, even if revenues continue to increase, its revenue growth may not continue at the same pace or may decline in the future. There are risks associated with Company's growth strategy, and such strategies may not succeed, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors, as well as the following:

- non-performance by fourth party contractors;
- increases in materials or labour costs;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity; and

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

- inability to attract sufficient numbers of qualified workers.

As a result, there is a risk that the Company may not have the capacity to meet customer demand or to meet future demand when it arises. In addition, the Company, expects to continue to expend substantial financial and other resources on:

- personnel, including significant increases to the total compensation as the Company pays its employees as it grows employee headcount;
- marketing, including expenses relating to increased direct marketing efforts;
- office and facility costs, as the Company increases the space it needs for its growing employee base; and
- general administration, including legal, accounting and other compliance expenses related to being a public company.

If the Company cannot manage growth effectively it could materially and adversely affect the business, financial condition, and results of operations of the Company.

Competition

The industry in which the Company operates, and in which the Company will operate, is very competitive. Numerous factors could affect the Company's competitive position.

The Company may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. Several of these companies may have greater name recognition and well-established relationships with some of the Company's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company are able to offer. As such, the Company may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with fourth parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's products and services.

As a result of the early stage of the industry in which the Company operates, the Company can expect to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in marketing, sales and customer support. The Company may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company expects to incur substantial research and development costs and devote significant resources to identifying and commercializing new products and services, which could significantly reduce its profitability and may never result in revenue to the Company.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

The Company's future growth depends on penetrating new markets, adapting existing products to new applications, and introducing new products and services that achieve market acceptance. The Company plans to incur substantial research and development costs as part of its efforts to design, develop and commercialize new products and services and enhance its existing products. The Company believes that there are significant opportunities in a number of business areas. Because the Company accounts for research and development costs as operating expenses, these expenditures will adversely affect its earnings in the future. Further, the Company's research and development programs may not produce successful results, and its new products and services may not achieve market acceptance, create any additional revenue or become profitable, which could materially harm the Company's business, prospects, financial results and liquidity.

The Company's adoption of new business models could fail to produce any financial returns.

Forecasting the Company's revenues and profitability for new business models is inherently uncertain and volatile. The Company's actual revenues and profits for its business models may be significantly less than the Company's forecasts. Additionally, the new business models could fail for one or more of the Company's products and/or services, resulting in the loss of Company's investment in the development and infrastructure needed to support the new business models, and the opportunity cost of diverting management and financial resources away from more successful businesses.

Foreign currency risk

The Company does engage in significant transactions and activities in currencies other than its functional currency. Depending on the timing of the transactions and the applicable currency exchange rates such conversions may positively or negatively impact the Company.

The Company is subject to certain market-based financial risks associated with its operations.

The Company could be subject to interest rate risks, which is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities, however market fluctuations could increase the costs at which the Company can access capital and its ability to obtain financing and the Company's cash balances carry a floating rate of interest. In addition, the Company engages in transactions in currencies other than its functional currency. Depending on the timing of these transactions and the applicable currency exchange rates, conversions to the Company's functional currency may positively or negatively impact the Company.

Brand Development

The brand identities that the Company has developed and that the Company will continue to develop has and will significantly contribute to the success of the Company's business. Maintaining and enhancing Volatus' current brand is critical to expanding the Company's customer base. The Company believes that the importance of brand recognition will continue to increase due to the relatively low barrier to entry in the industry. The Company's brand may be negatively impacted by a number of factors, including product malfunctions and data privacy and security issues. If the Company fails to maintain and enhance its brand, or incurs excessive expenses in this effort, it could have a material adverse effect on the Company's prospects, businesses, financial condition or results of operations. Maintaining and enhancing the Company brand will depend largely on the Company's ability to continue to provide high-quality products and services, which the Company may not continue to do successfully.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Privacy Laws Compliance

The Company collects and stores personal information about its users and partners and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly user and partner lists, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach could have a material adverse effect on the Company's businesses, financial condition or results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), protect personal information by limiting their use and disclosure of personal information. If the Company was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, they could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the businesses, financial condition or results of operations of the Company.

Cyber-threats

The Company and its customers are subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats and the increased social hacking creates a cyber-threat risk for the Company. Information technology security breaches could lead to shutdowns or disruptions of the Company's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Company may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of confidential information or other proprietary business information, or privacy-related obligations or fourth parties, or any compromise of security that results in an unauthorized release, transfer of use of personally identifiable information or other customer data as a result of an information technology security incident, could adversely affect the Company's competitive position and reputation, and reduce marketplace acceptance of the Company's products, services and solutions. If the Company is unable to protect its products and services from cyberthreats, this could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Reputational Risk

The nature of the Company's operations and national and international operations entails that the Company is exposed to the risk of allegations which, whether they are true or not, could damage the Company's trust, standing and reputation towards its shareholders, partners, new investors, suppliers, customers and/or other business relations. For example, negative publicity may ensue if the Company is accused of non-compliance with regulatory requirements, involvement in bribery, unsafe products etc. The Company's standing and reputation may also be negatively affected by the non-compliance of its suppliers, customers and resellers. Negative publicity or a bad reputation may also affect the Company's contacts with regulators, causing regulatory authorities to have a negative attitude towards the Company. If the Company's standing and reputation is harmed, then it could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Future Capital Requirements

The Company may need to raise additional funds through public or private debt or equity financings in order to: (i) fund ongoing operations; (ii) take advantage of opportunities, including more rapid expansion of the Company's business or the acquisition of complementary businesses; or (iii) respond to competitive pressures. Any additional capital raised through the sale of equity may dilute the Company's shareholders' ownership. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favorable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

Operating Risk and Insurance Coverage

The Company has liability insurance coverage for its products and business operations. However, the Company may not be able to secure additional product liability insurance coverage on acceptable terms or at reasonable costs when needed. A successful liability claim against the Company due to injuries or damages suffered by customers could materially and adversely affect the Company's financial conditions, results of operations, cash flow, reputation and/or prospects. Even if unsuccessful, such a claim could cause the Company adverse publicity, require substantial costs to defend, and divert the time and attention of management. Furthermore, any jurisdiction relevant to the Company's business may impose requirements for maintaining certain minimum liability or other insurance relating to the operation of drones or UAVs. Such insurance policies could be costly, which would reduce the demand for the Company's products and services. Alternatively, certain insurance products that would be desirable to drone and UAV operators may not be commercially available, which would increase the risks of operating the Company's products and also reduce the demand for them. Further, changes in market conditions may increase insurance premiums, which could adversely affect the Company's financial conditions, results of operations, cash flow and/or prospects.

Dependence on Key Employees

Due to the technical nature of its business and the dynamic market in which the Company competes, the Company's success will depend in part on its ability to attract and retain highly skilled manufacturing, design, managerial, marketing, sales and technical personnel. In particular, the Company's future success will depend in part on the continued services of each of their proposed executive officers and other key employees. Competition for qualified personnel in the industry in which the Company will operate is intense. The loss of one or more key personnel may have a significant adverse effect on the Company's sales, operations and profits.

A significant growth in the number of personnel would place a strain upon the Company's management and resources.

The Company may experience a period of significant growth in the number of personnel that could place a strain upon its management systems and resources. The Company's future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage its workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against it, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Future Acquisitions

As part of the Company's business strategy, they may attempt to acquire businesses that it believes are a strategic fit with its businesses. The Company may not be able to complete such acquisitions on favorable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of its businesses. Since the Company may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value they realize from a future acquisition, and any acquisition the Company completes could be viewed negatively by its customers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

Volatus Aviation's (Partner Jet) Business Operations depend on Licenses

Essential to Volatus Aviation's operations is the CAR 704 commercial licenses granted by Transport Canada to Volatus Aviation. This licencing permits Volatus Aviation to operate a domestic and international air taxi service utilizing small jet aircraft and to transport passengers and cargo on a charter basis between Canada and other countries.

Fluctuations in Fuel Prices

Volatus Aviation requires significant quantities of fuel for its aircraft. Volatus Aviation is therefore exposed to commodity price risk associated with variations in the market price for petroleum products. The price of fuel is sensitive to, among other things, the price of crude oil, which has increased dramatically over the past few years, refining costs, and the cost of delivering the fuel. An extremely high fuel cost could adversely affect customer volumes as other cheaper modes of transportation are sought.

Government Regulations

Volatus Aviation's operations are subject to complex aviation, transportation, environmental, labour, employment and other laws, treaties and regulations. These laws and regulations generally require the Company to maintain and comply with a wide variety of certificates, permits, licenses and other approvals.

Severe Weather Patterns

Volatus Aviation may experience an increase in costs or inability to operate its business as a result of severe weather conditions or natural or manmade disasters, which could have a material adverse effect on the Company's business, results of operations or financial condition. If Volatus Aviation is still able to provide services to its customers during a period of severe weather, particularly during any protracted period of time, there may be forced flight cancellations, or Volatus Aviation may not be able to offer flights in a timely manner.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023

The Company may be subject to the risks associated with foreign operations in other countries.

The Company's primary revenues are expected to be achieved in Canada and the US. However, the Company may expand to markets outside of North America and become subject to risks normally associated with conducting business in other countries. As a result of such expansion, the Company may be subject to the legal, political, social, and regulatory requirements and economic conditions of foreign jurisdictions. The Company cannot predict government positions on such matters as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

If the Company expands its business to foreign markets, it will need to respond to rapid changes in market conditions, including differing legal, regulatory, economic, social, and political conditions in these countries. If the Company is not able to develop and implement policies and strategies that are effective in each location in which it does business, then the Company's business, prospects, results of operations and financial condition could be materially and adversely affected.

There are tax risks the Company may be subject to in carrying on business in Canada.

The Company is a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act"). Since the Company is operating in a new and developing industry there is a risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to traditional brick and mortar businesses. There is no guarantee that governments will not impose such additional adverse taxes in the future.

Catastrophic Events

Events beyond the control of the Company may damage its ability to accept customers' orders, maintain its production and sales or perform its services. In addition, these catastrophic events may negatively affect customers' demand for the Company's products and services. Such events include, but are not limited to, fires, earthquakes, terrorist attacks, outbreak of disease or pandemics and natural disasters. Despite any precautions the Company may take, system interruptions and delays could occur if there is a natural disaster, and such disruptions could harm the Company's ability to run its business and cause lengthy delays which could harm business, results of operations and financial condition of the Company.

The Company's business, operations and financial condition could be materially adversely affected by the COVID-19 pandemic or the outbreak of other epidemics, pandemics or other health crises. Such impacts could include, with respect to its operations, its suppliers' operations and its customers' operations, forced closures, mandated social distancing, isolation and/or quarantines, impacts of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, a material reduction in demand for the Company's products and services, reduced sales, higher costs for new capital, licensing delays, increased operating expenses, delayed performance of contractual obligations, product shipping delays, and potential supply and staff shortages, all of which would be expected to negatively impact the business, financial condition and results of operations of the Company and its ability to satisfy its obligations. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities or a supplier's facilities. Should a customer, employee or visitor in any of the Company's facilities or a supplier's facilities become infected with a serious illness that has the potential to spread rapidly, this could place the Company's customers and workforce at risk.

The conflict between Russia and Ukraine could destabilize global markets and threatens global peace.

Volatus Aerospace Corp. Management's Discussion & Analysis For the year ended Dec 31, 2023

On February 24, 2022, Russian military forces launched a full-scale military invasion of Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to Volatus, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Volatus;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICFR:

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of

**Volatus Aerospace Corp.
Management's Discussion & Analysis
For the year ended Dec 31, 2023**

simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

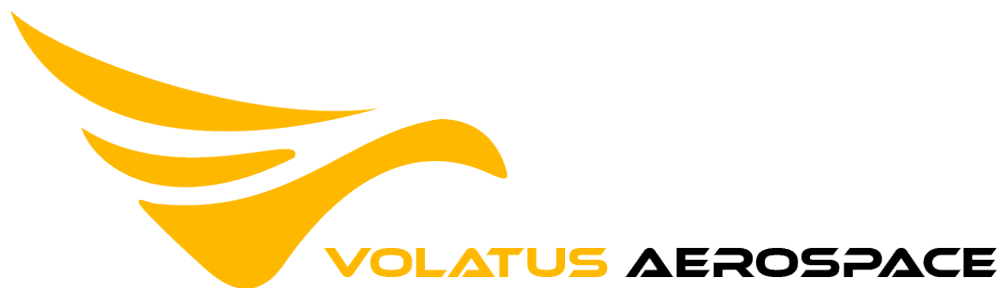
Additional Information

Additional information relating to the Company is available on the SEDAR website www.sedar.com.

APPENDIX "B"

VOLATUS INTERIM FINANCIAL STATEMENTS AND MD&A

As attached.



VOLATUS AEROSPACE CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

These consolidated financial statements are presented in Canadian Dollars unless otherwise noted.

60 Airport Road, Oro Medonte, ON L0L 2E0 | Tel: 514-447-7986

www.volatusaerospace.com

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Financial Position - Unaudited
(Expressed in Canadian Dollars)

	Notes	March 31, 2024	December 31, 2023
Assets			
Current			
Cash		\$ 1,040,925	\$ 1,682,402
Trade and other receivables	5	2,987,548	3,815,478
Prepaid expenses, deposits, and other current assets	6	2,602,544	2,022,836
Inventories	10	2,940,213	2,983,632
Total current assets		9,571,230	10,504,348
Property, plant and equipment	7	8,890,132	9,290,336
Intangible assets	8	4,745,238	4,766,728
Right-of-use asset	20	1,345,309	1,351,082
Goodwill	9	963,604	963,604
Total non-current assets		15,944,282	16,371,750
Total Assets		\$ 25,515,512	\$ 26,876,098
Liabilities and Shareholders' Equity			
Current liabilities			
Trade payables and accrued liabilities	11	\$ 5,834,950	\$ 4,424,484
Deferred revenue		102,868	210,700
Current portion of lease liability	21	686,536	542,298
Other short-term liabilities	13	7,443,273	7,084,475
Current portion of long-term borrowings	12	2,059,757	2,252,385
Deferred/ Contingent consideration		182,024	182,024
Total current liabilities		16,309,408	14,696,366
Long-term borrowings	12	5,569,699	5,775,102
Convertible Debentures	18	2,097,028	2,097,028
Deferred tax liability		283,130	283,130
Lease Liability	21	823,157	978,884
Contingent Consideration		507,692	507,692
Total non-current liabilities		9,280,706	9,641,836
Total Liabilities		25,590,114	24,338,202
Shareholders' Equity			
Common equity		13,612,860	13,360,860
Warrants reserve	17	6,192,685	6,192,685
Share-based payment reserve	17	2,554,635	2,427,813
Convertible Debenture - Options		200,356	200,356
Preferred shares	17	351,764	351,764
Deficit		(22,352,407)	(19,437,263)
Contributed Surplus		211,831	211,831
Non-controlling interest		(846,326)	(770,150)
Total Shareholders' Equity		(74,602)	2,537,896
Total Liabilities & Shareholders' Equity		\$ 25,515,512	\$ 26,876,098

Going concern (note 2)
Subsequent event (note 24)

Approved and authorized to issue by the Board of Directors

"Glen Lynch" _____

Director

"Gordon Silverman" _____

Director

The accompanying notes are an integral part of these - consolidated financial statements.

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss - Unaudited
(Expressed in Canadian Dollars)

	Notes	Three months ended March 31	
		2024	2023
Revenue	23	\$ 6,623,741	\$ 7,412,480
Direct costs		\$ 4,397,985	5,045,802
Gross Profit		2,225,757	2,366,678
OPERATING EXPENSES			
Advertising & marketing		\$ 293,339	406,118
IT & tech		\$ 256,802	185,095
Personnel		\$ 2,196,722	2,156,297
R&D		\$ 11,840	100,420
Office cost		\$ 583,199	892,539
Travel		\$ 57,621	94,285
External partner cost		\$ 200,072	274,013
Depreciation and amortization	7	\$ 1,098,088	745,136
Share based Payments		\$ 126,822	176,401
		4,824,504	5,030,304
(Loss) from Operations		(2,598,748)	(2,663,626)
OTHER ITEMS - INCOME/(EXPENSE)			
Finance cost	22	\$ (379,106)	(312,982)
Other income (expense)		\$ (10,168)	(1,558)
Gain (Loss) on disposal of property and equipment		\$ (7,184)	(10,511)
Foreign exchange translation		\$ 3,887	(14,688)
Net Loss		\$ (2,991,319)	\$ (3,003,365)
Total comprehensive Income (loss) for the period attributable to:			
Owners of Volatus Aerospace Corp.		(2,915,143)	(2,611,890)
Non-controlling interest		(76,176)	(391,475)
		(2,991,319)	(3,003,365)
Loss per share			
Basic and diluted		(0.02)	(0.02)
Weighted average number of common shares outstanding			
Basic and diluted		125,646,838	114,413,332

The accompanying notes are an integral part of these consolidated financial statements.

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Changes in Equity - unaudited
(Expressed in Canadian Dollars)

	Number of shares	Capital Stock	Number of preference shares	Preferred Shares	Warrants Reserve	Share-based Reserve	Contributed Surplus	Non- Controlling Interest	Deficit	Total
January 1, 2023	113,943,079	10,957,258	352,634	352,634	6,098,857	1,704,009	211,831	(1,779,222)	(7,127,402)	10,417,965
Shares Issued on Acquisition	721,538	259,754								259,754
Stock options expense						176,401				176,401
Net loss for the period								(391,475)	(3,793,255)	(4,184,730)
March 31, 2023	114,664,617	11,217,012	352,634	352,634	6,098,857	1,880,410	211,831	(2,170,697)	(10,920,657)	6,669,390

	Number of shares	Capital Stock	Number of preference shares	Preferred Shares	Warrants Reserve	Share-based Reserve	Convertible Debt - Equity Portion	Contributed Surplus	Non- Controlling Interest	Deficit	Total
January 1, 2024	124,003,761	13,360,860	352,634	351,764	6,192,685	2,427,813	200,356	211,831	(770,150)	(19,437,263)	2,537,896
Shares Issued on Acquisition	1,680,000	252,000									252,000
Stock options expense						126,822					126,822
Net loss for the period									(76,176)	(2,915,143)	(2,991,319)
March 31, 2024	125,683,761	13,612,860	352,634	351,764	6,192,685	2,554,635	200,356	211,831	(846,326)	(22,352,407)	(74,602)

The accompanying notes are an integral part of these consolidated financial statements.

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Cash Flows - unaudited
(Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2024	2023
OPERATING ACTIVITIES		
Net Loss	(2,991,319)	(3,003,365)
Adjustments For:		
Depreciation and Amortization	1,098,088	745,136
Gain on sale of property and equipment	7,184	(10,511)
Finance Cost	338,827	-
Share based Payments	126,822	176,401
Interest paid on lease liability	40,279	30,580
	(1,380,119)	(2,061,759)
Net changes in non-cash working capital items:		
Trade and other receivables	831,449	309,710
Prepaid expenses and deposits	(579,708)	(1,028,058)
Inventories	43,419	664,257
Trade payables and accrued liabilities	1,345,897	(27,530)
Deferred revenue	(107,832)	(24,520)
Other short-term liabilities	358,798	(53,787)
	511,907	(2,221,687)
Cash generated from (used in) Operating Activities		
INVESTING ACTIVITIES		
Additions to Property, Plant & Equipment	(286,162)	(234,937)
Payment of acquisition related contingent consideration		259,754
Acquisition of businesses, net of cash acquired	97,273	(558,754)
Investment in Associate	-	(63,459)
Cash (used in) Investing Activities	(188,890)	(597,396)
FINANCING ACTIVITIES		
Net Proceeds/(Repayment) of long-term loans	(781,515)	702,247
Repayment of lease obligations	(182,979)	(111,554)
	(964,494)	590,694
Cash provided by (used in) Financing Activities		
Net change in cash	(641,477)	(2,228,387)
Cash and cash equivalents, beginning of the period	1,682,402	3,684,581
Cash and cash equivalents, end of the period	1,040,925	1,456,193

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

1. The Company and its Operations

Volatus Aerospace Corp. ("Volatus" or the "Company") was incorporated on December 17, 1987 and has its registered office located at 60 Airport Road, Oro Medonte, Ontario L0L 2E0, Canada. The Company's shares trade on the Toronto Venture Exchange (the "TSXV") under the symbol "VOL" and OTC Markets (the "OTCQB") under the symbol "VLTF".

Volatus and entities it controls are together referred to in these consolidated financial statements as the "Company" or "VAC" or "Volatus". Refer to Note 5 for the Company's major subsidiaries.

Volatus is a leading provider of integrated drone solutions throughout Canada, the United States, and the UK. Operating a vast pilot network, Volatus serves commercial and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, design, manufacturing, and R&D. Through its subsidiaries Synergy Aviation Ltd., Canadian Air National Inc., Volatus carries on the business of aircraft management, pipeline inspection and monitoring, aircraft sales, charter sales, and cargo services using piloted, remotely piloted, and autonomous aircraft.

2. Basis of preparation, going concern and critical judgements and estimates**Statement of compliance**

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), effective for the quarter ended March 31, 2024, applicable to companies reporting under IFRS, and have been consistently applied unless otherwise indicated.

These consolidated financial statements of the Company were approved by the Board of Directors on May 28, 2024.

Basic of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, certain financial instruments and derivative financial instruments, and contingent consideration related to business acquisitions, which are measured at their estimated fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet and continue its obligations for at least the next twelve months from March 31, 2024. At March 31, 2024, the Company had not yet achieved profitable operations, had an accumulated deficit of \$22.35 million since its inception and negative working capital of \$6.7 million. The Company expects to incur further operating losses in 2024 with the continued ramp up of business activities to service evolving market demands in a nascent industry.

The Company's ability to continue as a going concern is dependent upon the successful execution of management's operating and strategic plan which includes, amongst other things, securing additional financing to meet its ongoing operating requirements to fund inventory levels and fulfil new service contracts and, ultimately, the attainment of future profitable operations. There are no assurances that any of these initiatives will be successful which indicates the existence of a material uncertainty that cast doubt upon the Company's ability to realize its assets and discharge

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Presentation currency

These consolidated financial statements are presented in Canadian dollars ("C\$"). The functional currency of the Company's subsidiaries is outlined in note 5.

Critical Judgments and estimates

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

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Following are the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these consolidated financial statements:

Purchase price equations

The acquired assets and assumed liabilities are generally recognized at fair value on the date the Company obtains control of a business. The measurement of each business combination is based on the information available on the acquisition date. Management applied significant judgement in estimating the fair value of the contingent consideration and customer relationships. Management used the multi-period excess earnings method to fair value customer relationships using a discounted cash flow model. The significant assumptions used in the discounted cash flow models are revenue growth rates, the earnings before interest, taxes, depreciation, and amortization ("EBITDA") margins and discount rates. Changes in these estimates and judgments could result in significant changes to the valuation of the intangible assets.

Impairment

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. Management applied significant judgement in determining the recoverable amounts. The recoverable amounts of the CGU was based on the FVLCD method using discounted cash flow models. Significant assumptions used in the discounted cash flow models included revenue growth rates, EBITDA margins and discount rates. Changes in these estimates and judgments could result in significant changes to management's conclusions with respect to asset impairment.

Contingent consideration liabilities

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

Contingent consideration liabilities are initially recorded on the date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated fair value at the various acquisition dates and the fair value is re-assessed at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. Determining the probability of the acquired business achieving targets requires judgement. Changes in the fair value of the contingent consideration are included in the determination of net income/loss.

Estimated Useful Lives of Property and Equipment and Intangible Assets

Management estimates the useful lives of property and equipment and intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation and amortization for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and intangible assets in the future. Changes in these estimates and judgments could result in significant changes to the amortization expense and carrying value of intangible assets and property, plant and equipment.

Fair Value of Share-Based Payments

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and the expected life of the stock options issued. Fair value inputs are subject to market factors, expected forfeiture rates as well as internal estimates. Changes in these estimates and judgments could result in significant changes to the valuation and amount of share-based payments expense.

3. Summary of material accounting policies

These condensed consolidated interim financial statements have been prepared following the same accounting principles and methods of computation as in outlined in the Company's consolidated financial statements for the year ended December 31, 2023. A description of the accounting standards and interpretations that have been adopted by the Company can be found in the notes of the annual financials statements for the year ended December 31, 2023. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These condensed consolidated interim financial statements include estimates, which by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. As such, actual results may differ from estimates and the effect of such differences may be material. Significant estimates and judgements used in the preparation of these condensed consolidated interim financial statements remained unchanged from those disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2023.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

4. Subsidiaries

These consolidated financial statements include entities controlled by the Company. Control exists when the Company has the ability to direct the relevant activities and the returns of an entity. The financial statements of these entities are included in these results from the date that control commences until the date that control ceases. Details of the Company's significant entities are as follows:

Name of Subsidiary	Principal Activity	Functional Currency	Country of Incorporation	Ownership Interest
Volatus Flight Systems Inc.	Fixed-wing Drone Technology	CAD	Canada	70%
Volatus Aerospace USA Corp.	Drone Solutions Provider	USD	USA	90%
ConnexiCore LLC	Drone Solutions Provider	USD	USA	100%
Indigenous Aerospace Corp.	RPAS/UAV Service and Training	CAD	Canada	49%
Volatus Aviation (Partner Jet Inc.)	Aircraft management & charter services	CAD	Canada	100%
RPV Aviation Inc.	Regulatory Consulting	CAD	Canada	100%
MVT Geo Solutions Inc.	RPAS/UAV Service	CAD	Canada	100%
Canadian Air National Inc.	Pipeline Inspection & Surveillance Services	CAD	Canada	100%
Volatus Aerospace UK Ltd.	RPAS/UAV Service and Training	GBP	UK	100%
iRed Limited	RPAS/UAV Service and Training	GBP	UK	100%
Synergy Aviation Ltd.	Pipeline Inspection & Surveillance Services	CAD	Canada	51%
Synergy Flight Training Inc.	Aircraft Training	CAD	Canada	51%
Empire Drones LLC	Distribution & Services	USD	USA	100%
Sky Scape Industries, LLC	Drone Solutions Provider	USD	USA	100%
Aerial Motion Pictures Limited (UAV Hub)	RPAS/UAV Training	UK £	UK	100%
Open Sky Consulting International Ltd (Drone Mentor)	RPAS/UAV Training	UK £	UK	100%
Volatus Unmanned Services Inc.^{A1}		CAD	Canada	100%
- UAViation Aerial Solutions Limited	RPAS/UAV Service	CAD	Canada	100%
- SkyGate Videography Inc.	RPAS/UAV Service and Training	CAD	Canada	100%
- M3 Drone Services Limited	RPAS/UAV Service	CAD	Canada	100%
- M3 Drone Training Zone Inc.	RPAS/UAV Training	CAD	Canada	100%
- Canadian UAV Solutions Inc.	RPAS/UAV Service	CAD	Canada	100%
- OmniView Tech Corp.	Distribution & Service	CAD	Canada	100%

¹ - Volatus Unmanned Services is the infrastructure services arm of Volatus Aerospace Corporation for Canada. Except for MVT Geo Solutions Inc., all sales, services, and training related companies in Canada were acquired under Volatus Unmanned Services.

The 30% external shareholding of Volatus Flight Systems, 10% external shareholding of Volatus Aerospace USA Corp, 51% external shareholding of Indigenous Aerospace Corp., 49% external shareholding of Synergy Aviation Ltd. And Synergy Flight Training Inc. are all attributable to Non-Controlling Interests in the consolidated financial statements.

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 (unaudited)

On August 29, 2023, the Company acquired the non-controlling interest of 33.66% of Volatus Unmanned Services by issuing 7,270,723 shares of Volatus Aerospace Corp. at \$0.22 and, on Nov 16, 2023, the Company acquired the minority interest of 49% of iRed Ltd. by issuing 1,098,684 shares of Volatus Aerospace Corp. at \$0.16 and cash of \$34,170. The difference between the value of the cash and share consideration paid and the carrying value of the non-controlling interest at the time of the transaction was recorded as an adjustment to retained earnings.

5. Trade and other receivables

	March 31, 2024	December 31, 2023
Trade receivables	\$ 2,957,403	\$ 3,506,386
Accrued revenues	6,730	248,132
Tax credits receivable	-	56,778
Other receivables	23,416	21,748
Expected credit loss provision	-	(17,566)
Total	\$ 2,987,548	\$ 3,815,478

6. Prepaid expenses, deposits, and other current assets

	March 31, 2024	December 31, 2023
Prepaid expenses	\$ 2,081,476	\$ 1,256,943
Security deposit	305,880	329,111
Other current assets	215,188	436,782
Total	\$ 2,602,544	\$ 2,022,836

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 (unaudited)

7. Property, plant & equipment

Cost	Drones & Accessories	Machinery	Leasehold Improvements	Furniture & Fixtures	Computer & Equipment	Vehicle	Aircraft	WIP	Total Tangible Assets
Balance, December 31, 2023	2,492,697	353,571	405,975	704,565	834,600	1,275,305	7,133,568	483,269	13,683,550
Additions	21,562	-	-	4,843	37,482	-	67,227	155,048	286,162
Additions related to business combinations				12,220	37,426				49,646
Disposals/Retirements				(11,535)					(11,535)
Balance, March 31, 2024	2,514,259	353,571	405,975	710,093	909,508	1,275,305	7,200,796	638,317	14,007,823
Accumulated Depreciation									
Balance, December 31, 2023	1,044,846	197,081	61,073	519,483	516,659	364,942	1,689,130	-	4,393,214
Depreciation for the period	149,840	9,602	10,149	10,509	31,959	65,151	451,619	-	728,829
Disposals/Retirements				(4,352)					(4,352)
Balance, March 31, 2024	1,194,686	206,683	71,222	525,641	548,618	430,093	2,140,749	-	5,117,691
Net carrying Amount									
31-Dec-23	1,447,851	156,489	344,902	185,082	317,941	910,364	5,444,438	483,269	9,290,337
31-Mar-24	1,319,573	146,888	334,753	184,453	360,890	845,213	5,060,046	638,317	8,890,132

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 (unaudited)

8. Intangible assets

	Technology	Customer	Trademark/ Brand Names	Total
Cost				
Balance, December 31, 2023	644,248	4,843,995	867,548	6,355,791
Additions related to business combinations	-	-	210,785	210,785
Reclassifications & Transfers				-
Balance, March 31, 2024	644,248	4,843,995	1,078,333	6,566,576
Accumulated Depreciation				
Balance, December 31, 2023	193,275	1,086,826	308,962	1,589,063
Amortization for the period	16,106	172,988	43,181	232,275
Balance, March 31, 2024	209,381	1,259,814	352,143	1,821,338
Net carrying Amount				
31-Dec-23	450,973	3,757,169	558,586	4,766,728
31-Mar-24	434,867	3,584,181	726,190	4,745,238

9. Goodwill

	March 31, 2024	December 31, 2023
Balance, beginning of year	\$ 963,604	\$ 963,604
Acquisitions	-	-
Balance, end of year	\$ 963,604	\$ 963,604

The Company performs an impairment test annually. Last impairment test was done on December 31, 2023. No impairment testing was performed on March 31, 2024

10. Inventories

Inventory mainly consists of finished goods of drones and related accessories. No write-downs were made during the years ended March 31, 2024 and 2023. Direct costs for the quarter ended March 31, 2024 included \$2,303,482 of inventory sold (2023 - \$3,446,066).

11. Trade payables and accrued liabilities

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

(in C\$)	Mar 31, 2024	Dec 31, 2023
Accounts Payable	\$ 4,705,432	\$ 2,915,259
Payroll Liability	\$ 702,209	716,307
Other accrued Liabilities	\$ 427,309	792,918
Total	\$ 5,834,950	\$ 4,424,484

12. Long-term Borrowings

(in C\$)	March 31, 2024	Dec 31, 2023
Aircraft Loans	4,867,019	5,068,310
Vehicles Loans	599,251	632,215
CEBA	418,157	480,000
Development Loan	291,680	333,344
Promissory Note	749,265	812,444
Other Loans	704,084	701,175
Total	\$ 7,629,456	\$ 8,027,487
Less: Current Portion of Long-Term Debt	\$ (2,059,757)	\$ (2,252,385)
Long-term borrowings	\$ 5,569,699	\$ 5,775,102

Aircraft loans bear interest at rates ranging between 9.50% to 12% with expiries between July 2027 and Aug 2030. The loans are payable monthly with principal and interest.

Vehicle loans bear interest at rates ranging between 3.5% and 14% with expiries between March 2026 and June 2032. The loans are repayable monthly with principal and interest.

The Company applied for and received \$480,000 in Canada Emergency Business Account ("CEBA") loans in a prior year which are interest-free loans to cover operating costs impacted by the Covid-19 pandemic outbreak. Individual loans were granted to separate wholly owned subsidiaries of the Company. On January 31, 2024, the Company has chosen the option to extend the repayment of CEBA loans over 3 years with a 5% annual interest charge.

The development loan does not bear interest and has a maturity in 2025. The principal amount is paid monthly.

Promissory notes bear interest at rates ranging between 9% and 10% with an expiry in 2024.

Other loans consist mainly of equipment loans that bear interest at rates ranging between 4% and 12% with expiries between 2024 and 2050.

13. Other Short-term Liabilities

(in C\$)	March 31, 2024	Dec 31, 2023
Shareholders Loan	\$ 1,236,884	786,362
Other Loans	286,389	333,113
Revolving Line of Credit	5,920,000	5,965,000
Total	\$ 7,443,273	\$ 7,084,475

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

The Company has demand revolving credit facilities totalling \$6,000,000 through its subsidiaries bearing interest at rates ranging between 9% and 12%.

The shareholders loans are short-term loans with interest rates between 8.5% and 9.5% and are repayable in between 2024 and 2029. The repayment terms of shareholders loans are monthly and a balloon payment at the end of maturity along with interest accrued.

Other loans consist of loans maturing within the next 12 months and have an interest rate between 9% and 12%.

14. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amount approximates fair market value.

Trade payables and accrued liabilities:

On August 31, 2022, the Company entered into an independent consultant agreement ("Consultant Agreement") with GripFast Solutions Inc., a company controlled by an independent director, to provide consulting services to the Company for scaling in the defense sector. The costs of all charges are based on the fees set in the Consultant Agreement and are settled on a monthly basis. The Company records these charges under External Partner Cost in the consolidated statement of loss and comprehensive loss. For the quarter ended March 31, 2024, the Company incurred fees of \$24,000 (2023- \$24,000). As at March 31, 2024, the Company was indebted to this company in the amount of \$27,120 (2023 - \$8,000).

Share Capital:

The Company has outstanding preferred shares valued at \$206,188 that are non-redeemable and have no coupon interest payment and have a face value of \$1 to a company controlled by a director of the Company. (2022 – \$206,188) (Refer to Note 17)

Loans & Advance:

The Company has entered into a promissory note with the director of the Company on March 17, 2023 and April 2024, for a short-term loan at an interest rate ranging between 8.5% and 9.5% per annum. The amount of \$1,104,965 is outstanding as at March 31, 2024 and repayable in full on June 30, 2024 (\$625,00) and balance payable by June 2029. This amount is included in other short-term and long-term liabilities in the consolidated balance sheet.

15. Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

Compensation awarded to key management for the year ended Mar 31, 2024 and 2023 is summarized as follows:

	Mar 31, 2024	March 31, 2023
Salaries	221,250	221,250
Share-based payments	98,380	152,975
	319,630	374,225

16. Business Combinations

Acquisition of UAV Hub and Drone Mentor

On January 2, 2024, Volatus acquired UAV Hub (Aerial Motion Pictures Ltd.) and Drone Mentor (Open Sky Consulting International Ltd.), a drone training company based out of the UK. Under the terms of the agreement the Company purchased 100% of the company for a consideration £150,000 (CAD \$225,000) on Closing by issuing 1,680,000 common shares at \$0.15 price per share.

Total Consideration	\$ 252,000
Net assets acquired:	
Cash	97,273
Accounts Receivable	3,522
Property, plant and equipment	49,645
Accounts Payable and accrued liabilities	(64,569)
Non-current Loans	(44,657)
Identified intangible assets – Brand and Website	
Website	\$ 210,785

The breakdown of consideration paid is as follows:

Issuance of 84,000 common shares upon closing	\$ 225,000
Total consideration	225,000

The Company did not incur any acquisition-related costs.

17. Share Capital, Stock Options and Warrants

Authorized share capital

Unlimited number of common shares without par value.

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 (unaudited)

Preferred shares

	March 31, 2024		December 31, 2023	
	Shares	Shares	Shares	Amount
Issued for acquisition of Partner Jet Corp.	206,188	206,188	206,188	\$ 206,188
UAViation Aerial Solutions Limited Investment	146,446	146,446	146,446	146,446
Total	352,634	352,634	352,634	\$ 352,634

The above preferred shares are non-redeemable and have a face value of \$1. The preferred shares outstanding in UAViation Aerial Solutions Limited are in the Volatus owned subsidiary, Volatus Unmanned Services Inc.

Stock Options

The continuity of stock options during the period were as follows:

	Mar 31, 2024		Dec 31, 2023	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	8,192,691	0.56	5,357,691	0.63
Granted	-	-	3,057,500	0.36
Exercised	-	-	-	0.30
Forfeited	(125,000)	0.28	(222,500)	0.36
Outstanding, end of period	8,067,691	0.56	8,192,691	0.56

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2024:

Range of price (C\$)	Options Outstanding			Options Exercisable		
	Number of Stock Options outstanding	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price	Number of Stock Options exercisable	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price
\$0.20 - \$0.30	3,152,691	4.44	0.23	177,691	1.52	0.30
\$0.31 - \$0.49	1,237,500	3.46	0.36	350,000	3.32	0.36
\$0.50 - \$0.65	3,790,000	2.83	0.65	2,660,000	2.75	0.65
	8,180,191	3.55	0.45	3,200,191	3.00	0.60

On August 11, 2023, the Company granted 3,057,500 additional options at an exercise price of \$0.23 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.18 per option. The following weighted

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 (unaudited)

average assumptions were used for the Black-Scholes valuation of share: share price of \$0.23, risk-free interest rate of 4.25%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On June 24, 2022, the Company granted 1,440,000 additional options at an exercise price of \$0.36 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.30%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On October 5, 2022, the Company granted 200,000 additional options at an exercise price of \$0.36 that will be vested over two years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.12%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

Warrants

Details of warrants and their fair value:

Sr. No	Issue Date	Number of warrants outstanding at March 31, 2024	Fair Value at March 31, 2024	Number of warrants outstanding at December 31, 2023	Fair Value at December 31, 2023	Exercise Price	Expiry Date
3	06-Oct-22	11,741,034	1,878,565	11,741,034	1,878,565	\$0.50	05-Oct-24
4	06-Oct-22	879,475	167,100	879,475	167,100	\$0.36	05-Oct-24
5	06-May-23	421,860	20,587	421,860	20,587	\$0.50	06-May-25
6	06-May-23	2,646,000	107,437	2,646,000	107,437	\$0.50	06-May-25
		15,688,369	2,173,689	15,688,369	2,173,689		

As of March 31, 2024, the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, Dec 31, 2023	15,688,369	\$ 0.49
Issued	-	-
Exercised	-	-
Forfeited	-	-
Outstanding, Mar 31, 2024	15,688,369	\$ 0.49

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)**18. Convertible Debenture**

On May 11, 2023, the Company completed a convertible debenture unit financing to raise aggregate gross proceeds of \$2,646,000. The debentures bear interest at a rate of 12% per annum and mature 2 years from the closing date. The principal and interest outstanding under the debentures are convertible into Subordinate Voting Shares at \$0.50/share, and for every \$1000 of debentures purchased, subscribers also received 1000 common share purchase warrants for Subordinate Voting Shares exercisable at \$0.50/share.

The convertible debenture has been split on initial recognition into three components: debt, conversion feature and warrants based on fair values.

The fair value of the liability component, at inception was calculated using a market interest rate for an equivalent instrument without conversion option using a discount rate of 25.44% and the residual was allocated to the share conversion feature.

The warrants were calculated using a Barrier Option Pricing Model.

Inputs used in valuing the components of the convertible debenture:

	2023	2022
Risk free rate	3.89%	-
Expected life (years)	2	-
Volatility	55%	-
Underlying stock price	\$0.30	-
Barrier Price	\$1.0	-
Strike price	\$0.50	-

The Company incurred \$421,703 as transaction costs that are directly attributable to the issuance of the convertible debenture and have been allocated to each component of the convertible debenture based on the respective fair value allocation.

The fair values, net of transaction costs of each component of the convertible debenture at the date of issuance is as follows:

Debt Component	\$ 1,802,278
Conversion Feature	293,995
Share Warrants	128,024
	<u>2,224,297</u>

The conversion feature and share warrants were recognised in the financial statements net of tax amounting to \$127,835 and allocated to conversion feature and share warrants based on their respective fair values. As at March 31, 2024 the Debt component was recognised at \$2,097,028 after accretion of interest in the amount of \$294,750.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

19. Financial Instruments and Risk Management

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at March 31, 2024:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risk related to its trade and other receivables. The maximum exposure to credit risk is the carrying amount as reported on the financial statements. Credit risk on trade and other receivables is minimized because of the constant review and evaluation of the account balances.

The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. There is no indication, as at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible. There are no significantly aged trade and other receivables on March 31, 2024 and 2023.

Foreign Currency Risk

The Company has operations in Canada, the UK, and the U.S., therefore, has exposure to foreign currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. As of March 31, 2024, the Company did not have any foreign currency hedges in place.

20. Right-of-use ("ROU") assets:

The following tables reconcile the changes in right of use (ROU) assets:

(in C\$)	Vehicle and Equipment	Building	Total
Cost			
Balance, January 1, 2024	118,716	2,258,516	2,377,232
Additions during the period	36,101	95,111	131,211
Balance, Mar 31, 2024	154,816	2,353,627	2,508,443
Accumulated amortization			
Balance, January 1, 2024	42,259	983,891	1,026,150
Depreciation expense for the period	4,984	132,000	136,984

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

Balance, Mar 31, 2024	47,243	1,115,891	1,163,134
Net book value			
Balance, January 1, 2024	76,427	1,274,625	1,351,052
Balance, Mar 31, 2024	\$ 107,573	\$ 1,237,736	\$ 1,345,309

21. Leases

Company as a lessee

Leasing arrangements

The Company leases various items of real estate property and vehicles used in its operations. The lease terms are generally between 4 and 6 years. There are some leases with renewal options that are included when management is reasonably certain they will be exercised. Management uses significant judgement in determining whether these extensions are reasonably certain to be exercised.

Lease liabilities

Carrying amounts of lease liabilities are as follows:

(in C\$)	31-Mar-24	31-Dec-23
Balance, beginning of year	1,521,182	\$ 1,151,988
Additions	131,211	848,228
Interest	40,279	165,057
Payments	(182,979)	(644,091)
Balance, end of year	1,509,693	1,521,182

22. Finance costs.

Finance costs comprise the following:

(in C\$)	31-Mar-24	31-Mar-23
Bank Charges	17,810	\$ 27,612
Interest expense on lease liabilities	40,279	30,580
Interest expense on promissory note	19,444	23,553
Interest expense on borrowing	301,573	231,237
	379,106	\$ 312,982

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

23. Segment Information

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's internal management system at a consolidated level. The Company has determined that it has only one operating segment.

The Company derives revenues in the following major categories:

Revenue	Three months ended	
	March 31, 2024	March 31, 2023
Sale of Products	2,758,391	4,630,772
Provision of Services	3,865,350	2,781,707
Total Revenue	6,623,741	7,412,480

The amount of revenue from external customers, broken down by location of the customers, is as follows:

Revenue:	Three months ended	
	March 31, 2024	March 31, 2023
Canada	3,772,960	5,628,384
United States	1,136,746	1,012,291
United Kingdom	1,712,495	771,805
Total Revenue	6,623,741	7,412,480

As at the period ended March 31, 2024, and Dec 31, 2023, there were no material contract liabilities or assets arising from short-term revenue contracts with the customers.

Mar 31, 2024	Property, plant and equipment	Goodwill	Intangible assets	Right of use assets
Canada	7,621,051	963,604	2,593,204	1,232,578
United States	1,000,131		1,660,015	64,079
United Kingdom	268,950		492,019	48,652
Totals	8,890,132	963,604	4,745,238	1,345,309

Dec 31, 2023	Property, plant and equipment	Goodwill	Intangible assets	Right of use assets
Canada	7,622,189	963,604	2,724,843	1,258,109
United States	1,427,500		1,736,897	77,346
United Kingdom	240,647		304,988	15,627
Totals	9,290,336	963,604	4,766,728	1,351,082

24. Subsequent Events

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

On May 21, 2024, the Company announced the merger of equals (50/50) between the Company and Drone Delivery Canada Corp. The Merger will be implemented by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). At closing, each outstanding Volatus Share will be exchanged for 1.785 Drone Delivery Canada Shares. The implementation of the Arrangement is subject to the approval of at least 66 2/3% of the votes cast by holders of Volatus Shares, and if required under applicable securities law, a simple majority of holders of Volatus Shares excluding votes cast by certain holders of Volatus Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction ("MI 61-101"), at a special meeting of Volatus shareholders expected to take place in the third quarter of 2024. The Arrangement is also subject to the approval of a majority of the votes cast by the holders of Drone Delivery Canada Shares at a special meeting of Drone Delivery Canada shareholders expected to take place in the third quarter of 2024.

The directors and executive officers of each of Volatus and Drone Delivery Canada have entered into customary voting and support agreements and have agreed to, among other things, vote their securities in favour of the Arrangement. Total Volatus Shares under such support agreements represent approximately 62% of the issued and outstanding Volatus Shares and Drone Delivery Canada Shares under such support agreements represent less than 1% of the issued and outstanding Drone Delivery Canada Shares.

The Arrangement includes a reciprocal non-solicitation covenant, subject to customary "fiduciary out" rights, including the right of either Volatus or Drone Delivery Canada to accept a superior proposal in certain circumstances, with each party having a five (5) business day right to match any such superior proposal received by the other party. The Arrangement also provides for the payment of a termination fee by Volatus of \$700,000 and Drone Delivery Canada of \$1,800,000 if the Business Combination Agreement is terminated in certain specified circumstances, and an expense reimbursement of \$500,000, payable by either party, if the Arrangement is terminated under other certain specified circumstances.

Under the terms of the Arrangement, any outstanding options to purchase Volatus Shares will be exchanged for options to purchase Drone Delivery Shares with equivalent economic terms and vesting provisions, any outstanding Volatus warrants exercisable to purchase Volatus Shares will be adjusted in accordance with their terms such that, upon the exercise of a Volatus warrant, the holder thereof, for the same aggregate consideration payable therefor, will receive 1.785 Drone Delivery Shares, any outstanding Volatus senior unsecured convertible debentures will be adjusted in accordance with their terms such that, upon conversion of a Volatus debenture, the holder thereof, for the same aggregate principal and interest amount convertible therefor, will receive such number of Drone Delivery Shares equal to the number of Volatus Shares they would otherwise be entitled to receive multiplied by 1.785, rounded down to two decimal places, and any outstanding preferred shares of Volatus will remain outstanding unaffected by the Arrangement.

Drone Delivery Canada expects to issue 224,345,513 Drone Delivery Canada Shares as Consideration to the shareholders of Volatus in connection with the Merger and to reserve approximately 42,404,567 Drone Delivery Canada Shares for issuance upon exercise of Volatus options and Volatus warrants.

The Merger will constitute a "Reviewable Transaction", as defined in TSXV Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets. As a result, the completion of the Merger is subject to approval by the TSXV. The Arrangement is also subject to receipt of court and other applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature. Subject to the satisfaction (or waiver) of the conditions precedent, the Arrangement is expected to close in the third quarter of 2024.

On May 21, 2024, Volatus plans to complete a non-brokered private placement of \$1,000 principal amount of unsecured non-convertible debentures (the "**Debentures**") for gross proceeds of up to \$980,000 through the issuance of up to 1,000 Debentures at a price of \$980 per debenture in one or more tranches (the

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 (unaudited)

"Offering"). Volatus has signed subscription agreements for the first tranche with gross proceeds of \$585,060. Volatus may choose to complete subsequent tranches in its sole discretion. The Merger is not contingent on closing of the first tranche or any subsequent tranches. It is anticipated that the Debentures shall have a maturity date of 12 months from the date of issuance and will bear an initial interest rate of 15.0% per annum if the Debentures remain outstanding for 7 months or less. If the Debentures remain outstanding longer than 7 months, beginning with month 8, the annualized initial interest rate shall increase by 1.0% each month until maturity, at which point the maximum annualized interest rate will be 20.0%. The Debentures are redeemable, in whole or in part, at any time, at the option of Volatus. If, at any time while the Debentures remain outstanding and prior to the maturity date of the Debentures, Volatus completes a financing of equity or quasi-equity securities of Volatus with a minimum of ten distinct investors, holders of Debentures will be entitled to participate in such financing up to the amount of principal of their respective Debentures at a price per security equal to the greater of (i) a 10% discount to such financing price and (ii) the maximum discount to such financing price permitted by the policies of the TSXV. In connection with the Offering, Volatus may pay eligible finders a cash fee of 10.0% of the aggregate gross proceeds of the Offering, payable on the closing of the Offering. It is anticipated that the net proceeds of the Offering will be used for the purchase of inventory, sales and marketing, and working capital requirements of Volatus. All securities issued pursuant to the Offering are subject to a statutory four month plus a day hold period from the date of issuance as required by applicable securities laws.



VOLATUS AEROSPACE CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH ENDED MARCH 31, 2024**

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management Discussion & Analysis ("MD&A") is intended to provide readers with the information that management believes is required to gain an understanding of the current results of Volatus Aerospace Corp. (the "Company" or "Volatus") and to assess the Company's prospects. The following MD&A is presented and dated as of May 28, 2024, and should be read in conjunction with the interim condensed consolidated financial statements and related notes for the three months ended March 31, 2024. The Financial Statements presented herein include the accounts of the Company and all its subsidiaries. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and all amounts, unless otherwise indicated, are expressed in Canadian dollars.

NON-IFRS FINANCIAL MEASURES

In this MD&A we describe certain income and expense items that are unusual or non-recurring. There are terms not defined by International Financial Reporting Standards (IFRS). Our usage of these terms may vary from the usage adopted by other companies. Specifically, *Gross margin, Gross profit, and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization)* are undefined terms by IFRS. Management believes that gross profit, defined as revenue less cost of goods sold, is a useful supplemental measure of operations. Adjusted EBITDA is a supplemental measure used by management and other users of Volatus' financial statements, including lenders and investors, to assess the financial performance of the Company's business without regard to financing methods or capital structure. Adjusted EBITDA is also a key metric that management uses prior to the execution of any strategic investing or financing opportunity. For example, management uses Adjusted EBITDA as a measure in determining the value of acquisitions, expansion opportunities, and dispositions. In addition, Adjusted EBITDA is utilized by financial institutions to measure borrowing capacity. The Company believes that Adjusted EBITDA is useful to management, lenders, and investors in assessing the underlying performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements. The Company defines Adjusted EBITDA as IFRS net loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, integration, and due diligence costs, one time profit or loss (non-recurring), and impairment of goodwill, property, plant, and equipment and right-of-use assets (ROU).

We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("IFRS").

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

FORWARD-LOOKING STATEMENTS

This management's discussion and analysis may contain statements about expected future events and financial and operating results of the Company that are forward-looking. All statements other than statements of historical fact may be forward-looking statements. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations, or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. For example, statements in this MD&A relating to the Company's mission, expected timing for the marketing and sale of the Company's products, the Company's intentions with respect to growth and future acquisitions, expectations as to timing to commence operations at various locations and the potential benefits to the Company from such new operations, expectations as to the timing and quantity of sales and recognition of revenues and expenses and expectations as to Company growth are all forward-looking statements. The operations of the Company are subject to a number of risks, both anticipated and unanticipated. Please refer to the heading "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors – Risk Factors Relating to the Transaction" in the Information Circular to which this MD&A is attached.

BUSINESS OVERVIEW

Volatus was incorporated on December 17, 1987, and has its registered office located at 60 Airport Road, Oro Medonte, Ontario L0L 2E0, Canada. The Company is an industry leading aerial intelligence innovator with an extensive background in commercial aviation and a commitment to commercializing the full potential of remotely operated and autonomous technologies throughout the Americas and around the world. With locations across Canada, the United States and the United Kingdom, the Company offers a comprehensive range of aerial intelligence solutions for civilian and military applications.

The Company's mission is to be a leading innovator and provider of remotely operated and autonomous solutions and to be at the forefront of melding remotely piloted aircraft with piloted aircraft service offerings. Through our efforts we are reducing the environmental impact of aerial operations and working to empower people everywhere to live more sustainably.

Volatus is a leading consolidator of established drone service and equipment providers. By unlocking their potential and driving organic growth through cross selling and aggressive marketing, the Company is establishing itself as an international player with operations from coast to coast and across the Americas. The Company has a physical presence in Alberta, British Columbia, Manitoba, Ontario, Quebec, Prince Edward Island, New York, Pennsylvania, New Jersey, Florida, Nevada, Ohio, Illinois, Oklahoma, Missouri, Texas, Maine, and the UK. In addition, a network of more than 1200 Transport Canada and FAA-qualified UAV pilots are available to the Company to support service delivery in every province and territory of Canada and the US.

Volatus Aerospace Corp. Management's Discussion & Analysis For the three months ended Mar 31, 2024

The Company and its subsidiaries offer:

System design engineering, research & development, and manufacturing. Volatus own technologies include the E100 and M100 Medium Altitude High Endurance fixed wing drones, our Aerieport drone-in-the-box solution, and the Paremoha surveillance fixed wing-drone for defense are expected to be marketed and sold commencing mid-2024.

Aerial Intelligence Services. The Company offers turnkey infrastructure inspection, and mapping and imaging services including long-linear inspections such as pipeline, energy, and railway, and uses its proprietary technology 'Valqari' software to capture and process data that is shared through its proprietary Aerial Information Reporting System (AIRS). Wildfire services and agriculture spraying are new growth sectors. In addition, the company provides data management, analytics, and GIS services and is committed to the use of machine learning, and AI to enhance the value to its customers.

Drone & Sensor Training, and Consulting. The Company provides operator training for remotely piloted aircraft systems and payloads and pilot certification training in Canada, the USA, and the United Kingdom and conducts regular educational Science Experiential Aerial Research (SEAR) Programs with school boards in both Canada and the United States.

Value Added Reseller. The Company is a value-added reseller of remotely piloted aircraft systems providing equipment sales, payload integration, and maintenance, repair after sale support.

UAVs are playing a significant role in the defense and commercial sectors, progressively replacing traditional modes of inspection, surveillance, survey, and transportation due to their inherent cost, safety, and efficiency. Numerous market studies have predicted significant growth in the use of UAVs in all sectors the Company is targeting.

BUSINESS HIGHLIGHTS

The first quarter of 2024 is the slowest period due to reduced service activities in Canada and the Northern USA. Winter weather conditions create this seasonality in the business in these regions. To mitigate this, the Company has established a presence in London, England, to better access potential sales in the European territory and serve NATO countries to meet the demand for drones in defense.

In line with our strategy to eliminate seasonality, we made acquisitions of drone training organizations, namely UAV Hub and Drone Mentor, based in the UK. These acquisitions are part of our broader strategy to create partnerships with drone technology companies across the globe, ensuring we continue to meet growing market demands and expand our operational capabilities year-round.

Over the past several quarters, our management team has strategically shifted our focus towards services and long-term contracts, resulting in a significant transformation of our revenue streams. This strategic shift is evident in our evolving product mix. Two years ago, our revenue was primarily driven by equipment sales, which accounted for 75% of our product mix. Today, equipment sales represent approximately 40-50% of our revenue, while services now contribute 50-60%.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

This change has not only diversified our revenue base but also led to higher gross margins for the Company. The increased demand for our specialized services in sectors such as pipeline surveillance, power utilities, and construction and engineering highlight our ability to secure long-term contracts and provide high-value solutions to our clients.

Our anticipated merger with Drone Delivery Canada will further enhance our offerings, combining advanced services and technology sales to expand our market reach. We are committed to continuing this trajectory, leveraging our expertise and strategic partnerships to drive sustainable growth and profitability.

Despite the expected seasonality caused by colder temperatures in northern USA and Canada, the Company achieved a number of important milestones in Q124, including the following:

Merger with Drone Delivery Canada

We are thrilled to announce that on May 21, 2024, our Company has entered into a merger agreement of equals with Drone Delivery Canada Corp., creating one of North America's leading drone services and technology companies. This strategic merger significantly expands our addressable market by an impressive \$4 billion by 2030.

The merger will bring immediate cost synergies of \$2 million, with a total of \$9 million in synergies expected as we expand our solutions and enter new markets. The combined entities anticipate generating a total revenue of \$70 million by 2025, with an adjusted EBITDA of \$10 million.

Shareholders of our Company will benefit from this merger by receiving 1.785 shares of Drone Delivery Canada for each share held. This merger is pending regulatory and shareholder approval, with further details available in the subsequent event note.

This merger represents a transformative opportunity for our Company and shareholders, positioning us at the forefront of the drone services industry and setting the stage for robust growth and profitability in the years ahead.

Strong Performance in Oil and Gas Sector

Our pipeline surveillance activities in Canada demonstrated resilience despite facing typical seasonality challenges, including several days of sub-optimal operational temperatures. In the USA, we are witnessing a robust increase in demand for our specialized magnetometry services, which provide precise identification and location of underwater pipelines for our oil and gas clients.

Leveraging advanced technologies such as ortho mosaic mapping and LiDAR, we are creating highly accurate reference maps. These maps are then enhanced with GPS-located pipeline data from our magnetometers, ensuring superior accuracy and efficiency in our operations. This critical work, initiated in Q1, is ongoing and continues to drive value for our customers.

Our commitment to innovation and excellence in the oil and gas sector underscores our position as a trusted partner in pipeline surveillance and mapping, positioning us for continued growth and success.

Volatus Aerospace Corp. Management's Discussion & Analysis For the three months ended Mar 31, 2024

Power Utilities Update

In Q1, our Company started utility pole inspections for a power utility in the southern United States. Additionally, we secured several work packages totaling approximately 11,000 structures in the eastern and northeastern United States, as well as a program to inspect more than 762,000 solar panels in the midwestern region.

These activities demonstrate our ongoing commitment to serving the power utilities sector, including both traditional infrastructure and renewable energy projects.

Construction and Engineering Update

In Q1, we observed a notable increase in demand for our LiDAR services in Eastern Canada, driven by the needs of three major engineering firms and a large municipality. We anticipate this demand will continue to grow over the next two quarters.

Our façade and roofing inspection services also remain in strong demand. We have secured new contracts with two large industrial firms with facilities across the USA. Currently, we are working on two large facilities and expect to secure additional work in the near future.

These developments highlight our ability to meet the evolving needs of the construction and engineering sectors.

Acquisition of UAVHub and the Drone Mentor

The Company completed the acquisition of the two UK-based companies, Aerial Motion Pictures Ltd., dba UAVHub and Open Sky Consulting International Ltd., dba The Drone Mentor, providing world leading online video-based drone training and certification. The transaction was closed on Jan 2, 2024. Founded in 2014, [UAVHub](#) is the highest rated drone training and certification company in the UK. UAVHub currently service the regulated drone pilot space by delivering UK Civil Aviation Authority approved online training, and have developed proprietary tools that help simplify regulatory compliance in this ever-evolving sector. The [Drone Mentor](#) specialises in non-regulatory based training and support for the uncrewed sector, facilitating the advancement of personal, professional, and business development-the 'second stage' of the 'drone journey' which is often not considered when pilots first start out; ensuring individual success and ultimately, the longevity of the industry as a whole.

BUSINESS OUTLOOK & STRATEGY

The commercial drone industry is highly dependent on regulations. However, the instability in Ukraine and the Middle East have accelerated the adoption of drones in the defense and public safety segment. The Company believes that drone regulations are evolving however, building a business model around anticipated regulatory changes will restrict the growth of the Company. The Company has designed a strategy that addresses current market needs within the existing regulatory framework and concurrently has started to get special approvals

Volatus Aerospace Corp. Management's Discussion & Analysis For the three months ended Mar 31, 2024

to perform BVLOS (Beyond Visual Line of Sight) missions as highlighted above. The Company believes in solving customer problems by providing customized solution that integrates its own technology along with the best fourth-party technologies available in the market. The intent is to create a "stickiness" with the customer to foster repeat business and the Company becomes a one stop solution for all drone needs. To enable this strategy, Volatus introduced the "Vetted by Volatus" program that can qualify great drone technologies as part of its integrated solutions.

The Company also realized that certain sectors cannot be disrupted using drones due to regulatory constraints and the slow adoption rates. In certain cases, the Company will use piloted aircraft and progressively introduce remotely piloted aircraft (drones) to replace piloted aircraft to generating higher gross margins and environmental wins to its customers.

2024 RESULTS

	Three months ended Mar 31	
	2024	2023
Total Revenue	6,623,741	7,412,480
Gross Profit (as a % of revenues)	34%	32%
Loss from operations	(2,598,748)	(2,483,568)
Net loss and comprehensive Loss	(2,991,319)	(3,003,365)
Adjusted EBITDA loss	(1,380,119)	(1,602,690)
Net loss per share	(0.02)	(0.02)

Q1 2024 Total Reported Revenue of \$6,623,741.

In Q1 2024, our Company reported a total revenue of \$6,623,741. While this represents a decline from \$7.4M in Q1 2023, the change is a result of our strategic shift towards a more sustainable and profitable revenue mix.

The decline in equipment sales, which fell by 40% compared to the same quarter last year, is primarily due to a temporary limitation in growth working capital. However, this shift has allowed us to focus on expanding our service offerings, which have shown a remarkable increase of 39% in revenue.

This transition highlights our commitment to enhancing our service capabilities, which not only diversifies our revenue streams but also drives higher gross margins. As we continue to optimize our product mix, with services now contributing a larger portion of our revenue, we are well-positioned for long-term growth and profitability.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Q1 2024 2023 Gross Profit of \$2,225,757. Gross Margin of 34%

In Q1 2024, the Company successfully increased its gross margin percentage from 32% in Q1 2023 to 34%. This growth in gross margin is a direct result of our strategic shift towards higher efficiency operations and an optimized product mix. Notably, the significant increase in our aerial intelligence service activities has been a key driver of this improvement.

Our gross margins by revenue category illustrate this positive trend: services achieved a robust 48% gross margin, while equipment sales yielded a 14% gross margin. The lower margin for equipment sales is primarily due to our strategic decision to procure from distributors instead of OEMs, allowing us to better manage our working capital and maintain operational flexibility.

This focus on enhancing service offerings and optimizing procurement strategies has allowed us to achieve higher overall margins, positioning the Company for continued financial strength.

Q1 2024 Revenue Distribution

This quarter, our product mix consisted of 42% equipment sales and 58% services, marking a significant shift from Q1 2023, when equipment sales accounted for 62% and services made up 38% of our revenue. While this transition reflects our strategic focus on expanding our service offerings, which generate higher gross margins, it is also influenced by current working capital constraints.

As the industry continues to mature, we anticipate that our product mix will increasingly favor services. This strategic shift, driven by both market dynamics and our proactive response to working capital limitations, positions the Company for stronger growth and enhanced financial resilience.

Adjusted EBITDA (Earnings before Interest, Tax, Depreciation, and Amortization)

The Company has made notable progress in improving its Adjusted EBITDA, which increased by 22% from (\$1.8M) in Q1 2023 to (\$1.4M) in Q1 2024. This improvement is primarily driven by an increase in gross profit and a reduction in operating expenses. Detailed reconciliation of Adjusted EBITDA is provided further in this document.

Looking ahead, we anticipate further significant improvements in Adjusted EBITDA as the effects of seasonality diminish and our business continues to scale. These positive trends position the Company for stronger financial performance in the coming quarters.

Cash and cash equivalents decreased by \$414,552 for the three months ended March 31, 2024. The decrease was attributable to the loss from operations, investment in CAPEX, and repayment of debt.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

As at	March 31, 2024	Mar 31, 2023
Total Assets	25,515,512	26,876,098
Non-Current Assets	15,944,282	16,371,750
Goodwill	963,604	963,604
Total non-current Liabilities	9,280,706	9,641,836
Total Liabilities	25,590,114	24,338,202
Working Capital	(6,738,178)	(4,192,018)
Shareholder's Equity	(74,602)	2,537,896
Distribution or Cash Dividends	-	-

As at Mar 31 2024, the Company held total assets of \$25,515,512. The decrease in total assets was due to changes in the cash position of the business and reduction in receivables and other assets. Non-current assets decreased by \$427,468 due to depreciation and offset by addition of assets due to acquisition of UAV Hub and Drone Mentor. The Company continued to deploy cash in operating activities and scale its service business. The increase in total liabilities was driven by increased accounts payable and increased other short-term liabilities.

RESULTS OF OPERATIONS

	Three months ended March 31	
	2024	2023
Revenue	\$ 6,623,741	\$ 7,412,480
Direct costs	\$ 4,397,985	5,045,802
Gross Profit	2,225,757	2,366,678
OPERATING EXPENSES		
Advertising & marketing	\$ 293,339	406,118
IT & tech	\$ 256,802	185,095
Personnel	\$ 2,196,722	2,156,297
R&D	\$ 11,840	100,420
Office cost	\$ 583,199	892,539
Travel	\$ 57,621	94,285
External partner cost	\$ 200,072	274,013
Depreciation and amortization	\$ 1,098,088	745,136

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Share based Payments	\$	126,822	176,401
		4,824,504	5,030,304
(Loss) from Operations		(2,598,748)	(2,663,626)
OTHER ITEMS - INCOME/(EXPENSE)			
Finance cost	\$	(379,106)	(312,982)
Other income (expense)	\$	(10,168)	(1,558)
Gain (Loss) on disposal of property and equipment	\$	(7,184)	(10,511)
Foreign exchange translation	\$	3,887	(14,688)
Net Loss	\$	(2,991,319)	\$ (3,003,365)
Total comprehensive Income (loss) for the period attributable to:			
Owners of Volatus Aerospace Corp.		(2,915,143)	(2,611,890)
Non-controlling interest		(76,176)	(391,475)
		(2,991,319)	(3,003,365)

The Company generated revenues from two major areas: Sale of equipment and provision of aerial services consisting of drone services and training, and crewed services for long liner pipeline inspections. For the period equipment sales generated a gross margin of 14% whereas service sales generated 48% gross margin. The sale of third-party products has low gross margins compared with services and training. As the business scale and product mix changes, the gross margins have increased from 32% to 34% between YoY quarters.

The Company incurred \$2,93,339 on marketing activities including participation at trade shows, investor relations, advertising, and business development events, a reduction of 28% compared to Q1 2023. The Company has incurred a total of \$45,575 on investor relations (IR) activities in Q1 2024, a reduction of 67% compared to Q1 2023. The Company has paused on any new IR initiatives. The IR activity currently includes platform fees paid to manage contractors, website, and market-maker charges.

Personnel costs for the period have remained consistent. However, efforts are made to reduce R&D costs. Office costs has reduced by 35%, travel by 39%, and external partner by 27% compared to Q1 2023.

SUMMARY OF QUARTERLY RESULTS

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards:

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	6,623,741	10,500,995	8,274,349	8,684,991	7,412,480	7,213,129	11,120,589	6,629,593
Direct Cost	4,397,985	7,700,881	5,265,775	5,724,516	5,045,802	5,190,979	7791145	4728672.918
Gross Profit	2,225,757	2,800,114	3,008,574	2,960,475	2,366,678	2,022,150	3,329,444	1,900,920
	33.60%	26.67%	36.36%	34.09%	31.93%	28.03%	29.94%	28.67%
OPERATING EXPENSES								
Advertising & marketing	293,339	278,781	541,635	629,686	406,118	575,539	599,285	591,365
IT & tech	256,802	28,439	243,602	211,960	185,095	164,260	140,392	110,775
Personnel	2,196,722	1,312,983	1,727,086	1,788,347	2,156,297	1,552,913	1,393,606	1,565,456
R&D	11,840	771,861	104,832	364,263	100,420	541,023	-	-
Office cost	583,199	605,396	722,276	610,650	892,539	490,740	378,474	416,589
Travel	57,621	126,710	90,804	167,364	94,285	144,372	140,622	54,456
External partner cost	200,072	436,686	243,443	326,979	274,013	602,171	403,238	168,371
Depreciation	1,098,088	1,647,364	843,744	797,487	745,136	604,849	270,081	300,511
Share based Payments	126,822	173,671	195,372	178,361	176,401	340,761	330,918	290,103
	4,824,504	5,381,891	4,712,793	5,075,097	5,030,304	5,016,628	3,656,616	3,497,626
(Loss) from Operations	2,598,748	(2,581,777)	(1,704,219)	(2,114,622)	(2,663,626)	(2,994,477)	(327,172)	(1,596,707)
OTHER ITEMS - INCOME/(EXPENSE)								
Finance cost	379,106	(667,949)	(425,671)	(368,635)	(312,982)	(249,798)	(121,672)	(81,239)
Bargain Purchase Gain		221,808				2,112,197	-	-
Changes in Fair Value of Contingent Consideration		386,731				(33,846)	-	-
Other income (expense)	(10,168)	14,955	(39,229)	41,237	(1,558)	192,498	79,640	31,576
Gain (Loss) on disposal of equipment	(7,184)	(125,476)	228,769	(0)	(10,511)	414	10,566	(1,011)
Foreign exchange translation	3,887	(24,156)	19,946	(16,191)	(14,688)	(195,277)	6,430	20,484
Net loss and comprehensive loss before tax	(2,991,319)	(2,775,864)	(1,920,403)	(2,458,211)	(3,003,365)	(1,168,290)	(352,208)	(1,626,897)
Deferred Tax Income/ (Expense)		464,216				(71,311)		
Net Loss and comprehensive loss after tax	(2,991,319)	(2,311,647)	(1,920,403)	(2,458,211)	(3,003,365)	(1,239,601)	(352,208)	(1,626,897)
Loss per share								
Basic and Diluted	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.01)	(0.01)	(0.02)

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company's quarterly results are subject to seasonality, with service activities typically slower in the first quarter due to adverse winter conditions in North America. Sales generally pick up in the second quarter and peak in the third quarter for services. Equipment sales, however, have been lower and inconsistent throughout the year, primarily due to limited growth working capital, which has necessitated procuring equipment from distributors rather than OEMs.

Our recent expansion in the UK and focus on training services are expected to reduce the impact of seasonality, as these offerings are not subject to seasonal fluctuations. The gross margin for Q1 2024 outperformed historical trends, primarily due to higher training sales. Comparing Q1 2024 to Q1 2023, the shift in product mix towards services resulted in an increase in gross margins to 34%.

Depreciation expense increased due to the amortization of intangibles. Research and Development (R&D) spending was reduced by 88%, and with slower service activities, the cost of pilots was included in SG&A. Overall, these strategic adjustments and our focus on high-margin services position the Company for improved financial performance and reduced seasonality impact in future quarters.

LIQUIDITY AND CAPITAL RESOURCES

The following is a summary of working capital as of March 31 2024 and December 31, 2023:

	As at	
	March 31 2024	December 31, 2023
Current Assets	9,571,230	10,504,348
Current Liabilities	16,309,408	14,696,366
Working Capital	(6,738,178)	(4,192,018)

As of March 31, 2024, the Company reported current assets of \$9,571,230, down from \$10,504,348 as of December 31, 2023. This decrease is mainly attributed to reduced receivables due to seasonal quarter and higher collection.

Current liabilities increased from \$14,696,366 as of December 31, 2023, to \$16,309,408 as of March 31, 2024, resulting in a working capital deficit of \$6,738,178, compared to a deficit of \$4,192,018 at the end of the previous quarter. The increase was due to higher payables and short-term liabilities as the Company aggressively managed its working capital.

The decrease in working capital was due to operating activities and increased short-term obligations. Cash on hand reduced by \$641,477 as a result of losses from operations, investments in fixed assets, and payouts relating to acquisitions.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments.

As the Company prepares a path toward profitability over the next two years, it will be dependent on its ability to increase sales and maintain margins at current levels. This will be influenced by general economic conditions, financial, regulatory, and other factors, including factors beyond the Company's control. The Company may need additional capital and may raise additional funds should the Board of Directors of the Company deem it advisable to support its aggressive acquisition strategy. To date, the Company has had a negative operating cash flow position due to the Company investing in inventory buildup, product development and human capital to meet increased demand. As a result of the Company's business plan for the development of its products and services, the Company expects cash flow from operations to be negative until revenues increase to offset its operating expenditure.

Management intends to finance operating costs over the next twelve months predominantly with cash on hand and with the issuance of securities such as prospectus offerings, private placement of common shares and convertible debentures. Further, in order to maintain or adjust its capital structure, the Company may issue new shares, new debt, or scale back the size and nature of its operations. The Company is not subject to externally imposed capital requirements. As of March 31, 2024, shareholders' equity was (\$74,602) and on December 31, 2023, shareholder's equity was \$2,537,896

The Company's ability to continue as a going concern is dependent upon the successful execution of management's operating and strategic plan which includes, amongst other things, securing additional financing to meet its ongoing operating requirements to fund inventory levels and fulfil new service contracts and, ultimately, the attainment of future profitable operations. There are no assurances that any of these initiatives will be successful which indicates the existence of a material uncertainty that cast doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

CASH FLOW:

	Three months ended March 31	
	2024	2023
Net cash used in Operating Activities	511,907	(2,221,687)
Net cash used in Investment Activities	(188,890)	(597,396)
Net Cash provided by Financing Activities	964,494	590,694
Net change in cash	(641,477)	(2,228,387)

Operating Activities

The net cash provided by operating activities was primarily due aggressive management of working capital in Q1 2024.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Investing Activities

The net cash used in investment activities was primarily cost of acquisition of UAV Hub and Drone Mentor and investment in fixed assets towards aerial intelligence .

Financing Activities

The net cash used in financing activities was primarily towards repayment of debt obligations.

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital to meet its liquidity requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and will adjust it, when necessary, to have funds available to support its corporate activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the modest current business and financial size of the Company, is reasonable.

We expect, from time to time, to evaluate the acquisition of businesses, intellectual property, products and technologies for which a portion of the net proceeds may be used. There is always the potential that any acquisition or investment in a company or product has a negative impact on future cash flows of the Company.

RECONCILIATION OF ADJUSTED EBITDA TO NET LOSS

	Three months ended Mar 31,	
	2024	2023
Adjusted EBITDA (loss)	(1,380,119)	(1,758,335)
Interest	379,106	312,982
Depreciation	1,098,088	745,136
Share-based Payments	126,822	176,401
Loss from Sale of Drones	7,184	10,511
Net Loss	(2,991,319)	(3,003,365)

OFF-BALANCE SHEET ARRANGEMENTS

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Trade payables and accrued liabilities:

On August 31, 2022, the Company entered into an independent consultant agreement ("Consultant Agreement") with GripFast Solutions Inc., a company controlled by an independent director, to provide consulting services to the Company for scaling in the defense sector. The costs of all charges are based on the fees set in the Consultant Agreement and are settled on a monthly basis. The Company records these charges under External Partner Cost in the consolidated statement of loss and comprehensive loss. For the quarter ended March 31, 2024, the Company incurred fees of \$24,000 (2023- \$24,000). As at March 31, 2024, the Company was indebted to this company in the amount of \$27,120 (2023 - \$8,000).

Share Capital:

The Company has outstanding preferred shares valued at \$206,188 that are non-redeemable and have no coupon interest payment and have a face value of \$1 to a company controlled by a director of the Company. (2022 – \$206,188) (Refer to Note 17)

Loans & Advance:

The Company has entered into a promissory note with the director of the Company on March 17, 2023 and April 2024, for a short-term loan at an interest rate ranging between 8.5% and 9.5% per annum. The amount of \$1,104,965 is outstanding as at March 31, 2024 and repayable in full on June 30, 2024 (\$625,00) and balance payable by June 2029. This amount is included in other short-term and long-term liabilities in the consolidated balance sheet.

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Compensation awarded to key management for the Fiscal year 2023 and 2022 included:

Mar 31, 2024

March 31, 2023

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Salaries	221,250	221,250
Share-based payments	98,380	152,975
	319,630	374,225

The Company has an employment agreement with its CEO which provides that in the event the CEO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 18 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 18 months' salary, at \$350,000 per annum, is payable. If the termination had occurred on December 31 2023, the amount payable under this agreement would be \$525,000.

The Company has an employment agreement with its CFO which provides that in the event the CFO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 12 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 12 months' salary, at \$190,000 per annum, is payable. If the termination had occurred on December 31 2023, the amount payable under this agreement would be \$190,000.

SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued common shares.

	Mar 31, 2024		Dec 31, 2023	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of year	124,003,761	13,360,860	113,943,079	\$ 10,957,258
Exercise of stock options	-	-	-	-
Shares issued on acquisition	1,680,000	225,000	1,691,275	628,254
Shares issued to obtain additional interest in controlled entities	-	-	8,369,407	1,775,349
Shares issued on prospectus and private placement	-	-	-	-
Total	125,683,761	13,612,860	124,003,761	\$ 13,360,860

The Company issued common shares to acquire UAB Huba and Drone Mentor.

Contributed Surplus

200 common shares were issued at par value of \$1 each at the formation of Volatus Aerospace Corp. prior to amalgamation with Partner Jet Corp. The excess difference in gross proceeds received for these common shares has been allocated to contributed surplus.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Preferred shares

	March 31, 2024		December 31, 2023	
	Shares	Shares	Shares	Amount
Issued for acquisition of Partner Jet Corp.	206,188	206,188	206,188	\$ 206,188
UAViation Aerial Solutions Limited Investment	146,446	146,446	146,446	146,446
Total	352,634	352,634	352,634	\$ 352,634

The above preferred shares are non-redeemable and have a face value of \$1. The preferred shares outstanding in UAViation Aerial Solutions Limited are in the Volatus owned subsidiary, Volatus Unmanned Services Inc.

Stock Options

The continuity of stock options during the period were as follows:

	Mar 31, 2024		Dec 31, 2023	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	8,192,691	0.56	5,357,691	0.63
Granted	-		3,057,500	0.36
Exercised	-		-	0.30
Forfeited	(125,000)	0.28	(222,500)	0.36
Outstanding, end of period	8,067,691	0.56	8,192,691	0.56

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2024:

Range of price (C\$)	Options Outstanding			Options Exercisable		
	Number of Stock Options outstanding	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price	Number of Stock Options exercisable	Weighted Average remaining contractual life (years)	Weighted Average Exercise Price
\$0.20 - \$0.30	3,152,691	4.44	0.23	177,691	1.52	0.30
\$0.31 - \$0.49	1,237,500	3.46	0.36	350,000	3.32	0.36
\$0.50 - \$0.65	3,790,000	2.83	0.65	2,660,000	2.75	0.65
	8,180,191	3.55	0.45	3,200,191	3.00	0.60

On August 11, 2023, the Company granted 3,057,500 additional options at an exercise price of \$0.23 that will be vested over four years and will expire five years from grant date.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.18 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.23, risk-free interest rate of 4.25%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil. On June 24, 2022, the Company granted 1,440,000 additional options at an exercise price of \$0.36 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.30%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil. On October 5, 2022, the Company granted 200,000 additional options at an exercise price of \$0.36 that will be vested over two years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.12%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

Warrants

Details of warrants and their fair value:

Sr. No	Issue Date	Number of warrants outstanding at March 31, 2024	Fair Value at March 31, 2024	Number of warrants outstanding at December 31, 2023	Fair Value at December 31, 2023	Exercise Price	Expiry Date
3	06-Oct-22	11,741,034	1,878,565	11,741,034	1,878,565	\$0.50	05-Oct-24
4	06-Oct-22	879,475	167,100	879,475	167,100	\$0.36	05-Oct-24
5	06-May-23	421,860	20,587	421,860	20,587	\$0.50	06-May-25
6	06-May-23	2,646,000	107,437	2,646,000	107,437	\$0.50	06-May-25
		15,688,369	2,173,689	15,688,369	2,173,689		

As of March 31, 2024, the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, Dec 31, 2023	15,688,369	\$ 0.49
Issued	-	-
Exercised	-	-
Forfeited	-	-
Outstanding, Mar 31, 2024	15,688,369	\$ 0.49

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

SUBSIDIARIES & ACQUISITIONS

Acquisition of UAV Hub and Drone Mentor

On January 2, 2024, Volatus acquired UAV Hub (Aerial Motion Pictures Ltd.) and Drone Mentor (Open Sky Consulting International Ltd.), a drone training company based out of the UK. Under the terms of the agreement the Company purchased 100% of the company for a consideration £150,000 (CAD \$225,000) on Closing by issuing 1,680,000 common shares at \$0.15 price per share.

Total Consideration	\$ 252,000
Net assets acquired:	
Cash	97,273
Accounts Receivable	3,522
Property, plant and equipment	49,645
Accounts Payable and accrued liabilities	(64,569)
Non-current Loans	(44,657)
Identified intangible assets – Brand and Website	
Website	\$ 210,785

The breakdown of consideration paid is as follows:

Issuance of 84,000 common shares upon closing	\$ 225,000
Total consideration	225,000

The Company did not incur any acquisition-related costs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical accounting estimates and assumptions as well as critical judgements in applying the Company's accounting policies are detailed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at March 31, 2024:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risk related to its trade and other receivables. The maximum exposure to credit risk is the carrying amount as reported on the financial statements. Credit risk on trade and other receivables is minimized because of the constant review and evaluation of the account balances.

The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. There is no indication, as at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible. There are no significantly aged trade and other receivables on March 31, 2024 and 2023.

Foreign Currency Risk

The Company has operations in Canada, the UK, and the U.S., therefore, has exposure to foreign currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. As of March 31, 2024, the Company did not have any foreign currency hedges in place.

SUBSEQUENT EVENTS

On May 21, 2024, the Company announced the merger of equals (50/50) between the Company and Drone Delivery Canada Corp. The Merger will be implemented by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). At closing, each outstanding Volatus Share will

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

be exchanged for 1.785 Drone Delivery Canada Shares. The implementation of the Arrangement is subject to the approval of at least 66 2/3% of the votes cast by holders of Volatus Shares, and if required under applicable securities law, a simple majority of holders of Volatus Shares excluding votes cast by certain holders of Volatus Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction ("MI 61-101"), at a special meeting of Volatus shareholders expected to take place in the third quarter of 2024. The Arrangement is also subject to the approval of a majority of the votes cast by the holders of Drone Delivery Canada Shares at a special meeting of Drone Delivery Canada shareholders expected to take place in the third quarter of 2024.

The directors and executive officers of each of Volatus and Drone Delivery Canada have entered into customary voting and support agreements and have agreed to, among other things, vote their securities in favour of the Arrangement. Total Volatus Shares under such support agreements represent approximately 62% of the issued and outstanding Volatus Shares and Drone Delivery Canada Shares under such support agreements represent less than 1% of the issued and outstanding Drone Delivery Canada Shares.

The Arrangement includes a reciprocal non-solicitation covenant, subject to customary "fiduciary out" rights, including the right of either Volatus or Drone Delivery Canada to accept a superior proposal in certain circumstances, with each party having a five (5) business day right to match any such superior proposal received by the other party. The Arrangement also provides for the payment of a termination fee by Volatus of \$700,000 and Drone Delivery Canada of \$1,800,000 if the Business Combination Agreement is terminated in certain specified circumstances, and an expense reimbursement of \$500,000, payable by either party, if the Arrangement is terminated under other certain specified circumstances.

Under the terms of the Arrangement, any outstanding options to purchase Volatus Shares will be exchanged for options to purchase Drone Delivery Shares with equivalent economic terms and vesting provisions, any outstanding Volatus warrants exercisable to purchase Volatus Shares will be adjusted in accordance with their terms such that, upon the exercise of a Volatus warrant, the holder thereof, for the same aggregate consideration payable therefor, will receive 1.785 Drone Delivery Shares, any outstanding Volatus senior unsecured convertible debentures will be adjusted in accordance with their terms such that, upon conversion of a Volatus debenture, the holder thereof, for the same aggregate principal and interest amount convertible therefor, will receive such number of Drone Delivery Shares equal to the number of Volatus Shares they would otherwise be entitled to receive multiplied by 1.785, rounded down to two decimal places, and any outstanding preferred shares of Volatus will remain outstanding unaffected by the Arrangement.

Drone Delivery Canada expects to issue 224,345,513 Drone Delivery Canada Shares as Consideration to the shareholders of Volatus in connection with the Merger and to reserve approximately 42,404,567 Drone Delivery Canada Shares for issuance upon exercise of Volatus options and Volatus warrants.

The Merger will constitute a "Reviewable Transaction", as defined in TSXV Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets. As a result, the completion of the Merger is subject to approval by the TSXV. The Arrangement is also subject to receipt of court and other applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature. Subject to the satisfaction (or waiver) of the conditions precedent, the Arrangement is expected to close in the third quarter of 2024.

On May 21, 2024, Volatus plans to complete a non-brokered private placement of \$1,000 principal amount of unsecured non-convertible debentures (the "**Debentures**") for gross proceeds of up to \$980,000 through the issuance of up to 1,000 Debentures at a price of \$980 per debenture in one or more tranches (the

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

"Offering"). Volatus has signed subscription agreements for the first tranche with gross proceeds of \$585,060. Volatus may choose to complete subsequent tranches in its sole discretion. The Merger is not contingent on closing of the first tranche or any subsequent tranches. It is anticipated that the Debentures shall have a maturity date of 12 months from the date of issuance and will bear an initial interest rate of 15.0% per annum if the Debentures remain outstanding for 7 months or less. If the Debentures remain outstanding longer than 7 months, beginning with month 8, the annualized initial interest rate shall increase by 1.0% each month until maturity, at which point the maximum annualized interest rate will be 20.0%. The Debentures are redeemable, in whole or in part, at any time, at the option of Volatus. If, at any time while the Debentures remain outstanding and prior to the maturity date of the Debentures, Volatus completes a financing of equity or quasi-equity securities of Volatus with a minimum of ten distinct investors, holders of Debentures will be entitled to participate in such financing up to the amount of principal of their respective Debentures at a price per security equal to the greater of (i) a 10% discount to such financing price and (ii) the maximum discount to such financing price permitted by the policies of the TSXV. In connection with the Offering, Volatus may pay eligible finders a cash fee of 10.0% of the aggregate gross proceeds of the Offering, payable on the closing of the Offering. It is anticipated that the net proceeds of the Offering will be used for the purchase of inventory, sales and marketing, and working capital requirements of Volatus. All securities issued pursuant to the Offering are subject to a statutory four month plus a day hold period from the date of issuance as required by applicable securities laws.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

BUSINESS RISKS

An investment in the Company's Common Shares is highly speculative and involves significant risks. **In addition to the other information contained in this MD&A and the documents incorporated by reference herein and therein, you should review and carefully consider the risks described herein.** The risks described herein are not the only risk factors facing us and should not be considered exhaustive. Additional risks and uncertainties not currently known to us, or that we currently consider immaterial, may also materially and adversely affect our business, operations and condition, financial or otherwise.

Limited Operating History in Evolving Industry

While the Company has been carrying on business since 1987, it has a limited operating history in the evolving drone segment that may not develop as expected. The Company's growth in this segment is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of significant revenues. There is no assurance that the Company will be successful in achieving a return on shareholder's investment and the likelihood of success must be considered in light of the early stage of operations.

The Company could incur substantial product liability claims relating to its products.

As a manufacturer and service provider in the unmanned aerial vehicle sector, and with aircraft and aviation sector companies under increased scrutiny, claims could be brought against the Company if use or misuse of one of its products causes, or merely appears to have caused, personal injury or death. In addition, defects in the Company's products may lead to other potential life, health and property risks. Any claims against the Company, regardless of their merit, could severely harm the financial condition of the Company and strain management and other resources. The Company is unable to predict if it will be able to obtain or maintain product liability insurance for any products that may be approved for marketing.

Ownership and Protection of Intellectual Property

The intellectual property used by the Company in its business is not protected by patents or registered design rights, which means that the Company cannot preclude or inhibit competitors from entering the same market if they develop the same or similar technology independently. The Company is particularly reliant, therefore, on copyright, trade secret protection and confidentiality and license agreements with its employees, suppliers, consultants and others to protect its intellectual property rights. Although the Company has taken steps it believes to be consistent with industry practice to reduce these risks, such steps may be inadequate. If the Company fails to register, renew or enforce intellectual property rights, or there is any unauthorized use or significant impairment of its intellectual property rights, the value of its products and services could be diminished, the Company's competitive position could be adversely affected and its business may suffer. In addition, fourth parties may independently discover the Company's trade secrets or access proprietary information or systems and, in such cases, the Company may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties.

In order to protect its intellectual property, the Company may be required to spend significant resources to monitor and protect its rights. Costly and time-consuming litigation could be necessary to determine and

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

enforce the scope of the Company's proprietary rights and the outcome of such litigation could not be guaranteed. Further, any efforts by the Company to enforce its intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Failure to prevent the use of such secrets, information or systems by such fourth parties could materially adversely affect the business.

Exposure to risks relating to non-performing strategic suppliers and reseller contracts and agreements, including delays

The Company's ability to serve its customers in a timely manner depends on the ability of its strategic suppliers and resellers to perform their obligations and deliver their products and/or services in a timely manner and in accordance with contractual requirements. The Company relies, to a substantial extent on supplier and reseller contracts and agreements. Any delay in delivery of parts and materials by original equipment manufacturers ("OEMs") will entail a hindrance in the Company's ability to fulfil its contractual obligations. In addition, changes in pricing, incentives or other terms or non-performance of strategic suppliers and resellers could materially adversely affect the Company's ability to perform and subject the Company to additional liabilities. Any non-performance by OEMs, suppliers or resellers, could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Supplier risk

The Company acquires most of the products it sells and the components for the manufacture of its products from suppliers and subcontractors. Supply of certain products and components is highly concentrated with a small number of suppliers. Such suppliers and subcontractors may not be committed or obligated to sell products to the Company. Suppliers of some of the components may require the Company to place orders with significant lead-times to assure supply in accordance with its manufacturing requirements. Any lack of working capital on the part of the Company may cause it to delay the placement of such orders and may result in delays in supply. Delays in supply may significantly hurt the Company's ability to fulfill our contractual obligations and may significantly hurt its business and result of operations. In addition, the Company may not be able to continue to obtain such components from these suppliers on satisfactory commercial terms. Disruptions of its manufacturing operations would ensue if the Company was required to obtain components from alternative sources, which would have an adverse effect on our business, results of operations and financial condition.

Emerging Industry

Company products and services are in new and rapidly evolving markets. The commercial drone market is in early stages of customer adoption. Accordingly, the Company's business and future prospects may be difficult to evaluate. The Company cannot accurately predict the extent to which demand for its products and services will develop and/or increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact the Company's ability to do the following:

- generate sufficient revenue to obtain and/or maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in operations;
- develop and renew contracts;
- attract and retain additional engineers and other highly-qualified personnel;
- successfully develop and commercially market products and services;

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

- adapt to new or changing policies and spending priorities of governments and government agencies; and
- access additional capital when required or on reasonable terms.

If the Company fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources at this preliminary stage of the industry. A failure in the demand for its products or services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the businesses, results of operations and financial condition of the Company.

Industry Growth

There can be no assurance that the Company's targeted vertical and geographic markets will grow, or that they will be successful in establishing new vertical and geographic markets. If the various markets in which the Company's products and services compete fail to grow, or grow more slowly than anticipated, or if they are unable to establish themselves in new markets, their growth plans could be materially adversely affected.

Rapid Technology Developments

The industries within which the Company operates are characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users and therefore attractive to customers and infrastructure providers, the Company will need to continue developing new and upgraded functionality of its offerings and adapt to new business environments and competing technologies and offerings developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Company is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, this could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

The Company has developed and is continuing to develop several offerings incorporating advanced technologies and the Company will pursue those offerings that it expects to have the best chance for success based on its expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Company will be able to develop new offerings and technologies to keep up to date with developments in the industries within which it operates and, in particular, to launch such offerings or technologies in a timely manner or at all. There can be no certainty that such offerings will be popular with end-users or that such offerings or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Defects in Offerings

Company's product and service offerings are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Errors or defects may be found in new or existing offerings and, even if discovered, the Company may not be able to successfully correct such errors or defects in a timely

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

manner or at all. The occurrence of errors and failures in the Company's offerings could result in loss of or delay in end user acceptance of its offerings and may harm the reputation of the Company. Correcting such errors and failures in its offerings could require significant expenditures by the Company, involving cost or time and effort of personnel. The consequences of such errors, failures and claims could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Risk of Accidents

An accident involving a drone or UAV provided by the Company or another manufacturer could cause regulatory agencies around the world to tighten restrictions on the use of drones and UAVs, particularly overpopulated areas, and could cause the public to lose confidence in the Company's products. There are risks associated with unmanned systems and services, flight control, communications and/or other advanced technologies, and there may be accidents associated with these technologies, including crashes with or without personal injury. The safety of certain cutting-edge technologies depends in part on user interaction, and users may not be accustomed to using such technologies. The Company could face unfavorable and tightened regulatory control and intervention on the use of UAVs and other advanced technologies and be subject to liability and government scrutiny to the extent accidents associated with the Company's systems occur. Should a high-profile accident occur resulting in substantial casualty or damages, either involving the Company's products or products offered by other companies, public and political confidence in and regulatory attitudes toward UAVs could deteriorate. Any of the foregoing could materially and adversely affect the Company's reputation, results of operations, financial condition, cash flow, and/or future prospects.

Variable Revenues and Earnings

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, activities of the Company's competitors, cyclical fluctuations, concentration in the Company's customer bases, transition periods associated with the migration to new technologies, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the Company's revenues, gross margins and earnings in any given quarter.

Operating Losses

The Company has incurred net losses since its inception. The Company cannot assure that it can become profitable or avoid net losses in the future or that there will be any earnings or revenues in any future quarterly or other periods. The Company expects that its operating expenses will increase as it grows its business, including expending substantial resources for research, development and marketing. As a result, any decrease or delay in generating revenues could result in material operating losses.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Regulatory Risks

There is currently a limited legislation/regulatory framework in place specific to the beyond visual line-of-sight operations of commercial drones in Canada or in the United States. All such operations are approved on a case-by-case basis, with company experience and safety record being the major factors in gaining such approvals. The Company has secured the services of Canadian and United States drone regulatory experts in assessing the regulatory regimes of each country and who work with the applicable regulators to secure flight approvals. No significant concerns have arisen, however there can be no assurance that such jurisdictions have enacted or will enact legislation or that, if enacted, the Company will be permitted or qualified to operate under such legislation. The Company's business plan assumes a legislative regime that allows such plans to be realized. If the Company cannot expand its operations in Canada, the United States or other international jurisdictions through local partners or otherwise or cannot fulfill its international business plan within the timeframes established by the Company, it could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Regulatory approvals

Transport Canada is responsible for establishing, managing, and developing safety and security standards and regulations for civil aviation in Canada, and includes unmanned civil aviation (drones). Civil operations include law enforcement, scientific research, or use by private sector companies for commercial purposes. The Canadian Aviation Regulations (CARs) govern civil aviation safety and security in Canada, and by extension govern operation of drones in Canada to an acceptable level of safety. While Transport Canada has been a leader in the development of regulations for the commercial use of remotely piloted aircraft systems ("RPAS"), and continues to move forward rapidly with its regulatory development, it has acknowledged the challenge of regulations keeping pace with the rapid development in technology and the growing demand for commercial RPAS use, particularly in the beyond visual line-of-sight environment. In 2012, the Canadian Aviation Regulation Advisory Council UAS working group released its Phase 2 report which outlined a proposed set of revision to the CARs to permit Beyond Visual Line of Sight (BVLOS) operations. This report was the basis for the recently released NPA on lower risk beyond visual line-of-sight. Failure to obtain necessary regulatory approvals from Transport Canada or other governmental agencies, including the granting of certain SFOCs, or limitations put on the use of RPAS in response to public safety concerns, may prevent the Company from testing or operating its aircraft and/or expanding its sales which could have an adverse impact on the Company's business, prospects, results of operations and financial condition.

Geographical Expansion

The Company faces challenges in expanding into new geographic regions. The Company currently operates in Canada, the United States, and some parts of LATAM, but the Company may in the future seek to expand its presence in new geographic regions. Any international expansion of the Company's technologies, products and services will expose the Company to risks relating to staffing and managing cross-border operations; increased costs and difficulty protecting intellectual property and sensitive data; tariffs and other trade barriers; differing and potentially adverse tax consequences; increased and conflicting regulatory compliance requirements, including with respect to data privacy and security; lack of acceptance of the Company's technologies, products and services; challenges caused by distance, language, and cultural differences; exchange rate risk; and political instability. Accordingly, any efforts by the Company to expand its operations may not be successful, which could limit the Company's ability to grow its business.

Foreign Political and Legal Risk

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company believes that a significant amount of its business opportunities lie outside of Canada, particularly in the United States. Many of the fourth-party products sold by the Company and a majority of the components needed to build the products that the Company expects to manufacture are made and purchased from countries outside of Canada, particularly in Asia. Operating in foreign countries and relying on suppliers in foreign countries exposes the Company to political risks, country risks and currency risks in many forms. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions, may interfere with its supply chains and may have a material adverse effect on the Company's business, financial condition and results of operations.

Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in investment policies or shifts in political attitude in the countries in which the Company will operate or purchase products from may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Factors which may Prevent Realization of Growth Targets

Company is currently in the early development stage and expects that, in the future, even if revenues continue to increase, its revenue growth may not continue at the same pace or may decline in the future. There are risks associated with Company's growth strategy, and such strategies may not succeed, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors, as well as the following:

- non-performance by fourth party contractors;
- increases in materials or labour costs;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity; and

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

- inability to attract sufficient numbers of qualified workers.

As a result, there is a risk that the Company may not have the capacity to meet customer demand or to meet future demand when it arises. In addition, the Company, expects to continue to expend substantial financial and other resources on:

- personnel, including significant increases to the total compensation as the Company pays its employees as it grows employee headcount;
- marketing, including expenses relating to increased direct marketing efforts;
- office and facility costs, as the Company increases the space it needs for its growing employee base; and
- general administration, including legal, accounting and other compliance expenses related to being a public company.

If the Company cannot manage growth effectively it could materially and adversely affect the business, financial condition, and results of operations of the Company.

Competition

The industry in which the Company operates, and in which the Company will operate, is very competitive. Numerous factors could affect the Company's competitive position.

The Company may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. Several of these companies may have greater name recognition and well-established relationships with some of the Company's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company are able to offer. As such, the Company may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with fourth parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's products and services.

As a result of the early stage of the industry in which the Company operates, the Company can expect to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in marketing, sales and customer support. The Company may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company expects to incur substantial research and development costs and devote significant resources to identifying and commercializing new products and services, which could significantly reduce its profitability and may never result in revenue to the Company.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company's future growth depends on penetrating new markets, adapting existing products to new applications, and introducing new products and services that achieve market acceptance. The Company plans to incur substantial research and development costs as part of its efforts to design, develop and commercialize new products and services and enhance its existing products. The Company believes that there are significant opportunities in a number of business areas. Because the Company accounts for research and development costs as operating expenses, these expenditures will adversely affect its earnings in the future. Further, the Company's research and development programs may not produce successful results, and its new products and services may not achieve market acceptance, create any additional revenue or become profitable, which could materially harm the Company's business, prospects, financial results and liquidity.

The Company's adoption of new business models could fail to produce any financial returns.

Forecasting the Company's revenues and profitability for new business models is inherently uncertain and volatile. The Company's actual revenues and profits for its business models may be significantly less than the Company's forecasts. Additionally, the new business models could fail for one or more of the Company's products and/or services, resulting in the loss of Company's investment in the development and infrastructure needed to support the new business models, and the opportunity cost of diverting management and financial resources away from more successful businesses.

Foreign currency risk

The Company does engage in significant transactions and activities in currencies other than its functional currency. Depending on the timing of the transactions and the applicable currency exchange rates such conversions may positively or negatively impact the Company.

The Company is subject to certain market-based financial risks associated with its operations.

The Company could be subject to interest rate risks, which is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities, however market fluctuations could increase the costs at which the Company can access capital and its ability to obtain financing and the Company's cash balances carry a floating rate of interest. In addition, the Company engages in transactions in currencies other than its functional currency. Depending on the timing of these transactions and the applicable currency exchange rates, conversions to the Company's functional currency may positively or negatively impact the Company.

Brand Development

The brand identities that the Company has developed and that the Company will continue to develop has and will significantly contribute to the success of the Company's business. Maintaining and enhancing Volatus' current brand is critical to expanding the Company's customer base. The Company believes that the importance of brand recognition will continue to increase due to the relatively low barrier to entry in the industry. The Company's brand may be negatively impacted by a number of factors, including product malfunctions and data privacy and security issues. If the Company fails to maintain and enhance its brand, or incurs excessive expenses in this effort, it could have a material adverse effect on the Company's prospects, businesses, financial condition or results of operations. Maintaining and enhancing the Company brand will depend largely on the Company's ability to continue to provide high-quality products and services, which the Company may not continue to do successfully.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Privacy Laws Compliance

The Company collects and stores personal information about its users and partners and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly user and partner lists, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach could have a material adverse effect on the Company's businesses, financial condition or results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), protect personal information by limiting their use and disclosure of personal information. If the Company was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, they could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the businesses, financial condition or results of operations of the Company.

Cyber-threats

The Company and its customers are subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats and the increased social hacking creates a cyber-threat risk for the Company. Information technology security breaches could lead to shutdowns or disruptions of the Company's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Company may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of confidential information or other proprietary business information, or privacy-related obligations or fourth parties, or any compromise of security that results in an unauthorized release, transfer of use of personally identifiable information or other customer data as a result of an information technology security incident, could adversely affect the Company's competitive position and reputation, and reduce marketplace acceptance of the Company's products, services and solutions. If the Company is unable to protect its products and services from cyberthreats, this could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Reputational Risk

The nature of the Company's operations and national and international operations entails that the Company is exposed to the risk of allegations which, whether they are true or not, could damage the Company's trust, standing and reputation towards its shareholders, partners, new investors, suppliers, customers and/or other business relations. For example, negative publicity may ensue if the Company is accused of non-compliance with regulatory requirements, involvement in bribery, unsafe products etc. The Company's standing and reputation may also be negatively affected by the non-compliance of its suppliers, customers and resellers. Negative publicity or a bad reputation may also affect the Company's contacts with regulators, causing regulatory authorities to have a negative attitude towards the Company. If the Company's standing and reputation is harmed, then it could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Future Capital Requirements

The Company may need to raise additional funds through public or private debt or equity financings in order to: (i) fund ongoing operations; (ii) take advantage of opportunities, including more rapid expansion of the Company's business or the acquisition of complementary businesses; or (iii) respond to competitive pressures. Any additional capital raised through the sale of equity may dilute the Company's shareholders' ownership. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favorable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

Operating Risk and Insurance Coverage

The Company has liability insurance coverage for its products and business operations. However, the Company may not be able to secure additional product liability insurance coverage on acceptable terms or at reasonable costs when needed. A successful liability claim against the Company due to injuries or damages suffered by customers could materially and adversely affect the Company's financial conditions, results of operations, cash flow, reputation and/or prospects. Even if unsuccessful, such a claim could cause the Company adverse publicity, require substantial costs to defend, and divert the time and attention of management. Furthermore, any jurisdiction relevant to the Company's business may impose requirements for maintaining certain minimum liability or other insurance relating to the operation of drones or UAVs. Such insurance policies could be costly, which would reduce the demand for the Company's products and services. Alternatively, certain insurance products that would be desirable to drone and UAV operators may not be commercially available, which would increase the risks of operating the Company's products and also reduce the demand for them. Further, changes in market conditions may increase insurance premiums, which could adversely affect the Company's financial conditions, results of operations, cash flow and/or prospects.

Dependence on Key Employees

Due to the technical nature of its business and the dynamic market in which the Company competes, the Company's success will depend in part on its ability to attract and retain highly skilled manufacturing, design, managerial, marketing, sales and technical personnel. In particular, the Company's future success will depend in part on the continued services of each of their proposed executive officers and other key employees. Competition for qualified personnel in the industry in which the Company will operate is intense. The loss of one or more key personnel may have a significant adverse effect on the Company's sales, operations and profits.

A significant growth in the number of personnel would place a strain upon the Company's management and resources.

The Company may experience a period of significant growth in the number of personnel that could place a strain upon its management systems and resources. The Company's future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage its workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against it, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Future Acquisitions

As part of the Company's business strategy, they may attempt to acquire businesses that it believes are a strategic fit with its businesses. The Company may not be able to complete such acquisitions on favorable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of its businesses. Since the Company may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value they realize from a future acquisition, and any acquisition the Company completes could be viewed negatively by its customers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

Volatus Aviation's (Partner Jet) Business Operations depend on Licenses

Essential to Volatus Aviation's operations is the CAR 704 commercial licenses granted by Transport Canada to Volatus Aviation. This licencing permits Volatus Aviation to operate a domestic and international air taxi service utilizing small jet aircraft and to transport passengers and cargo on a charter basis between Canada and other countries.

Fluctuations in Fuel Prices

Volatus Aviation requires significant quantities of fuel for its aircraft. Volatus Aviation is therefore exposed to commodity price risk associated with variations in the market price for petroleum products. The price of fuel is sensitive to, among other things, the price of crude oil, which has increased dramatically over the past few years, refining costs, and the cost of delivering the fuel. An extremely high fuel cost could adversely affect customer volumes as other cheaper modes of transportation are sought.

Government Regulations

Volatus Aviation's operations are subject to complex aviation, transportation, environmental, labour, employment and other laws, treaties and regulations. These laws and regulations generally require the Company to maintain and comply with a wide variety of certificates, permits, licenses and other approvals.

Severe Weather Patterns

Volatus Aviation may experience an increase in costs or inability to operate its business as a result of severe weather conditions or natural or manmade disasters, which could have a material adverse effect on the Company's business, results of operations or financial condition. If Volatus Aviation is still able to provide services to its customers during a period of severe weather, particularly during any protracted period of time, there may be forced flight cancellations, or Volatus Aviation may not be able to offer flights in a timely manner.

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

The Company may be subject to the risks associated with foreign operations in other countries.

The Company's primary revenues are expected to be achieved in Canada and the US. However, the Company may expand to markets outside of North America and become subject to risks normally associated with conducting business in other countries. As a result of such expansion, the Company may be subject to the legal, political, social, and regulatory requirements and economic conditions of foreign jurisdictions. The Company cannot predict government positions on such matters as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

If the Company expands its business to foreign markets, it will need to respond to rapid changes in market conditions, including differing legal, regulatory, economic, social, and political conditions in these countries. If the Company is not able to develop and implement policies and strategies that are effective in each location in which it does business, then the Company's business, prospects, results of operations and financial condition could be materially and adversely affected.

There are tax risks the Company may be subject to in carrying on business in Canada.

The Company is a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act"). Since the Company is operating in a new and developing industry there is a risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to traditional brick and mortar businesses. There is no guarantee that governments will not impose such additional adverse taxes in the future.

Catastrophic Events

Events beyond the control of the Company may damage its ability to accept customers' orders, maintain its production and sales or perform its services. In addition, these catastrophic events may negatively affect customers' demand for the Company's products and services. Such events include, but are not limited to, fires, earthquakes, terrorist attacks, outbreak of disease or pandemics and natural disasters. Despite any precautions the Company may take, system interruptions and delays could occur if there is a natural disaster, and such disruptions could harm the Company's ability to run its business and cause lengthy delays which could harm business, results of operations and financial condition of the Company.

The Company's business, operations and financial condition could be materially adversely affected by the COVID-19 pandemic or the outbreak of other epidemics, pandemics or other health crises. Such impacts could include, with respect to its operations, its suppliers' operations and its customers' operations, forced closures, mandated social distancing, isolation and/or quarantines, impacts of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, a material reduction in demand for the Company's products and services, reduced sales, higher costs for new capital, licensing delays, increased operating expenses, delayed performance of contractual obligations, product shipping delays, and potential supply and staff shortages, all of which would be expected to negatively impact the business, financial condition and results of operations of the Company and its ability to satisfy its obligations. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities or a supplier's facilities. Should a customer, employee or visitor in any of the Company's facilities or a supplier's facilities become infected with a serious illness that has the potential to spread rapidly, this could place the Company's customers and workforce at risk.

The conflict between Russia and Ukraine could destabilize global markets and threatens global peace.

Volatus Aerospace Corp. Management's Discussion & Analysis For the three months ended Mar 31, 2024

On February 24, 2022, Russian military forces launched a full-scale military invasion of Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to Volatus, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Volatus;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICFR:

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of

Volatus Aerospace Corp.
Management's Discussion & Analysis
For the three months ended Mar 31, 2024

simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

Additional Information

Additional information relating to the Company is available on the SEDAR website www.sedar.com.

SCHEDULE K INFORMATION CONCERNING THE COMBINED COMPANY

The following information is presented on a post-Transaction basis and reflects the projected consolidated business, financial and share capital position of the Combined Company assuming the completion of the Transaction. It contains significant amounts of forward-looking information. See "Cautionary Note Regarding Forward-Looking Statements" in this Information Circular in respect of forward-looking information that is included in this Schedule K. Readers are cautioned that actual results may vary. This Schedule K only includes information respecting the Combined Company after completion of the Transaction that is materially different from information provided elsewhere in this Information Circular. See the disclosure in Schedule I to this Information Circular for additional information regarding DDC. See the disclosure in Schedule J to this Information Circular for additional information regarding Volatus.

General

The Transaction will result in a strategic business combination of DDC and Volatus, pursuant to which DDC will acquire all of the issued and outstanding Volatus Shares in exchange for the issuance of DDC Common Shares.

Current DDC Shareholders are expected to own approximately 50% of the Combined Company immediately after completion of the Transaction. Former Volatus Shareholders are expected to own approximately 50% of the Combined Company upon completion of the Arrangement.

Corporate Structure

Upon completion of the Transaction, Volatus will become a direct wholly-owned subsidiary of DDC. As a result, all of the direct and indirect subsidiaries and assets of Volatus will become indirectly held by DDC. The Combined Company will operate under the name "Volatus Aerospace Corp." and DDC will file articles of amendment to change its name. Following the Transaction, Volatus will continue to exist under the OBCA, and the Combined Company will continue to exist under the BCBCA. Set out below is a corporate organization table for the Combined Company following completion of the Transaction. Unless otherwise noted, the percentage of voting securities held is 100%.

Intercorporate Relationships

The following chart describes the corporate structure of the Combined Company and its subsidiaries and the percentage of the outstanding voting securities of each subsidiary that are beneficially owned, controlled or directed by the Combined Company:

Subsidiaries	Jurisdiction of Incorporation	Percentage of Voting Securities Beneficially Owned, Controlled or Directed by the Combined Company
Volatus Aerospace Corp.	Ontario	100%
Volatus Unmanned Services Inc.	Canada	100%
Volatus Aerospace USA Corp.	Delaware	90%
OmniView Tech Corp.	Ontario	100%
ConnexiCore LLC	Pennsylvania	100%
Empire Drone Company LLC (dba Volatus Drones)	New York	100%
Canadian Air National Inc.	Canada	100%

Subsidiaries	Jurisdiction of Incorporation	Percentage of Voting Securities Beneficially Owned, Controlled or Directed by the Combined Company
Synergy Aviation Ltd.	Alberta	51%
Sky Scape Industries LLC	New Jersey	100%
Indigenous Aerospace Corp.	Canada	49%
iRed Limited	United Kingdom	100%
Drone Delivery USA Inc.	Delaware	100%

Description of Combined Company's Business

Following the Transaction, the business objectives of the Combined Company will continue to be those of DDC and Volatus, as described in Schedule I and Schedule J, respectively, on a combined basis. See also "Cautionary Note Regarding Forward-Looking Statements".

Corporate Offices

It is anticipated that, on completion of the Transaction, the registered and head office of the Combined Company will continue to be DDC's registered office located at 1100-736 Granville Street, Vancouver, British Columbia, V6Z 1G3 and its head office located at 6-6221 Highway 7, Vaughan, Ontario L4H 0K8.

Selected Unaudited Pro Forma Financial Information for the Combined Company

The following selected unaudited *pro forma* consolidated financial information of the Combined Company has been derived from the unaudited financial statements of DDC for the three months ended March 31, 2024 and the unaudited financial statements of Volatus for the three months ended March 31, 2024. The Pro Forma Financial Statements have been compiled from the underlying financial statements of DDC and Volatus in accordance with IFRS to illustrate the effect of the Transaction. Adjustments have been made to prepare the Pro Forma Financial Statements, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the Pro Forma Financial Statements.

The following selected unaudited *pro forma* financial information and the unaudited *pro forma* consolidated financial statements are presented for illustrative purposes only and are not intended to reflect: (a) the operating or financial results that would have occurred had the Transaction actually occurred at the times contemplated by the notes to the Pro Forma Financial Statements; or (b) of the results expected in future periods.

	DDC as at March 31, 2024 (unaudited)	Volatus as at March 31, 2024 (unaudited)	Pro Forma as at March 31, 2024, after giving effect to the Transaction (unaudited)
Designation			
Cash and cash equivalents	6,177,619	1,040,925	4,018,544
Current assets	6,621,096	9,571,230	12,992,326
Current liabilities	1,130,357	16,309,408	17,439,765
Total liabilities	1,367,437	25,590,114	26,957,551
Total equity	7,365,318	(74,602)	40,444,264

Notes:

(1) Pro forma combined cash and cash equivalents is based on that of each of DDC and Volatus as reported as at March 31, 2024, less transaction costs expected to be incurred in connection with the Transaction.

Refer to the Pro Forma Financial Statements as set forth in Appendix "A" to this Schedule K together with (a) the DDC Annual Financial Statements and DDC Interim Financial Statements; and (b) the Volatus Annual Financial Statements and Volatus Interim Financial Statements.

Consolidated Capitalization

The following table sets forth the Combined Company's indebtedness and shareholders' equity as of March 31, 2024, on an actual basis and adjusted to give effect to the Transaction, in each case as though it had occurred on March 31, 2024. The table below should be reviewed in conjunction with the DDC Interim Financial Statements and the DDC Interim MD&A, and the other financial information contained in or incorporated by reference in this Information Circular.

	As at March 31, 2024, after giving effect to the Transaction ⁽¹⁾ (\$) (unaudited)
Cash and cash equivalents⁽²⁾	4,018,544
Short-Term Borrowings	9,503,030
Long-Term Borrowings	5,569,699
Volatus Debentures	2,097,028
Total Debt	26,957,551
DDC Shares	448,942,492
DDC Options	23,457,497
Volatus Warrants	28,003,738
Total Shareholders Equity	40,444,264
Total Capitalization	67,401,815

Notes:

- (1) Assumes all Volatus Shares are acquired by DDC pursuant to the Transaction and no Volatus Shareholders exercise their Dissent Rights, as applicable. Based on: (a) 224,199,312 DDC Shares issued and outstanding as of the DDC Record Date, excluding DDC Shares issuable pursuant to all other convertible securities; (b) 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date; and (c) 397,667 DDC Shares issuable to Echelon Capital Markets pursuant to the Echelon Engagement Letter, calculated based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024 (see "*The Transaction – The Volatus Fairness Opinion*"), assuming no issuances of additional DDC Shares or Volatus Shares, as applicable, prior to Closing. In particular, the foregoing assumes that prior to Closing: (i) no Volatus Options outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (ii) no Volatus Warrants outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (iii) no Volatus Debentures outstanding as at the Volatus Record Date will be converted into Volatus Shares; (iv) no DDC Common Shares will be issued to holders of Volatus Options, Volatus Warrants and Volatus Debentures on the date of Closing; and (v) no DDC Options outstanding as of the DDC Record Date will be exercised into DDC Common Shares. The number of DDC Shares issued to Former Volatus Shareholders has been adjusted for rounding, to reflect that the number of DDC Common Shares issued to each Registered Volatus Shareholder will be rounded down to the nearest whole number.
- (2) Pro forma combined cash and cash equivalents is based on that of each of DDC and Volatus as reported as at March 31, 2024, less transaction costs of approximately \$3,200,000 expected to be incurred in connection with the Transaction.

As a result of the Transaction, it is expected that the Combined Company, will have up to 23,457,497 DDC Options issued and outstanding on a pro-forma basis (assuming no early expiry, exercise, settlement, or conversion of such securities prior to Closing of the Transaction).

Post-Transaction Shareholdings

The following table summarizes the anticipated distribution of DDC Common Shares immediately following the completion of the Transaction, assuming that no holder of Volatus Shares exercises Dissent Rights, and no other issuances of Volatus Shares, or DDC Shares prior to Closing, on the basis of the Exchange Ratios:

Shareholder	Number of DDC Shares ⁽¹⁾	Percentage of Total ⁽¹⁾
Existing DDC Shareholders	224,199,312	49.94%

Former Volatus Shareholders	224,345,513	49.97%
Other DDC Shares Issued ⁽²⁾	397,667	0.09%
Total.....	448,942,492	100%

Notes:

- (1) Assumes all Volatus Shares are acquired by DDC pursuant to the Transaction and no Volatus Shareholders exercise their Dissent Rights, as applicable. Based on: (a) 224,199,312 DDC Shares issued and outstanding as of the DDC Record Date, excluding DDC Shares issuable pursuant to all other convertible securities; (b) 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date; and (c) 397,667 DDC Shares issuable to Echelon Capital Markets pursuant to the Echelon Engagement Letter, calculated based on the 10-day volume weighted average price of the DDC Common Shares on the TSXV as of July 10, 2024 (see "*The Transaction – The Volatus Fairness Opinion*"), assuming no issuances of additional DDC Shares or Volatus Shares, as applicable, prior to Closing. In particular, the foregoing assumes that prior to Closing: (i) no Volatus Options outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (ii) no Volatus Warrants outstanding as at the Volatus Record Date will be exercised into Volatus Shares; (iii) no Volatus Debentures outstanding as at the Volatus Record Date will be converted into Volatus Shares; (iv) no DDC Common Shares will be issued to holders of Volatus Options, Volatus Warrants and Volatus Debentures on the date of Closing; and (v) no DDC Options outstanding as of the DDC Record Date will be exercised into DDC Common Shares. The number of DDC Shares issued to Former Volatus Shareholders has been adjusted for rounding, to reflect that the number of DDC Common Shares issued to each Registered Volatus Shareholder will be rounded down to the nearest whole number.
- (2) Issuable to Echelon Capital Markets. See "*The Transaction – Volatus Fairness Opinion*".

To the knowledge of DDC and its directors and executive officers, no Person will beneficially own, directly, or indirectly, or exercise control or direction over, more than 10% of the outstanding DDC Shares upon the completion of the Transaction.

Description of Share Capital of the Combined Company

The authorized share capital of DDC, which shall be the authorized share capital of the Combined Company following completion of the Transaction, will not be altered by the Transaction. Following completion of the Transaction, the authorized capital of the Combined Company will continue to consist of an unlimited number of no par value DDC Common Shares and an unlimited number of no par value DDC Variable Voting Shares. Upon completion of the Transaction, assuming there are no Dissenting Volatus Shareholders and no Volatus Shares or DDC Shares are issued between the date of the Business Combination Agreement and the Effective Date, it is expected that there will be 448,942,492 DDC Shares issued and outstanding. Current DDC Shareholders are expected to own approximately 50% of the Combined Company immediately after completion of the Transaction. Former Volatus Shareholders are expected to own approximately 50% of the Combined Company upon completion of the Arrangement. The DDC Shares will continue to be listed and posted for trading on the TSXV under the symbol "FLT" and on the Frankfurt Stock Exchange under the symbol "A3DP5Y" or "ABBA.F".

For a description of the DDC Common Shares and DDC Variable Voting Shares see "Description of Capital Structure" in the DDC AIF, which is incorporated by reference in this Information Circular.

Upon completion of the Transaction:

- all DDC Options issued and outstanding, will continue to exist under the DDC Stock Option Plan;
- each outstanding Volatus Option granted under the Volatus Option Plan shall be deemed to be exchanged for a New DDC Option to acquire DDC Common Shares equal to the number of Volatus Shares subject to such Volatus Option multiplied by the Exchange Ratio (with all fractions rounded down to the nearest whole number), and the exercise price of such New DDC Option will be equal to the quotient obtained by dividing the exercise price of the Volatus Option by the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of New DDC Options shall be rounded up to the nearest whole cent;
- each holder of outstanding Volatus Warrants will be entitled to receive, upon exercise, that number of DDC Common Shares (applying the Exchange Ratio) which the holder would have been entitled to receive under the Volatus Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the Volatus Shares to which such holder would have been entitled if such holder had exercised the Volatus Warrants immediately prior to the Effective Time. Subject to the foregoing, each Volatus Warrant will continue to be governed by and be subject to its current terms;

- each outstanding Volatus Debenture will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that, pursuant to the terms of the Volatus Debenture Indenture, the terms of the Volatus Debentures shall be amended so as to substitute for the Volatus Shares subject to such Volatus Debentures such number of DDC Common Shares equal to (A) the number of Volatus Shares into which such Volatus Debentures may be convertible immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to two decimal places; and
- all Class A preferred shares in the capital of Volatus shall remain outstanding and unaffected by the Volatus Arrangement.

Dividends

DDC has never paid any dividends or distributions on any of its securities and presently has no intention of paying dividends. The future dividend policy will be determined by the board of directors of the Combined Company on the basis of earnings, financial requirements and other relevant factors.

For these reasons, as well as others, there can be no assurance that dividends will be paid in the future on the DDC Shares. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in the DDC Shares in the foreseeable future.

Principal Shareholders of the Combined Company

To the knowledge of the directors and management of DDC and Volatus, no person is anticipated to beneficially own, or control or direct, directly or indirectly, over more than 10% of the DDC Shares after giving effect to the Transaction, other than as set out below:

Name	Number of DDC Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Outstanding DDC Shares ⁽¹⁾
Glen Lynch	68,654,075 DDC Shares	15.29%
Ian McDougall ⁽²⁾	69,645,821 DDC Shares	15.51%

Notes:

- (1) Percentage calculated on a non-diluted basis, based on an aggregate of 448,942,492 DDC Shares issued and outstanding after giving effect to the Transaction.
- (2) It is expected that Ian McDougall will indirectly hold his DDC Shares through Delta-Mike Inc., a holding company beneficially owned by Ian McDougall.

Directors and Officers of the Combined Company

Directors

See "Election of Directors – Information Concerning the Combined Slate" in Schedule M to this Information Circular for a description of the anticipated board of directors of the Combined Company.

Executive Officers

Following the completion of the Transaction, it is expected that the Combined Company will be led by the following executive management team comprised of the following executive officers:

Name	Position with the Combined Company
Glen Lynch	Chief Executive Officer
Abhinav Singhvi	Chief Financial Officer
Steve Magirias	Chief Operations Officer

Luc Massé	Chief Compliance and Strategy Officer & Corporate Secretary
Robert Walker	Chief Commercial Officer

Conflicts of Interest

There are no anticipated conflicts of interest between the Combined Company and any of the proposed directors or executive officers of the Combined Company. However, certain proposed directors and executive officers of the Combined Company are engaged, and will continue to be engaged in, of other private and publicly listed corporations, including corporations that engage in aerial solutions and manned aviation management. Conflicts of interest may arise between their duties to the Combined Company and their duties to such other corporations. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation. In the event that such a conflict of interest arises at a meeting of the directors, a director affected by the conflict must disclose the nature and extent of their interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts of interest to the board of directors of the Combined Company as soon as they become aware of them.

Statement of Proposed Executive and Director Compensation

General

Other than as set forth below, following the completion of the Transaction, there are no anticipated changes to the current executive compensation arrangements of DDC or Volatus. See "*Statement of Executive Compensation*" in Schedule L to this Information Circular and "*Statement of Executive Compensation*" in Schedule M to this Information Circular.

In connection with the Transaction, DDC entered into a retention bonus agreement dated May 17, 2024 with Mr. Magirias (the "**Magirias Retention Agreement**"), pursuant to which DDC, upon the successful completion of the Transaction and, subject certain conditions being satisfied, will pay Mr. Magirias a one-time retention bonus of CAD\$511,875.00, \$341,250 of which will be payable in cash and the remainder will be granted in restricted share units of DDC pursuant to the terms and conditions of a new equity incentive plan to be established in connection with the Transaction, subject to DDC Shareholder approval.

Upon completion of the Transaction, the board of directors of the Combined Company is expected to meet to determine and oversee the compensation programs and policies for the Combined Company's directors and executive officers. These are anticipated to generally be consistent with the existing executive compensation programs and policies of DDC. To assess and determine the executive and director compensation structure and policies of the Combined Company, the board of directors of the Combined Company may retain and use reports prepared by independent compensation advisors or consultants.

Executive Employment Agreements

Upon completion of the Transaction, it is anticipated that the Combined Company will assume Volatus' obligations under the executive employment agreements currently in effect with certain of Volatus' executive officers, including the termination obligations described under the heading "*Employment, Consulting and Management Agreements*" in Schedule M to this Information Circular.

Indebtedness of Directors and Executive Officers

It is expected that, upon completion of the Transactions, none of the DDC Nominees for the Combined Slate, executive officers, or employees of the Combined Company, nor any of their respective associates or affiliates, will be indebted to the Combined Company or any of its subsidiaries, nor will any such person be subject to a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Combined Company or any of its subsidiaries.

Governance and Management of DDC Following Completion of the Transaction

For information regarding the corporate governance matters including director assessment and continuing education requirements currently carried on by the DDC Board, which is intended to be continued by the board of directors of the Combined Company following completion of the Transaction, see "*Disclosure of Corporate Governance Practices*" in Schedule L of this Information Circular and Appendix "A" attached to Schedule L of this Information Circular.

Following the Effective Date, the board of directors of the Combined Company will be comprised of five (5) directors, three (3) of which will be nominees of Volatus (being Ian McDougall, Glen Lynch and Andrew Leslie) and two (2) of which will be nominees of DDC (being Larry Taylor and Kevin Sherkin). Ian McDougall will be appointed as the chair of the Combined Company's Board.

DDC and Volatus will use reasonable commercial efforts to work together in good faith to establish the Advisory Committee. The Advisory Committee shall be composed of four (4) members (being Michael Della Fortuna, Vijay Kanwar, Sam Ingram and Gordon Silverman) for the purpose of providing strategic advice to the Combined Company following implementation of the Volatus Arrangement. The Advisory Committee shall meet electronically from time to time not less frequently than on a semi-annual basis and may meet on an ad hoc basis at such other time as may be agreed by DDC and Volatus.

Following completion of the Transaction, the board of directors of the Combined Company will form an audit committee of the Combined Company and a corporate governance and human resources committee of the Combined Company. The current policies and mandates of DDC with respect to the DDC Audit Committee and Corporate Governance and Human Resources Committee will be the policies and mandates of the Combined Company following completion of the Transaction.

Auditors, Transfer Agent and Registrar

Auditors

Following completion of the Transaction, the auditors of the Combined Company will be determined by the board of directors of the Combined Company.

Transfer Agent and Registrar

Following completion of the Transaction, the registrar and transfer agent for the DDC Shares will continue to be Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

Material Contracts

Other than as disclosed in the Information Circular or in the documents incorporated by reference herein with respect to DDC, there are no contracts to which the Combined Company will be a party to following completion of the Transaction that can reasonably be regarded as material to a proposed investor, other than contracts entered into by DDC and Volatus in the ordinary course of business. For a description of the material contracts of DDC, see "Material Contracts" in the DDC AIF, which is incorporated by reference in this Information Circular. For a description of the material contracts of Volatus, see "*Material Contracts*" in Schedule J to this Information Circular.

Risk Factors

The risk factors disclosed in the DDC AIF, which is incorporated by reference herein, with respect to the business of DDC, and the risk factors set forth under "*Risk Factors*" in Schedule J to this Information Circular, will apply to the Combined Company upon completion of the Transaction. Further, there are additional risk factors set forth in this Information Circular under the heading "*Risk Factors*"– *Risk Factors Relating to the Combined Company*" which will apply to the Combined Company upon completion of the Transaction.

APPENDIX "A"

Pro Forma Financial Statements

As attached.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023 AND THREE MONTHS ENDED MARCH 31, 2024**

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of financial position as at March 31, 2024, of Drone Delivery Canada Corp. ("DDC") have been prepared to reflect the merger of equals of DDC and Volatus Aerospace Corp. ("VAC").

The financial year-ends of DDC and VAC are coterminous and thus no adjustments for the difference in year-ends are required in these unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statements of operations of DDC are comprised of information derived from:

- the unaudited consolidated financial statements of VAC as at and for the three months ended March 31, 2024;
- the unaudited financial statements of DDC as at and for the three months ended March 31, 2024;
- the audited financial statements of DDC as at and for the year ended December 31, 2023;
- the audited consolidated financial statements of VAC as at and for the year ended December 31, 2023;

The unaudited pro forma consolidated financial statements have been compiled using accounting policies consistent with those adopted by DDC and VAC in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), but do not include all of the disclosures required by IFRS and should be read in conjunction with the financial statements listed above. The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are consistent with those described in the audited consolidated financial statements of VAC for the year ended December 31, 2023.

The unaudited pro forma consolidated financial statements are not necessarily indicative of the results of operations that would have occurred had the Transaction (as defined below) been affected on the dates indicated, nor are the unaudited pro forma consolidated financial statements indicative of the results of operation of future periods. Actual amounts recorded upon consummation of the Transaction will differ from such unaudited pro forma consolidated financial statements. Since the pro forma consolidated financial statements have been developed to retroactively show the effect of the Transaction, which are expected to occur at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of such pro forma data.

The pro forma adjustments to historical results of DDC and VAC are made to give effect to the Transaction as if it had occurred on March 31, 2024.

DRONE DELIVERY CANADA CORP.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Volatus	DDC	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Assets					
Current					
Cash	1,040,925	6,177,619	(3,200,000)	2(b)	4,018,544
Trade and other receivables	2,987,548	256,829	-		3,244,377
Prepaid expenses, deposits, and other current assets	2,602,544	186,648	-		2,789,192
Inventories	2,940,213		-		2,940,213
Total current assets	9,571,230	6,621,096	-		12,992,326
Property, plant and equipment	8,890,132	1,273,201	-		10,163,333
Intangible assets	4,745,238	399,573	-		5,144,811
Right-of-use asset	1,345,309	438,885	-		1,784,194
Goodwill	963,604	-	36,353,548	2(a)	37,317,151
Total non-current assets	15,944,282	2,111,659			54,409,489
Total Assets	25,515,512	8,732,755			67,401,814
Liabilities and Shareholders' Equity					
Current liabilities					
Trade payables and accrued liabilities	5,834,950	614,100			6,449,050
Deferred revenue	102,868	245,038			347,906
Current portion of lease liability	686,536	271,219			957,755
Other short-term liabilities	7,443,273				7,443,273
Current portion of long-term borrowings	2,059,757				2,059,757
Deferred/ Contingent consideration	182,024				182,024
Total current liabilities	16,309,408	1,130,357			17,439,765
Long-term borrowings	5,569,699				5,569,699
Convertible Debentures	2,097,028				2,097,028
Deferred tax liability	283,130				283,130
Lease Liability	823,157	237,080			1,060,237
Contingent Consideration	507,692				507,692
Total non-current liabilities	9,280,706	237,080			9,517,786
Total Liabilities	25,590,114	1,367,437			26,957,551
Shareholders' Equity					
Common equity	13,612,860	96,312,330	(52,593,464)	2(a)	57,331,726
Warrants reserve	6,192,685				6,192,685
Share-based payment reserve	2,554,635	12,258,912	(12,258,912)	2(a)	2,554,635
Convertible Debenture - Options	200,356				200,356
Preferred shares	351,764				351,764
Deficit	(22,352,407)	(101,205,924)	98,005,924	2(a), 2(b)	(25,552,407)
Contributed Surplus	211,831				211,831
Non-controlling interest	(846,326)				(846,326)
Total Shareholders' Equity	(74,602)	7,365,318			40,444,264
Total Liabilities & Shareholders' Equity	25,515,512	8,732,755			67,401,815

DRONE DELIVERY CANADA CORP.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THREE MONTHS ENDED MARCH 31, 2024
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Volatus	DDC	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Revenue	6,623,741	103,522			6,727,263
Direct Cost	4,397,985	23,325			4,421,310
Gross Profit	2,225,757	80,197	-	-	2,305,954
OPERATING EXPENSES*					
Advertising & marketing	293,339	12,898			306,237
Personnel	2,196,722	959,268			3,155,990
R&D	11,840	152,163			164,003
Office and Travel cost	897,622	232,783			1,130,405
External partner cost	200,072	373,049			573,121
Depreciation & amortization	1,098,088	158,409			1,256,497
Impairment	-	3,328			3,328
Share based Payments	126,822	10,807			137,629
Total SG&A	4,824,505	1,902,705	-	-	6,727,210
Operating Loss	(2,598,748)	(1,822,508)	-	-	(4,421,256)
Finance Cost (Income)	379,106	(62,343)			316,763
Other (Income)/expense	10,168	(1,280)			8,888
Foreign Exchange (Income)/Losses	(3,887)	359			(3,528)
(Gain) Loss on disposal of equipment	7,184				7,184
Net Loss and Comprehensive Loss	(2,991,319)	(1,759,244)	-	-	(4,750,563)
Loss per share - basic and diluted	(0.02)	(0.01)			(0.01)
weighted average number of shares outstanding	125,683,761	224,199,312		3	448,544,825

DRONE DELIVERY CANADA CORP.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Volatus	DDC	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Revenue	34,872,815	1,239,356			36,112,171
Direct Cost	23,736,973	674,472			24,411,445
Gross Profit	11,135,842	564,884	-	-	11,700,726
OPERATING EXPENSES*					
Advertising & marketing	1,856,220	158,826			2,015,046
Personnel	6,984,713	4,458,517			11,443,230
R&D	1,341,377	856,048			2,197,425
Office and Travel cost	3,979,120	1,336,663			5,315,783
External partner cost	1,281,121	1,739,112			3,020,233
Depreciation & amortization	4,033,731	900,511			4,934,242
Impairment	-	896,981			896,981
Share based Payments	723,803	562,803			1,286,606
Total SG&A	20,200,085	10,909,461	-	-	31,109,546
Operating Loss	(9,064,243)	(10,344,577)	-	-	(19,408,820)
Other Items - Expense/(Income)					
Finance Cost (Income)	1,775,236	(367,978)			1,407,258
Other (Income)/expense	(15,405)	(22,614)			(38,019)
Bargain Purchase Gain	(221,808)	-			(221,808)
FV Changes in Contingent Consideration	(386,731)	-			(386,731)
Foreign Exchange (Income)/Losses	35,089	10,179			45,268
(Gain) Loss on disposal of equipment	(92,782)	-			(92,782)
Deferred Tax Expense/(Income)	(464,216)	-			(464,216)
Net Loss and Comprehensive Loss	(9,693,626)	(9,964,164)	-	-	(19,657,790)
Loss per share - basic and diluted	(0.02)	(0.04)			(0.04)
weighted average number of shares outstanding	125,683,761	224,199,312			448,544,825

2. PRO FORMA TRANSACTION AND ASSUMPTIONS

On May 20, 2024, DDC and Volatus entered into definitive agreement (the “Definitive Agreement”) pursuant to which DDC agreed to acquire all of the outstanding shares of Volatus under a plan of arrangement and shareholders of Volatus will receive 1.785 shares of DDC for each share of Volatus (the “Transaction”). The comparative figures that will be presented in the consolidated financial statements after the Transaction will be those of Volatus.

The Transaction was treated as a business combination as DDC constitute a business at the time of acquisition. The acquisition method of accounting has been used and it has been accounted for as per IFRS 3. In accordance with IFRS 3 Business Combination, the fair value of the common voting shares issued in excess of the identifiable assets and liabilities acquired was recognized immediately as goodwill. The fair value of DDC shares used below was determined by reference to the agreed upon price per share of \$0.195.

The acquisition was recorded as follows:

Fair Value of Consideration

Common shares Issued and Outstanding	224,199,312
Price Per Share	\$0.195
Acquisition Price	\$43,718,866
Less: Net Assets Acquired	(\$7,365,318)
Goodwill	\$36,353,548

The above amounts are estimates which have been made by management for the acquisition based on information available and may be subject to amendment as estimates are finalized and to account for final balances at the time of closing.

After giving effect to the adjustments (as defined below), VAC will be the acquirer for accounting purposes as per IFRS 10 definition of acquiror. The composition of the governing body of the combined entity (Board of Directors) have majority representation by VAC and the composition of the senior management of the combined entity is dominated by VAC. Both shareholders of VAC and DDC will hold approximately 50% shares of the combined entity on a non-diluted basis. As a result, change in management and the composition of the Board of Directors, the acquisition is accounted for as an acquisition of DDC by VAC, whereby Volatus is considered to be the acquiror for accounting purposes. As such, Volatus will be the continuing entity for accounting purposes. The assets and liabilities of DDC are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is deemed to be equal to their carrying value; the pre-acquisition equity of DDC will be eliminated upon consolidation.

The completion of the Transaction contemplated by the definitive agreement is subject to certain conditions, including but not limited to (a) obtaining all necessary regulatory approvals, including TSXV Exchange approval of the Transaction; and (b) the approval by the DDC and VAC Shareholders of the Transaction. There can be no assurance that the Transaction will close or close as described.

These unaudited pro forma consolidated statements include the following pro forma adjustments:

- a) The Transaction constitutes as an acquisition of DDC and meets the definition of a business, as defined in IFRS 3, Business Combinations. Accordingly, as a result of the transaction, the pro forma financial position has been adjusted for the elimination of DDC’s share capital of \$96,312,330, shared based reserve of \$12,258,912 and accumulated deficit of \$98,005,924.

As a result of this Transaction, goodwill of \$36,353,548 has been recorded to reflect the difference between cost of acquisition less the net fair value of the assets acquired.

- b) In connection with this Transaction, VAC and DDC will pay an expected advisory and legal fees of \$3,200,000. This amount can change based on timeline and closing of the Transaction.

3. SHARE CAPITAL

The following table outlines the assumed shares outstanding at the completion of the Transaction.

	Number of Shares	Notes	Amount (C\$)
DDC Shares as of March 31, 2024	224,199,312	2(a)	96,312,330
VAC shares as of March 31, 2024	125,683,761		13,612,860
Exchange Ratio	1.785x		
VAC shares converted into DDC shares	224,345,513		
Total Shares	448,544,825		57,331,726

In addition, upon completion of the Transaction, the combined entity will issue such number of DDC shares to Echelon Wealth Partners Inc. calculated based on the 10-day volume weighted average price of the DDC shares as at closing of the Transaction pursuant to a letter agreement dated February 1, 2024 between VAC and Echelon Wealth Partners Inc.

Volatus will also have 206,188 unlisted preferred shares amounting \$206,188.

SCHEDULE L DDC AGM SCHEDULE

Unless the context indicates otherwise, capitalized terms which are used in this Schedule L and not otherwise defined in this Schedule L have the meanings given to such terms under the heading "*Glossary of Defined Terms*" or elsewhere in this Information Circular.

This Schedule L provides additional information in respect of the DDC AGM Resolutions. The same procedures under the heading "*Information Concerning the DDC Meeting*" in the body of the Information Circular apply in respect of the manner in which the DDC Shareholders will consider and vote upon the DDC AGM Resolutions.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the DDC Board, the matters to be brought before the DDC Meeting are those matters set forth in the accompanying DDC Notice.

1. PRESENTATION OF FINANCIAL STATEMENTS

The DDC Annual Financial Statements have been mailed to DDC's registered and beneficial shareholders who requested to receive them. No vote will be taken on DDC Annual Financial Statements. The DDC Annual Financial Statements will be placed before the DDC Meeting. The DDC Annual Financial Statements are also available under DDC's profile on SEDAR+ at www.sedarplus.ca.

2. APPOINTMENT OF AUDITOR AND REMUNERATION OF AUDITOR

At the DDC Meeting, the DDC Shareholders will be asked to reappoint D&H Group LLP, Chartered Professional Accountants, as independent auditor of DDC to serve until the close of the next annual meeting of DDC Shareholders and to authorize the DDC Board to fix their remuneration. D&H Group LLP was first appointed as independent auditor of DDC on February 2, 2021.

To be effective, the DDC Auditor Resolution must be approved by not less than a majority of the votes cast thereon by DDC Shareholders who are present at the DDC Meeting or by proxy and entitled to vote at the DDC Meeting.

The DDC Board unanimously recommends that DDC Shareholders vote FOR the DDC Auditor Resolution.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC Auditor Resolution, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be withheld from the DDC Auditor Resolution.

3. FIXING THE NUMBER OF DIRECTORS

The DDC Articles provide that the number of directors shall be the greater of three (3) and the number of directors set by ordinary resolution, where DDC is a public company. Accordingly, at the DDC Meeting, DDC Shareholders will be asked to consider and, if deemed appropriate, pass an ordinary resolution fixing the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, in accordance with the DDC Articles, at four (4) prior to the Transaction, and to fix the number of directors for the ensuing year at five (5) conditional on and following the completion of the Transaction.

Management of DDC is nominating four (4) individuals to stand for election prior to the Transaction, and five (5) individuals to stand for election conditional on and following completion of the Transaction.

To be effective, the resolution fixing the number of directors to be elected at the DDC Meeting must be approved by not less than a majority of the votes cast thereon by DDC Shareholders who are present at the DDC Meeting or by proxy and entitled to vote at the DDC Meeting.

The DDC Board unanimously recommends that DDC Shareholders vote FOR the resolution fixing the number

of directors to be elected at the DDC Meeting at four (4) for the ensuing year prior to the Transaction, and at five (5) for the ensuing year conditional on and following completion of the Transaction.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the resolution fixing the number of directors to be elected at the DDC Meeting at four (4) for the ensuing year prior to the Transaction, and at five (5) for the ensuing year conditional on and following completion of the Transaction, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be voted against such resolution.

4. ELECTION OF DIRECTORS

The DDC Board currently consists and will continue to consist of four (4) directors (the "**DDC Original Slate**") pursuant to the resolution fixing the number of directors to be elected at the meeting at four (4) for the ensuing year prior to the Transaction, and will be comprised of five (5) directors for the ensuing year of the Combined Company conditional on and following completion of the Transaction.

At the DDC Meeting, DDC Shareholders are required to elect the directors of DDC to hold office until the next annual meeting of DDC Shareholders or until the successors of such directors are elected or appointed. Pursuant to the Business Combination Agreement, DDC has agreed that, if the Transaction is to be completed, the DDC Board will be changed to include certain nominees of both DDC and Volatus (the "**Combined Slate**"). At the time of the DDC Meeting, the Transaction will not yet have been completed.

It is not appropriate to elect the Combined Slate until the Transaction is completed. In order to avoid a premature election of the Combined Slate, and in order to dispense with the need to call an additional meeting of the DDC Shareholders of the Combined Company to elect the Combined Slate following completion of the Transaction, the DDC Shareholders will be asked at the DDC Meeting to consider, and if deemed advisable, to:

(a) with respect to the DDC Original Slate:

- (i) vote for all of the directors of DDC listed in the DDC Original Slate table below;
- (ii) vote for some of the directors and withhold for others; or
- (iii) withhold for all of the directors; and

(b) with respect to the Combined Slate:

- (i) vote for all of the directors of the Combined Company listed in the Combined Company table below;
- (ii) vote for some of the directors and withhold for others; or
- (iii) withhold for all of the directors.

At the DDC Meeting, it is expected that the nominees of the DDC Original Slate will be elected to hold office until the earlier of the Effective Time of the Transaction (upon which time the Combined Slate shall be appointed) and the next annual meeting of the DDC Shareholders, or until successors of such directors are elected or appointed.

If the Transaction is completed, the size of the DDC Board will be increased from four (4) directors to five (5) directors. The members of the DDC Original Slate will be removed from the Board with effect as of the Effective Time of the Transaction and the nominees of the Combined Slate will be elected to hold office until the earlier of the next annual meeting of the shareholders of the Combined Company, or until the successors of such directors are elected or appointed. In the event the Transaction is not completed, the number of directors will remain at four (4).

The persons named below in the table regarding the DDC Original Slate and the table regarding the Combined Slate are the nominees of management of DDC for election as directors of DDC (the "**DDC Nominees**"). Each director elected will hold office until the next annual general meeting of DDC Shareholders, or until the director's successor is

elected or appointed unless the director's office is earlier vacated under any of the relevant provisions of the DDC Articles or the BCBCA. Management does not contemplate that any of the DDC Nominees will be unable to serve as a director, but if that should occur for any reason prior to the DDC Meeting, it is intended that discretionary authority shall be exercised by the persons named in the proxy and voting instructions to vote the proxy and voting instructions for the election of any other person or persons in place of any DDC Nominee(s) unable to serve.

Each of the DDC Nominees has consented to being named in this Information Circular and to serve as a director, if elected. The present term of office of each current director of DDC will expire at the DDC Meeting.

Information Concerning the DDC Original Slate

The following table below sets out, among other things, the name of each of the DDC Nominees proposed for election as a director for the DDC Original Slate; all positions and offices in DDC presently held by the DDC Nominee; the DDC Nominee's principal occupation or employment for the last five years; the period during which the DDC Nominee has served as a director of DDC; and the number of DDC Shares that the DDC Nominee has advised are beneficially owned by the DDC Nominee, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

Name, province or state and country of residence and position, if any, held in DDC	Principal Occupation for Past Five Years	Served as Director of DDC since	Number of DDC Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Michael Della Fortuna ⁽²⁾⁽³⁾ Ontario, Canada <i>Chairman and Director</i>	Chief Executive Officer of Nexeya Canada, an aerospace engineering firm	May 31, 2016	20,000
Vijay Kanwar ⁽²⁾⁽³⁾ Ontario, Canada <i>Director</i>	Chief Executive Officer of Lambardar Group Inc., and Lambardar Zamindar Group Inc.	June 10, 2019	Nil
Kevin Sherkin ⁽²⁾ Ontario, Canada <i>Director</i>	Partner of Miller Thomson LLP, a law firm	February 25, 2019	15,000
Larry Taylor ⁽²⁾ Ontario, Canada <i>Director</i>	Chairman of VIQ Solutions Inc. and President of Taylor Made Solutions	November 9, 2020	Nil

Notes:

- (1) Information as to personal shareholdings is given to DDC's knowledge based on publicly available sources.
- (2) Member of the Audit Committee (Larry Taylor, Chair).
- (3) Member of the Corporate Governance and Human Resources Committee (Vijay Kanwar, Chair).

Information Concerning the Combined Slate

The following table below sets out, among other things, the name of each of the DDC Nominees proposed to be nominated for election as a director for the Combined Slate; all positions and offices in DDC presently held by the DDC Nominee; the nominee's principal occupation or employment for the last five years; the period during which the DDC Nominee has served as a director; and the number of DDC Shares that the DDC Nominee has advised are beneficially owned by the DDC Nominee, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular:

Name, province or state and country of residence and position, if any, held in DDC	Principal Occupation for Past Five Years	Served as Director of DDC since	Number of DDC Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Kevin Sherkin Ontario, Canada	Partner of Miller Thomson LLP, a law firm	February 25, 2019	15,000

<i>Director</i>			
Larry Taylor Ontario, Canada <i>Director</i>	Chairman of VIQ Solutions Inc. and President of Taylor Made Solutions	November 9, 2020	Nil
Ian McDougall Ontario, Canada	Chair and director of Volatus (2021 – present); Vice Chair of the Board of Directors at Partner Jet Corp. (2015 - 2021).	N/A	Nil
Glen Lynch Quebec, Canada	President and Chief Executive Officer of Volatus (2021 – present); Chief Executive Officer of Gal Aerospace Corp. (2013-2021).	N/A	Nil
Andrew Leslie Ontario, Canada	Independent Director for Volt Lithium Corp. (2022 – present); Director of Volatus (2022 – present); Member of the House of Commons of Canada (2015 – 2019); Armed Forces (1986 - 2011).	N/A	Nil

Notes:

(1) Information as to personal shareholdings is given to DDC's knowledge based on publicly available sources.

The DDC Board unanimously recommends that the DDC Shareholders vote FOR the election of each of the proposed DDC Nominees set forth in the tables above in respect of each of the DDC Original Slate and the Combined Slate.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the election of each of the proposed DDC Nominees set forth in the tables above in respect of each of the DDC Original Slate and the Combined Slate, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be withheld from such resolution or nominee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as set forth below, to the knowledge of DDC, none of the DDC Nominees (or any personal holding company of a DDC Nominee) are, as at the date of this Information Circular, nor have they been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including DDC or Volatus) that, while acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after ceasing to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

On May 7, 2024, the CTO was issued against Volatus by the Ontario Securities Commission for failure to file the 2023 Annual Filings. Messrs. McDougall and Lynch were directors or executive officers of Volatus at the time of the CTO. The CTO was revoked by the Ontario Securities Commission on May 13, 2024 and trading of the Volatus Shares on the TSXV resumed on May 16, 2024.

Bankruptcies

To the knowledge of DDC, none of the DDC Nominees (or any personal holding company of a DDC Nominee) are, and have not within the past 10 years been, a director or executive officer of any company (including DDC or Volatus) that, while acting in such capacity, or within a year of ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings,

arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold any of the DDC Nominees assets.

Penalties and Sanctions

To the knowledge of DDC, none of the DDC Nominees (or any personal holding company of a DDC Nominee) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority nor entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director or making an investment decision.

5. APPROVAL AND CONFIRMATION OF STOCK OPTION PLAN

The DDC Stock Option Plan is a "rolling" stock option plan for officers, directors, employees and consultants of DDC which was last approved by the DDC Shareholders at the annual general and special meeting of the DDC Shareholders held on June 13, 2023.

The DDC Stock Option Plan provides for the issue of stock options to acquire up to 10% of DDC's issued and outstanding DDC Shares as at the date of grant, subject to standard anti-dilution adjustment. The DDC Stock Option Plan is considered a "rolling" stock option plan because the number of DDC Shares reserved for issue pursuant to the grant of stock options will increase as DDC's issued and outstanding share capital increases. At no time will more than 10% of the outstanding DDC Shares be subject to grant under the DDC Stock Option Plan. If a stock option expires, is exercised or otherwise terminates for any reason, the number of DDC Shares in respect of that expired, exercised or terminated stock option shall again be available for issuance under the DDC Stock Option Plan.

The principal features of the DDC Stock Option Plan are described in more detail below in the section entitled "*Statement of Executive Compensation – Stock Option Plan and other Incentive Plans*" in this Schedule L and is qualified in its entirety by the full text of the DDC Stock Option Plan which will be made available at the DDC Meeting.

The DDC Stock Option Plan is a "rolling" stock option plan and, under Policy 4.4 of the TSXV, a listed company on the TSXV is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. Accordingly, DDC Shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

1. the DDC Stock Option Plan, as described in the joint management information circular dated July 12, 2024, be and it is hereby approved, confirmed and ratified."

In accordance with the policies of the TSXV, the DDC Stock Option Plan Resolution must be approved by not less than a majority of the votes cast thereon by DDC Shareholders who are present at the DDC Meeting or by proxy and entitled to vote at the DDC Meeting. **The DDC Board unanimously recommends that DDC Shareholders vote FOR the approval of the DDC Stock Option Plan Resolution.**

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC Stock Option Plan Resolution, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be voted against the DDC Stock Option Plan Resolution.

6. APPROVAL OF DDC EQUITY INCENTIVE PLAN

Subject to and conditional upon the completion of the Transaction, the DDC Board has determined that it is advisable to adopt the DDC Equity Incentive Plan, a copy of which is attached as Appendix "C" to this Schedule L. The DDC Board believes that the DDC Equity Incentive Plan will help provide additional flexibility and will assist with

attracting and retaining the officers, directors, employees and consultants necessary for the long-term success of the Combined Company. The DDC Equity Incentive Plan will not be adopted if the Transaction is not completed.

Pursuant to the policies of the TSXV, DDC is required to obtain DDC Shareholder approval of the DDC Equity Incentive Plan in connection with the implementation of the DDC Equity Incentive Plan. Accordingly, at the DDC Meeting, the DDC Shareholders will be asked to pass an ordinary resolution to approve the DDC Equity Incentive Plan. For this purpose, DDC Shareholders will include all DDC Shareholders other than insiders of DDC to whom awards may be granted under the DDC Equity Incentive Plan and each of their respective associates.

Set forth below is a summary of the DDC Equity Incentive Plan. The summary is qualified in all respects by the provisions of the DDC Equity Incentive Plan. Reference should be made to the DDC Equity Incentive Plan for the complete provisions of the DDC Equity Incentive Plan.

Capitalized terms used in the following summary but not defined therein have the meanings given to them in the DDC Equity Incentive Plan.

Summary of the DDC Equity Incentive Plan

DDC Shares Subject to the DDC Equity Incentive Plan

The DDC Equity Incentive Plan will be a "rolling up to 10%" plan, within the meaning of TSXV Policy 4.4 – Security Based Compensation, under which the maximum number of DDC Shares reserved for issuance, in the aggregate, pursuant to the Awards granted under the DDC Equity Incentive Plan, and securities granted under any other share compensation arrangement (if any), which, for greater certainty, includes stock options granted under the DDC Stock Option Plan, shall be equal to a maximum of 10% of the issued and outstanding DDC Shares as at the date of grant.

In no event will the DDC Equity Incentive Plan, together with the DDC Option Plan and any other established and outstanding share compensation arrangement (if any), permit at any time: (a) the maximum aggregate number of DDC Shares that are issuable pursuant to all Awards granted or issued to insiders (as a group) to exceed 10% of the DDC Shares at any point in time; (b) the maximum aggregate number of DDC Shares that are issuable pursuant to all Awards granted or issued in any 12 month period to insiders (as a group) to exceed 10% of the DDC Shares, calculated as at the date any Award is granted or issued to any Insider; or (c) the maximum aggregate number of DDC Shares that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Person (and where permitted under the DDC Equity Incentive Plan, any companies that are wholly owned by that Person) to exceed 5% of the DDC Shares, calculated as at the date any Award is granted or issued to the Person, unless DDC has obtained the requisite disinterested DDC Shareholder approval.

The maximum aggregate number of DDC Shares that are issuable pursuant to all Awards granted or issued in any 12-month period to any one Consultant must not exceed 2% of the number of DDC Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Consultant.

Subject to the limits on the grant of Awards set forth in the DDC Equity Incentive Plan, the DDC Board may make Awards to Non-Employee Directors under the DDC Equity Incentive Plan, provided that: (a) the annual grant of Awards under the DDC Equity Incentive Plan to any one Non-Employee Director shall not exceed \$150,000 in value (based on a Black-Scholes calculation or such other similar and acceptable methodology, applied consistently and appropriately as determined by the DDC Board); and (b) the maximum number of DDC Shares that may be made issuable pursuant to Awards made to all Non-Employee Directors within any one-year period shall not exceed 1% of the Outstanding Issue (as of the commencement of such one-year period).

Under the DDC Equity Incentive Plan, an Eligible Participant means: (a) in respect of a grant of DDC Share Units, any director, executive officer, employee or Management Company Employee, or Consultant of DDC or any Subsidiary, and (b) in respect of a grant of DSUs, any Non-Employee Director. Investor Relations Service Providers may not receive any Awards. For so long as DDC is listed on the TSXV, the DDC Board will, through the establishment of appropriate procedures as determined by the DDC Board in its discretion from time to time, monitor the trading in the securities of DDC by all Investor Relations Service Providers. These procedures may include, for example, the

establishment of a designated brokerage account through which an Investor Relations Service Provider conducts all trades in the securities of DDC or a requirement that Investor Relations Service Providers file reports of their trades with the DDC Board on a basis that is similar to reports required to be filed by Insiders under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

DDC Share Units

A DDC Share Unit is an Award in the nature of a bonus for services rendered in the year of grant, which, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a Share (or, at the sole discretion of DDC, a DDC Share), subject to such restrictions and conditions on vesting as the DDC Board may determine at the time of grant, unless such DDC Share Unit expires prior to being settled. Restrictions and conditions on vesting conditions may, without limitation, be based on the passage of time during continued employment or other service relationship (sometimes referred to as a "**Restricted DDC Share Unit**"), the achievement of specified Performance Criteria (sometimes referred to as a "**Performance DDC Share Unit**"), or both.

DDC Share Unit Awards

Subject to the provisions of the DDC Equity Incentive Plan and any DDC Shareholder or regulatory approval which may be required, the DDC Board may, from time to time, in its sole discretion: (a) designate the Eligible Participants who may receive DDC Share Units; (b) fix the number of DDC Share Units, if any, to be granted to each Eligible Participant and the date(s) on which such DDC Share Units will be granted; (c) determine the relevant conditions, vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restriction Period of each DDC Share Unit; and (d) determine any other terms and conditions applicable to each DDC Share Unit, which need not be identical and which may include non-competition provisions, in each case subject to the terms and conditions of the DDC Equity Incentive Plan, any applicable DDC Share Unit agreement and the rules of the TSXV.

Each DDC Share Unit will vest in accordance with the terms of the DDC Share Unit agreement entered into in respect of such DDC Share Unit, provided that no DDC Share Unit will vest before one year after the date of grant.

DDC Share Unit Agreements

Each grant of a DDC Share Unit will be evidenced by a DDC Share Unit agreement. Each DDC Share Unit agreement will be subject to all applicable terms and conditions of the DDC Equity Incentive Plan and any other terms and conditions (including any recoupment, reimbursement or claw-back compensation policy as may be adopted by the DDC Board from time to time) as the DDC Board may deem appropriate, provided that they are not inconsistent with the DDC Equity Incentive Plan.

Vesting of DDC Share Units

Subject to the requirements under Policy 4.4 of the TSXV Corporate Finance Manual, the DDC Board will have sole discretion to: (a) determine if any vesting conditions with respect to a DDC Share Unit, including any performance criteria or other vesting conditions contained in the applicable DDC Share Unit agreement, have been met; (b) waive any vesting conditions applicable to a DDC Share Unit (or deem them to be satisfied); and (c) extend the restriction period with respect to any DDC Share Unit, subject to certain limitations. Acceleration of vesting is permitted in connection with a Participant's death or where a Participant ceases to be an Eligible Participant in connection with a change of control, take-over bid, reverse takeover or other similar transaction.

Redemption / Settlement of DDC Share Units

Subject to the terms of the DDC Equity Incentive Plan, a Participant's vested DDC Share Units will be redeemed on the date that is the earliest of: (a) the 15th day following the applicable vesting date for such DDC Share Units (or, if such day is not a Business Day, on the immediately following Business Day); or (b) the applicable DDC Share Unit outside expiry date.

All DDC Share-settled DDC Share Units shall be redeemed by DDC issuing, on the redemption date, DDC Shares from treasury to the Participant (or its legal representative).

All cash-or-DDC Share settled DDC Share Units will be settled by DDC, in DDC's sole discretion, on the redemption date either: (a) by a cash payment to the holder; (b) by the issuance of DDC Shares from treasury to the holder; (c) by paying all or a portion of the cash payment obligation to a designated broker, who will use the funds received to purchase DDC Shares in the open market, which DDC Shares will be registered in the name of said designated broker in a separate account for the holder's benefit; or (d) by a combination of any of the foregoing.

No payment, whether in cash or in DDC Shares, will be made in respect of the settlement of any cash-or-DDC Share settled DDC Share Unit later than December 15th of the third calendar year following the end of the calendar year in respect of which such DDC Share Unit is granted.

Determination of Amounts

The cash payment obligation arising in respect of the redemption and settlement of a vested cash-or-DDC Share settled DDC Share Unit will be equal to the Market Value of a Share as of the applicable redemption date.

If DDC elects to settle all or a portion of a holder's vested cash-or-DDC Share settled DDC Share Units or DDC Share settled DDC Share Units by the issuance of DDC Shares, DDC will, for each such vested DDC Share Unit which DDC elects to settle in DDC Shares, issue one DDC Share, subject to certain adjustments and withholdings.

Award of Dividend Equivalents

Dividend Equivalents may, as determined by the DDC Board in its sole discretion, be awarded in respect of unvested DDC Share Units in a Participant's Account on the same basis as cash dividends declared and paid on DDC Shares as if the Participant was a DDC Shareholder on the relevant record date. In the event that a holder's DDC Share Units do not vest, all dividend equivalents, if any, associated with such DDC Share Units will be forfeited by the holder.

DDC Deferred Share Units

Nature of a DSU

A DSU is an Award granted to an Eligible Participant in a phantom award that, upon settlement, entitles such holder to receive cash or acquire DDC Shares, as determined by the DDC Board in its sole discretion, subject to such restrictions and conditions on vesting as the DDC Board may determine at the time of grant and unless such DSU expires prior to being settled.

Market Fluctuation

The aggregate of all amounts which may be received in respect of a DSU will depend, at all times, on the fair market value of DDC Shares or of a corporation related thereto at a time that is within the period that commences one year prior to the holder's termination date and ends at the time the amount is received.

DSU Awards

Subject to the provisions of the DDC Equity Incentive Plan, any DDC Shareholder or regulatory approval which may be required, and the requirements of applicable Canadian and U.S. taxation laws, the DDC Board may, from time to time, in its sole discretion: (a) designate the Eligible Participants who may receive DSUs; (b) fix the number of DSUs, if any, to be granted to each Eligible Participant and the date(s) on which such DSUs will be granted; and (c) determine the relevant conditions and vesting provisions for such DSUs, in each case subject to the terms and conditions of the DDC Equity Incentive Plan, any applicable DSU agreement and the rules of the TSXV.

Each DSU will vest in accordance with the terms of the DSU agreement entered into in respect of such DSU, provided that no DSU will vest before one year after the date of grant. Acceleration of vesting is permitted in connection with

a Participant's death or where a Participant ceases to be an Eligible Participant in connection with a change of control, take-over bid, reverse takeover or other similar transaction.

Subject to the vesting and other conditions and provisions in the DDC Equity Incentive Plan and any applicable DSU agreement, each DSU will entitle the holder to receive, on settlement, a cash payment equal to the Market Value of a Share or, in the sole discretion of the DDC Board, one DDC Share, or any combination of cash and DDC Shares as DDC in its sole discretion may determine.

Notwithstanding anything to the contrary, DSUs must expire within a reasonable period following a Participant ceasing to be an Eligible Participant (maximum of 12 months). The maximum period that there will be an entitlement to make a claim after the death of a Participant will be no greater than 12 months following the death of the Participant.

DSU Agreements

Each grant of a DSU will be evidenced by a DSU agreement. Each DSU agreement will be subject to all applicable terms and conditions of the DDC Equity Incentive Plan and any other terms and conditions (including any recoupment, reimbursement or claw-back compensation policy as may be adopted by the DDC Board from time to time) as the DDC Board may deem appropriate, provided that they are not inconsistent with the DDC Equity Incentive Plan.

Redemption / Settlement of DSUs

Except as otherwise provided in the DDC Equity Incentive Plan, (a) DSUs of a holder who is a U.S. taxpayer will be redeemed and settled by DDC as soon as reasonably practicable following the holder's separation from service, and (b) DSUs of a holder who is not a U.S. taxpayer will be redeemed and settled by DDC as soon as reasonably practicable following the holder's termination date, but in any event not later than, and any payment (whether in cash or in DDC Shares) in respect of the settlement of such DSUs will be made no later than, December 15th of the first calendar year commencing immediately after the holder's termination date.

DDC will have, in its sole discretion, the ability to elect to settle all or any portion of the cash payment obligation arising in respect of the redemption and settlement of a holder's DSUs either: (a) by the issuance of DDC Shares to the holder on the DSU redemption date, or (b) by paying all or a portion of such cash payment obligation to a designated broker, who will use the funds received to purchase DDC Shares in the open market, which DDC Shares will be registered in the name of the designated broker in a separate account for the holder's benefit.

Determination of Amounts

The cash payment obligation arising in respect of the redemption and settlement of a vested DSU will be equal to the Market Value of a Share as of the applicable DSU redemption date.

If DDC elects to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's DSUs by the issuance of DDC Shares, DDC will issue for each DSU, one DDC Share, subject to adjustment and withholdings.

Award of Dividend Equivalents

Dividend Equivalents may, as determined by the DDC Board in its sole discretion, be awarded in respect of unvested DSUs in a Participant's Account on the same basis as cash dividends declared and paid on DDC Shares as if the Participant was a DDC Shareholder on the relevant record date. DDC may award the Dividend Equivalents in cash (rather than DSUs) where there is an insufficient number of DDC Shares reserved for issuance pursuant to Awards under the DDC Equity Incentive Plan, or where the grant of additional DSUs would result in breaching any limit on grants or issuances contained in the DDC Equity Incentive Plan or in any Exchange Rules. Any additional DSUs credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting and Restriction Periods) as the DSUs in respect of which such additional DSUs are credited, and shall be deemed to be subject to the same terms and conditions including expiry date as the DSUs in respect of which

such additional DSUs are credited. In the event that a holder's DSUs do not vest, all Dividend Equivalents, if any, associated with such DSUs will be forfeited by the holder.

General Conditions of Awards

Each Award will be subject to the following conditions:

- *Vesting Period.* Each Award shall vest in accordance with the terms of the DDC Equity Incentive Plan and the Grant Agreement entered into in respect of such Award. The DDC Board has the right, in its sole discretion, subject to the vesting requirements in section 4.6 of Policy 4.4 of the TSXV Corporate Finance Manual to waive any vesting conditions or accelerate the vesting of any Award, or to deem any Performance Criteria or other vesting conditions to be satisfied, notwithstanding the vesting schedule set forth for such Award at the time of grant.
- *Non-Transferability.* Each Award is personal to the holder and will not be assignable or transferable by such holder, whether voluntarily or by operation of law, except by will or by the laws of descent and distribution. Each Award may be exercised only by (a) the Eligible Participant to whom such Award is granted; (b) upon a holder's death, by the legal representative of such Eligible Participant's estate; or (c) upon a holder's incapacity, the legal representative having authority to deal with the property of such Participant.
- *Termination and Resignation.* Except as otherwise provided in any employment agreement or consulting agreement or in any Award agreement, each Award will be subject to the following conditions:
- *Termination for Cause and Resignation.* Upon a Participant ceasing to be an Eligible Participant for cause, or as a result of their resignation from DDC, the Participant's participation in the DDC Equity Incentive Plan will be terminated immediately, all Awards that have not vested will be forfeited and cancelled, and the Participant's rights that relate to unvested Awards will be forfeited and cancelled on the termination date.
- *Death, Retirement, Permanent Disability, or Termination not for Cause.* Except as otherwise determined by the DDC Board from time to time, in its sole discretion, upon a Participant ceasing to be an Eligible Participant as a result of: (a) death, (b) retirement, (c) Termination of Service for reasons other than for Cause, (d) such Participant's employment or service relationship with DDC or a Subsidiary being terminated by reason of injury or disability, or (e) becoming eligible to receive long-term disability benefits (provided that, for greater certainty, such eligibility and the effective date thereof shall be confirmed in writing to DDC by the insurance company providing such benefits), all unvested Awards will be forfeited and cancelled. Notwithstanding the foregoing, if the DDC Board, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested Awards, the date of such action is the vesting date, provided that the Awards will expire no later than the date that is 12 months from the date that the holder ceases to be an Eligible Participant.
- *Leave of Absence.* A Participant's employment or service relationship with DDC or a Subsidiary shall be deemed to continue intact during any sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Participant's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Participant's reemployment is not so guaranteed, then the Participant's employment shall be deemed to have terminated on the ninety-first day of such leave.
- Notwithstanding anything to the contrary, DDC Share Units must expire within a reasonable period following a Participant ceasing to be an Eligible Participant (maximum of 12 months).

Administration, Adjustments, Change of Control and Amendments

Administration

The DDC Equity Incentive Plan will be administered and interpreted by the DDC Board or, if the DDC Board by resolution so decides, by a committee appointed by the DDC Board.

Adjustments

In the event of: (a) any subdivision of the DDC Shares into a greater number of DDC Shares; (b) any consolidation of the DDC Shares into a lesser number of DDC Shares; (c) any reclassification, reorganization or other change affecting the DDC Shares; (d) any merger, amalgamation, consolidation or other business combination of DDC with or into any other Person, or (e) any distribution to all holders of DDC Shares or other securities in the capital of DDC of cash, evidences of indebtedness or other assets of DDC (excluding an ordinary course dividend in cash or DDC Shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of DDC or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit) or any transaction or change having a similar effect, then the DDC Board will in its sole discretion, subject to the required approval of the TSXV and DDC Shareholder approval where applicable, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the holder in respect of such Award in connection with such occurrence or change.

Change of Control

If DDC completes a transaction constituting a change of control and within 12 months following the change of control an Eligible Participant who was also an officer or employee of, or consultant to, DDC prior to the change of control has their employment agreement or consulting agreement terminated, then all unvested DDC Share Units will become vested, and the holder's termination date will be deemed to be the vesting date.

Amendments

The DDC Board may amend the DDC Equity Incentive Plan or any Award at any time without the consent of the holders, provided that such amendment will: (a) not adversely alter or impair the rights of any holder, without the consent of such holder, except as permitted by the provisions of the DDC Equity Incentive Plan; (b) be in compliance with applicable law (including applicable taxation laws), and subject to any regulatory approvals where required, including the approval of the TSXV; and (c) be subject to DDC Shareholder approval to the extent such approval is required by applicable law or the requirements of the TSXV. The DDC Board may, from time to time, in its absolute discretion and without approval of the DDC Shareholders, make the following amendments: (a) any amendment necessary to comply with applicable law (including taxation laws) or the requirements of the TSXV or any other regulatory body to which DDC is subject; (b) any amendment of a "housekeeping" nature; (c) any amendment regarding the administration or implementation of the DDC Equity Incentive Plan; (d) any amendment to adopt a clawback provision applicable to equity compensation; or (e) any other amendment that does not require approval of DDC Shareholders.

The DDC Board will be required to obtain DDC Shareholder approval, including, if required by the TSXV, disinterested DDC Shareholder approval, to make the following amendments: (a) increase the maximum number of DDC Shares issuable under the DDC Equity Incentive Plan; (b) any amendment which extends the expiry date of any Award, or the Restriction Period of any DDC Share Unit, beyond the original expiry date or Restriction Period; (c) any amendment to the number of DDC Shares that may be issuable pursuant to Awards made to employees and Non-Employee Directors; (d) any amendment which would permit Awards granted under the DDC Equity Incentive Plan to be transferable or assignable (other than for normal estate settlement purposes); (e) any amendment to the limits on Awards to Non-Employee Directors; and (f) any amendment to the definition of "Eligible Participant" under the DDC Equity Incentive Plan.

Any amendments to the terms of the DDC Equity Incentive Plan or the grants or issuances of Awards will be subject to the approval of the TSXV, and subject to DDC Shareholders' approval where applicable.

Regulatory and Shareholder Approval

DDC intends to apply for conditional acceptance of the DDC Equity Incentive Plan from the TSXV.

DDC Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the DDC Equity Incentive Plan. Accordingly, such DDC Shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

1. Subject to and conditional upon the completion of the business combination involving DDC and Volatus, the omnibus incentive plan of DDC in the form attached hereto as Appendix "C" to Schedule L, and as described in the joint management information circular dated July 12, 2024 (the "**DDC Equity Incentive Plan**"), be and is ratified, confirmed and approved;
2. DDC is hereby authorized to grant Awards under the DDC Equity Incentive Plan subject to the terms and conditions of the DDC Equity Incentive Plan; and
3. any director or officer of DDC is authorized and directed, for and on behalf of DDC, to do all such acts and things, and to execute and deliver all such other documents, as may, in the opinion of such director or officer, be necessary or advisable to carry out and to fulfill the intent of the foregoing resolution, with the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In accordance with the policies of the TSXV, the DDC Equity Incentive Plan Resolution must be approved by not less than a majority of the votes cast thereon by DDC Shareholders who are present at the DDC Meeting or by proxy and entitled to vote at the DDC Meeting. **The DDC Board unanimously recommends that DDC Shareholders vote FOR the approval of the DDC Equity Incentive Plan Resolution.**

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC Equity Incentive Plan Resolution, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be voted against the DDC Articles Resolution.

7. APPROVAL TO AMEND ARTICLES

At the DDC Meeting, DDC Shareholders will be asked to consider and, if deemed appropriate, pass, with or without variation, a special resolution approving the alteration to the DDC Articles to change the quorum for the transaction of business at meetings of DDC Shareholders.

The DDC Articles currently provide that the quorum for the transaction of business at a meeting of shareholders is "two persons present in person (one of whom shall be, or be representing, a Canadian), each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 25% of the issued shares of the Company entitled to voting rights at such meeting", which is not typical for a reporting issuer listed on the TSXV.

It is proposed that the DDC Articles be altered by deleting Article 11.3 and replacing it in its entirety with the following:

"11.3 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person (one of whom shall be, or be representing, a Canadian), each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 5% of the issued shares of the Company entitled to voting rights at such meeting."

DDC Shareholder Approval

Pursuant to the provisions of the BCBCA, the proposed alteration to the DDC Articles must be approved by the DDC Shareholders by special resolution, which means that the DDC Articles Resolution must be passed by a special

majority of at least two-thirds of the votes cast by DDC Shareholders on the resolution at the DDC Meeting. Accordingly, DDC Shareholders will be asked to approve the following special resolution:

"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. subject to and effective on approval by the TSX Venture Exchange:
 - a) the DDC Articles be altered by deleting Article 11.3 and replacing it in its entirety with the following:

"11.3 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person (one of whom shall be, or be representing, a Canadian), each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 5% of the issued shares of the Company entitled to voting rights at such meeting."

TSXV Approval

If the DDC Articles Resolution is passed by the DDC Shareholders, then, in accordance with the policies of TSXV, the alteration of the DDC Articles requires prior approval by the TSXV, which the management of DDC proposes to seek following receipt of DDC shareholder approval at the DDC Meeting.

The DDC Board unanimously recommends that DDC Shareholders vote FOR the approval of the DDC Articles Resolution.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the DDC Articles Resolution, unless the DDC Shareholder who has given such proxy has directed that the DDC Shares represented by such proxy be voted against the DDC Articles Resolution.

8. OTHER BUSINESS

Management of DDC is not aware of any matter to come before the DDC Meeting other than those set forth in the DDC Notice. If any other matter properly comes before the DDC Meeting, it is the intention of the persons named in the form of proxy to vote the DDC Shares represented thereby in accordance with their best judgment on such matter.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The only voting securities of DDC are the DDC Shares. As at the DDC Record Date, there are 224,199,312 DDC Shares issued and outstanding. Each DDC Share confers the right to receive notice and to attend all meetings of DDC Shareholders and to one vote, subject to the voting restrictions and adjustments attached to DDC Variable Voting Shares, as discussed under "*Information Concerning the DDC Meeting – DDC Variable Voting Shares*" in the Information Circular.

To the knowledge of the directors and executive officers of the DDC, as at the date of this Information Circular, no Person beneficially owns, or controls or directs, directly or indirectly, voting securities of the DDC carrying 10% or more of the voting rights attached to the DDC Shares.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of DDC is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or an executive officer of DDC at any time since the beginning of DDC's last financial year, any person who is a DDC Nominee, or any associate or affiliate of any such persons, in respect of the DDC AGM Resolutions other than the election of directors of DDC.

STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, DDC is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of DDC as at December 31, 2023 whose total compensation was more than \$150,000 for the financial year of DDC ended December 31, 2023 (collectively the "**Named Executive Officers**") and for the directors of DDC.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of DDC:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES ⁽¹⁾							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Steve Magirias ⁽²⁾ <i>Chief Executive Officer</i>	2023	341,250	29,689	Nil	Nil	Nil	370,939
	2022	273,750	33,150	Nil	Nil	Nil	306,900
Manish Arora ⁽³⁾ <i>Former Chief Financial Officer</i>	2023	231,000	21,829	Nil	Nil	Nil	252,829
	2022	216,000	32,600	Nil	Nil	Nil	248,600
Michael Della Fortuna <i>Chairman and Director</i>	2023	Nil	Nil	25,000	Nil	Nil	25,000
	2022	Nil	Nil	33,000	Nil	Nil	33,000
Kevin Sherkin <i>Director</i>	2023	Nil	Nil	8,000	Nil	Nil	8,000
	2022	Nil	Nil	8,000	Nil	Nil	8,000
Vijay Kanwar <i>Director</i>	2023	Nil	Nil	8,000	Nil	Nil	8,000
	2022	Nil	Nil	8,000	Nil	Nil	8,000
Larry Taylor <i>Director</i>	2023	Nil	Nil	20,000	Nil	Nil	20,000
	2022	Nil	Nil	20,000	Nil	Nil	20,000
Chris Irwin ⁽⁴⁾⁽⁵⁾ <i>Former Director</i>	2023	Nil	Nil	8,000	Nil	Nil	8,000
	2022	Nil	Nil	8,000	Nil	Nil	8,000
Debbie Fischer ⁽⁶⁾ <i>Former Director</i>	2023	Nil	Nil	20,000	Nil	Nil	20,000
	2022	Nil	Nil	20,000	Nil	Nil	20,000

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) The fees were paid in accordance with the executive employment agreement of Mr. Magirias described under the heading "Employment, Consulting and Management Agreements". Mr. Magirias was appointed Chief Executive Officer on February 22, 2022 and his annual salary of \$325,000 was pro rated based on his appointment date.
- (3) Mr. Arora resigned as Chief Financial Officer of DDC effective May 30, 2024 and Mr. Mike McKeon was appointed Chief Financial Officer in his stead.
- (4) During the financial year ended December 31, 2022, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, accrued fees of \$260,813 for legal services. During the financial year ended December 31, 2023, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, accrued fees of \$185,675 for legal services.
- (5) Mr. Irwin resigned from the DDC Board effective May 20, 2024.
- (6) Ms. Fisher resigned from the DDC Board effective December 31, 2024.

External Management Companies

All Named Executive Officers of DDC are employees of DDC. No external management companies employ or retain one or more of the Named Executive Officers or directors of DDC nor does an external management company provide DDC with executive management services.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to the Named Executive Officers nor the directors of DDC during DDC's most recently completed financial year for services provided or to be provided, directly or indirectly, to DDC or any of its subsidiaries.

The following table discloses the total amount of compensation securities held by the Named Executive Officers and the directors of DDC as at the end of DDC's most recently completed financial year:

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and % ⁽¹⁾ of class
Steve Magirias <i>Chief Executive Officer</i>	DDC Options ⁽²⁾	1,000,000 DDC Options exercisable to purchase 1,000,000 DDC Shares, representing 0.427% of the outstanding number of DDC Shares
Manish Arora ⁽⁴⁾ <i>Former Chief Financial Officer</i>	DDC Options ⁽²⁾	733,334 DDC Options exercisable to purchase 733,334 DDC Shares, representing 0.313% of the outstanding number of DDC Shares
Michael Della Fortuna <i>Chairman and Director</i>	DDC Options ⁽³⁾	850,000 DDC Options exercisable to purchase 850,000 DDC Shares, representing 0.363% of the outstanding number of DDC Shares
Kevin Sherkin <i>Director</i>	DDC Options ⁽³⁾	566,667 DDC Options exercisable to purchase 566,667 DDC Shares, representing 0.242% of the outstanding number of DDC Shares
Vijay Kanwar <i>Director</i>	DDC Options ⁽³⁾	700,000 DDC Options exercisable to purchase 700,000 DDC Shares, representing 0.299% of the outstanding number of DDC Shares
Larry Taylor <i>Director</i>	DDC Options ⁽³⁾	650,000 DDC Options exercisable to purchase 650,000 DDC Shares, representing 0.277% of the outstanding number of DDC Shares
Chris Irwin ⁽⁵⁾ <i>Former Director</i>	DDC Options ⁽³⁾	700,000 DDC Options exercisable to purchase 700,000 DDC Shares, representing 0.299% of the outstanding number of DDC Shares
Debbie Fischer ⁽⁶⁾ <i>Director</i>	DDC Options ⁽³⁾	Nil.

Notes:

- (1) Calculated on a fully diluted basis as at December 31, 2023.
- (2) DDC Options vest on the basis of 1/3 of the DDC Options granted every six months after the date of grant. In addition, on each of the six month vesting dates, 40% of the Voting Shares that would ordinarily vest, shall also be subject to, and shall only vest in the event of, the satisfaction of additional performance-based criteria.
- (3) DDC Options vest on the basis of 1/3 of the DDC Options granted every six months after the date of grant.
- (4) Mr. Arora resigned as Chief Financial Officer of DDC effective May 30, 2024 and Mr. Mike McKeon was appointed Chief Financial Officer in his stead.
- (5) Mr. Irwin resigned from the DDC Board effective May 20, 2024.
- (6) Ms. Fischer resigned from the DDC Board effective December 31, 2023.

None of the Named Executive Officers or directors of DDC exercised any compensation securities during the most recently completed financial year of DDC.

Stock Option Plan and other Incentive Plans

DDC has in place the Stock Option Plan. The purpose of the Stock Option Plan is to, among other things, encourage DDC Share ownership by directors, officers, employees and consultants of DDC and its affiliates and other designated persons. DDC Options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of DDC and its subsidiaries and other designated persons as designated from time to time by the DDC Board.

The number of DDC Options which may be issued under the DDC Stock Option Plan is limited to 10% of the number of DDC Shares issued and outstanding at the time of the grant of the DDC Options. As at the date hereof, 22,419,931 DDC Options may be reserved for issue pursuant to the Stock Option Plan, 9,056,669 DDC Options have been issued and 13,363,262 DDC Options are still available for issue.

The number of DDC Shares reserved for issue may not exceed: (a) five percent of the issued and outstanding DDC Shares to any one individual in any 12 month period; (b) two percent of the issued and outstanding DDC Shares to any one consultant retained by DDC in any 12 month period; or (c) two percent of the issued and outstanding DDC

Shares to any one employee of DDC conducting investor relations activities in any 12 month period. DDC Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of DDC or any of its subsidiaries or ceasing to have a designated relationship with DDC, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. DDC Options must be exercised within 90 days of termination of employment or cessation of position with DDC, or such longer period not exceeding 12 months as may be determined by the DDC Board, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death, the stock option must be exercised within 12 months after such death, subject to the expiry of such stock option. Any DDC Shares subject to a stock option which is exercised, or for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan.

The DDC Stock Option Plan contains provisions permitting cashless exercise of DDC Options, in accordance with the policies of the TSXV. Pursuant to the Stock Option Plan, the vesting of DDC Options shall be at the discretion of the DDC Board, provided that the DDC Board shall seek to impose certain performance-based vesting criteria on at least 40% of DDC Options granted to officers of DDC, and, in accordance with the policies of the TSXV, DDC Options issued to consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than ¼ of the DDC Options vesting in any 3 month period.

The DDC Options are non-assignable and non-transferable. The DDC Stock Option Plan contains provisions for adjustment in the number of DDC Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the DDC Shares, a merger or other relevant changes in DDC's capitalization. Subject to DDC Shareholder approval in certain circumstances, the DDC Board may from time to time amend or revise the terms of the DDC Stock Option Plan or may terminate the DDC Stock Option Plan at any time.

DDC has no equity compensation plans other than the DDC Stock Option Plan.

Employment, Consulting and Management Agreements

Other than as set forth below, DDC does not, and did not during the most recently completed financial year, have in place any employment agreements between DDC or any subsidiary or affiliate thereof and any of its Named Executive Officers or directors.

Steve Magirias – Chief Executive Officer

Steve Magirias was appointed Chief Executive Officer of DDC effective February 22, 2022. Pursuant to an executive employment agreement entered into effective as at such date (the "**Magirias Agreement**"), Mr. Magirias receives an annual salary of \$341,250 (the "**Magirias Salary**"), payable in equal bi-weekly installments. The Magirias Salary is subject to annual review and may be increased from time to time at the sole discretion of DDC. Mr. Magirias is also eligible to participate in the Stock Option Plan and to receive an annual cash bonus equal to up to 30% of the Magirias Salary as determined by the DDC Board. Mr. Magirias is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the services performed under the Magirias Agreement.

If the Magirias Agreement is terminated without cause within 24 months of, or in anticipation within 180 days of, a change of control, Mr. Magirias is entitled to a payment equal to 18 months of the Magirias Salary and all DDC Options held by Mr. Magirias become vested. If the Magirias Agreement is terminated by DDC at any time without cause, Mr. Magirias is entitled to a payment equal to 12 months of Magirias Salary and all DDC Options held by Mr. Magirias become vested.

Manish Arora – Chief Financial Officer

Pursuant to an executive employment agreement entered into effective November 9, 2020, DDC retained Manish Arora to act as Chief Financial Officer of DDC (the "**Arora Agreement**"). Under the Arora Agreement, Mr. Arora received an annual salary of \$231,000 (the "**Arora Salary**"), payable in equal bi-weekly installments. Mr. Arora was eligible to participate in the Stock Option Plan and to receive an annual cash bonus equal to up to 30% of the Arora

Salary as determined by the Chief Executive Officer. Mr. Arora was also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the services performed under the Arora Agreement.

If the Arora Agreement was terminated: (a) by DDC without cause, the greater of one month per year of service and six months' of notice or a termination payment in lieu; or (b) by DDC within twelve months following or within 180 days before and in anticipation of a change in control, the greater of a lump-sum payment equal to twelve months of Arora Salary or termination payment in lieu and all DDC Options held by Mr. Arora become vested.

Effective May 30, 2024, Mr. Arora resigned as Chief Financial Officer of DDC. Mr. McKeon was appointed Chief Financial Officer in his stead.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The DDC Board, at the recommendation of the management of DDC, determines the compensation payable to the directors of DDC and reviews such compensation periodically throughout the year. In 2021, the DDC Board approved annual compensation for the directors as follows: (a) DDC Board Chair, \$25,000; (b) each Committee Chair, \$20,000; and (c) each other non-executive director, \$8,000. In addition, for their role as directors of DDC, each director of DDC who is not a Named Executive Officer may, from time to time, be awarded DDC Options under the provisions of the DDC Stock Option Plan. Other than as disclosed above, there are no other arrangements under which the directors of DDC who are not Named Executive Officers are compensated by DDC or its subsidiaries during the two most recently completed financial years for their services in their capacity as directors of DDC.

Compensation of Named Executive Officers

Principles of Executive Compensation

DDC believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of DDC as a whole. The primary components of DDC's executive compensation are base salary and option-based awards. The DDC Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the DDC Shareholders. The following principles form the basis of DDC's executive compensation program:

1. align the interests of executives and DDC Shareholders;
2. attract and motivate executives who are instrumental to the success of DDC and the enhancement of DDC Shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced DDC's long term value; and
5. connect, if possible, DDC's employees into principles 1 through 4 above.

The DDC Board is responsible for DDC's compensation policies and practices. The DDC Board has the responsibility to review and make recommendations concerning the compensation of the directors of DDC and the Named Executive Officers within the constraints of the agreements described under "*Employment, Consulting and Management Agreements*" above. The DDC Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The DDC Board also reviews and approves the hiring of executive officers.

Base Salary

The DDC Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for DDC's peer group is also accumulated from a number of external sources including independent consultants. DDC's policy for determining salary for executive officers of DDC is consistent with the administration of salaries for all other employees.

Annual Incentives

DDC, in its discretion, may award annual bonuses in order to motivate executives to achieve short-term corporate goals. The DDC Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to DDC in reaching its overall goals are factors in the determination of their annual bonus. The DDC Board assesses each Named Executive Officer's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to the needs of DDC that arise on a day-to-day basis. This assessment is used by the DDC Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurements of Performance

It is the intention of the DDC Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the DDC Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the DDC Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the DDC Board and the DDC Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Long Term Compensation

DDC currently has no long-term incentive plans, other than DDC Options granted from time to time by the DDC Board under the provisions of the Stock Option Plan.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of DDC.

SECURITIES AUTHORIZED FOR ISSUE UNDER EQUITY COMPENSATION PLAN

The following table sets forth information with respect to all compensation plans of DDC under which equity securities are authorized for issue as of December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	9,056,669	0.66	13,363,262

Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	9,056,669	0.66	13,363,262

Note:

(1) The DDC Stock Option Plan is a "rolling" stock option plan whereby the maximum number of DDC Shares that may be reserved for issue pursuant to the Stock Option Plan will not exceed 10% of the outstanding DDC Shares at the time of the stock option grant. As at the date of this Information Circular, 22,419,931 DDC Options may be reserved for issue pursuant to the Stock Option Plan, 9,056,669 DDC Options have been issued and 13,363,262 DDC Options are still available for issue under the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "Informed Person" means: (a) a director or officer; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of DDC; (c) any person or company who beneficially owns, directly or indirectly, voting securities of DDC or who exercises control or direction over voting securities of DDC or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of DDC, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) DDC itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the notes to the DDC Annual Financial Statements, to the knowledge of management of DDC, none of the Informed Persons of DDC, the proposed DDC Nominees for election as a director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transaction since the commencement of DDC's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect DDC or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee of DDC, or any of the DDC Nominees, or any of their respective associates or affiliates, is or has been at any time since the beginning of the last completed fiscal year, indebted to DDC or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by DDC or any of its subsidiaries.

MANAGEMENT CONTRACTS

Neither DDC, nor any of its subsidiaries, have any management contracts or other arrangement in place where management functions are performed by a person or company other than the directors or executive officers of DDC or the subsidiary.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

Pursuant to section 224(1) of the BCBCA and NI 52-110, DDC is required to have an audit committee comprised of not less than three directors, a majority of whom are not executive officers, control persons or employees of DDC or an affiliate of DDC. NI 52-110 requires DDC, as a venture issuer, to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The Audit Committee's Charter

The directors of DDC have adopted a charter (the "**DDC Audit Charter**") for the audit committee of DDC (the "**DDC Audit Committee**"), which sets out the DDC Audit Committee's mandate, organization, powers and responsibilities. The full text of the DDC Audit Charter is attached hereto as Appendix "A" to this Schedule L.

Composition of the Audit Committee

The members of the DDC Audit Committee are Larry Taylor (Chair), Kevin Sherkin, Vijay Kanwar and Michael Della Fortuna. Messrs. Taylor, Sherkin, Kanwar and Della Fortuna are independent (as defined in NI 52-110), and all members are financially literate (as defined in NI 52-110).

Name of Member	Independent	Financially Literate
Larry Taylor (Chair)	Yes	Yes
Kevin Sherkin	Yes	Yes
Vijay Kanwar	Yes	Yes
Michael Della Fortuna	Yes	Yes

Notes:

- (1) To be considered independent, a member of the DDC Audit Committee must not have any direct or indirect "material relationship" with DDC. A "material relationship" is a relationship which could, in the view of the DDC Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the DDC Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by DDC's financial statements.

Relevant Education and Experience

The following is a description of the education and experience of each member of the DDC Audit Committee that is relevant to the performance of his responsibilities as a DDC Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by DDC to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by DDC's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Larry Taylor – Director and Chair of the DDC Audit Committee

Mr. Taylor is a seasoned executive with extensive business and board experience in consulting, financial services and technology, having worked with such organizations as Cap Gemini Ernst & Young, Travelex, Dollar Financial Group, and numerous publicly-traded technology companies as Director or Chair. He has attended business and leadership programs at Northwestern University and Harvard University. Mr. Taylor has Certified Management Consultant, Certified Professional Accountant and Certified Management Accountant designations.

Kevin Sherkin – Director

Mr. Sherkin was called to the Ontario bar in 1987 after graduating from Osgoode Hall Law School with a J.D. in 1985. He is a Partner at Miller Thomson LLP. Prior thereto, he was a founding member and managing director of Levine Sherkin Boussidan Professional Corporation. While his practice involves a wide range of civil litigation, Mr. Sherkin's focus has been primarily on business-related litigation. Mr. Sherkin has served as a director for both private and public companies and in his previous board tenures he served on finance committees, compliance committees and compensation committees.

Vijay Kanwar – Director

Mr. Kanwar's accomplishments as an entrepreneur, along with his participation on a number of high-profile boards, has allowed him to develop his financial management acumen, and to accumulate significant experience in forming and implementing strategic plans. He is a Co-Founder of KMH Cardiology and Diagnostics Centres, the largest provider of nuclear cardiology in North America. Mr. Kanwar is also the Founder, President and Director of Lambardar Group, a design and construction firm that owns and operate commercial real estate and medical facilities, as well as the Founder of EHLinq Inc., which develops enterprise-level software for medical businesses. Mr. Kanwar currently serves on the board of Business Development Bank of Canada and is a member on its Audit Committee and Board Investment Committee. He serves on the board of governors of York University and is a member of York University board executive committee. He is Chair of the Advisory Committee on Senior Level Retention and Compensation of the Treasury Board of Canada. Mr. Kanwar has served as a Chair of the Greater Toronto Airports Authority Board, as well as on the boards of Maple Leaf Sports and Entertainment's Foundation, MLSE Launchpad, Royal Ontario Museum, and Canada's National Ballet School Foundation. Mr. Kanwar received the Queens Diamond Jubilee Medal for Community Service in 2012, the 2009 New Pioneers Award for Entrepreneurship and the Ernst and Young Entrepreneur of the year award for Health Services in Ontario in 2006. Mr. Kanwar holds a Master of Laws from Osgoode Hall Law School, a Master of Business Administration from the Rotman School of Management, and a Bachelor of Science earned from Punjabi University in India.

Michael Della Fortuna – Director

Mr. Della Fortuna is the Chief Executive Officer of Nexeya Canada, a provider of mission critical products and solutions for space, aviation and transportation applications. Prior to joining Nexeya, Mr. Della Fortuna held VP and Director level roles in engineering, operations and sales & marketing for General Electric, SPAR Aerospace, Husky Injection Molding and Mircom. Mr. Della Fortuna was also a partner in Compass Capital which launched and supported a number of ventures including PowerSure Technologies, Platinum Coachworks, ShipForLess and EnviroBlue / ZipBinz. A licensed Professional Engineer and Accredited Risk Manager Michael received his degree from the Royal Military College of Canada in Kingston, Ontario and served in the Royal Canadian Air Force as an Aerospace Engineering Officer.

DDC Audit Committee Oversight

Since the commencement of DDC's most recently completed financial year, there has not been a recommendation of the DDC Audit Committee to nominate or compensate an external auditor which was not adopted by the DDC Board.

Reliance on Certain Exemptions

Since the commencement of DDC's most recently completed financial year, DDC has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110;
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110;
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of NI 52-110;
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110; or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

DDC is a "venture issuer" for the purposes of NI 52-110. Accordingly, DDC is relying upon the exemption in section 6.1 of NI 52-110, providing that DDC is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The DDC Audit Committee's charter provides that that DDC Audit Committee must approve all non-audit services to be provided by DDC's external auditor to DDC or a subsidiary of DDC.

External Auditor Services Fees (By Category)

The following table discloses the fees billed to DDC by its external auditor during the last two completed financial years:

Year ended	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2023	\$89,900	Nil	\$3,975	Nil
December 31, 2022	\$85,000	Nil	\$3,855	\$7,110

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of DDC's consolidated financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Please see Appendix "B" to this Schedule L for details regarding DDC's corporate governance practices as prescribed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

ADDITIONAL INFORMATION

Additional information relating to DDC is available on SEDAR+ at www.sedarplus.ca. DDC Shareholders may contact DDC in order to request copies of: (a) this Information Circular; and (b) the DDC Annual Financial Statements and the related DDC Annual MD&A which will be sent to DDC Shareholders without charge upon request. Financial information is provided in the DDC Annual Financial Statements and DDC Annual MD&A for DDC's financial year ended December 31, 2023.

APPENDIX "A"

DDC AUDIT CHARTER

All capitalized terms used in this Appendix "A" have the meanings set forth herein and, unless the context otherwise requires, should not be interpreted with reference to the "Glossary" in the Information Circular.

DRONE DELIVERY CANADA CORP.

Audit Committee Charter

This Charter has been adopted in order to comply with the Instrument and to assist the audit committee in the oversight of the financial reporting process of the Company. Nothing in this charter is intended to restrict the ability of the board of directors or audit committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

1.1 Purpose

The purpose of the audit committee is to:

- (a) review all periodic financial statements, monitor the Corporation's regulatory financial disclosure requirements, and make recommendations respecting financial reporting matters;
- (b) assist the board of directors to discharge its responsibilities;
- (c) provide an accountable avenue of communication between the board of directors and the Company's EAs;
- (d) ensure the EA's independence;
- (e) ensure the availability and transparency of financial reports; and
- (f) ensure that outside members of the board of directors have ready access to the EA to responsible members of management in financial reporting matters.

1.2 Definitions

Unless otherwise defined in this Charter, terms shall have the meanings set forth below:

"audit services" means the professional services rendered by the Company's external auditor for the audit and review of the Company's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

"Board" means the board of directors of the Company.

"Charter" means this audit committee charter.

"Company" or **"Corporation"** means Drone Delivery Canada Corp.

"Committee" means the audit committee established by the Board for the purpose of overseeing the accounting, financial reporting processes of the Company and audits of the financial statements of the Company.

"EA" means the Company's external auditors, from time to time. **"Instrument"** means Multilateral Instrument 52-110.

"MD&A" has the meaning ascribed to it in National Instrument 51-102. "Member" means a member of the Committee.

"National Instrument 51-102" means National Instrument 51-102 Continuous Disclosure Obligations. "non-audit services" means services other than audit services.

PART 2

- 2.1 The Board has hereby established this Charter to set forth the duties and responsibilities of the Committee.
- 2.2 The Committee shall be comprised of at least three financially literate directors, the majority of whom are not Officers, employees or Control Persons of the Issuer or any of its Associates or Affiliates (within the meanings given those terms in prevailing securities legislation). An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be contained in the Company's financial statements.
- 2.3 The Board will direct the EA to report directly to the Committee and the Members have the irrevocable authority to enforce this procedure.
- 2.4 The Committee will be directly responsible for overseeing the work of the EA engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the EA regarding financial reporting.
- 2.5 The Committee will be responsible for recommending to the Board:
 - (a) the EA to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the EA.
- 2.6 Without limitation, the Committee will be responsible for:
 - (a) reviewing the audit plan with management and the EA;
 - (b) reviewing with management and the EA any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the EA regarding significant financial reporting issues occurring during the fiscal period under review and the method of resolution;
 - (d) reviewing any problems experienced by the EA in performing the audit, including any restriction imposed by management or significant accounting issue on which there was disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the EA, and discussing with management any significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the EA, and subsequent follow-up;

- (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the EA, and subsequent follow-up;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing reports issued by the internal auditor, if any, and subsequent follow-up; and
 - (l) reviewing the appointments of chief financial officers and all other key financial executives involved in the financial reporting process, as applicable.
- 2.7 The Committee will approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's EA.
- 2.8 The Committee will review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
- 2.9 The Committee will ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
- 2.10 When there is to be a change of auditor, the Committee will review all issues related to the change, including the information to be included in the notice of change of auditor called for under prevailing laws and policies, and the planned steps for an orderly transition.
- 2.11 The Committee will review all reportable events, including disagreements, unresolved issues and consultations.
- 2.12 The Committee will, as applicable, establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
- 2.13 As applicable, the Committee will establish, periodically review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former EA of the issuer, as applicable.
- 2.14 The responsibilities outlined in this Charter are not intended to be exhaustive. Members must consider any additional areas which may require oversight when discharging their responsibilities.

PART 3

- 3.1 The Committee shall have the authority to:
- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (b) set and pay the compensation for any advisors employed by the Committee; and

- (c) communicate directly with the internal and external auditors.

PART 4

- 4.1 Meetings of the Committee will be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
- 4.2 Members will be afforded reasonable opportunities to privately meet with the EA, the internal auditor and members of senior management.
- 4.3 Minutes will be kept of all meetings of the Committee.

PART 5

- 5.1 If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to its Board, the Committee shall ensure that the Company includes in its management information circular the disclosure required by Form 52-110F2 of the Instrument.

APPENDIX "B"

CORPORATE GOVERNANCE DISCLOSURE OF DDC

Unless the context indicates otherwise, capitalized terms which are used in this Appendix "B" and not otherwise defined in this Appendix "B" have the meanings given to such terms under the heading "Glossary of Defined Terms" or elsewhere in this Information Circular.

General

DDC believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the "**Governance Guidelines**") of the CSA set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, DDC's practices comply with the guidelines, however, the DDC Board considers that some of the guidelines are not suitable for DDC at its current stage of development and therefore these guidelines have not been adopted. DDC will continue to review and implement corporate governance guidelines as the business of DDC progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes DDC's approach to governance and outlines the various procedures, policies and practices that DDC and the DDC Board have implemented.

Board of Directors

The DDC Board is currently composed of four directors. At the DDC Meeting, DDC shareholders will be asked to elect four (4) directors to hold office for the ensuing year and, subject to and conditional on the completion of the Transaction, to elect five (5) directors for the ensuing year. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**") requires disclosure regarding how the DDC Board facilitates its exercise of independent supervision over management of DDC by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with DDC. "Material relationship" is defined as a relationship which could, in the view of the DDC Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. Accordingly, all four (4) of the DDC Nominees with respect to the DDC Original Slate, are considered "independent", within the meaning of NI 52-110. All of the DDC Nominees with respect to the Combined Slate, are considered "independent", within the meaning of NI 52-110, except for Glen Lynch, who will be the Chief Executive Officer of the Combined Company. In assessing Form 58-101F2 and making the foregoing determinations, the DDC Board has examined the circumstances of each director in relation to a number of factors.

Directorships

Certain of the DDC Nominees with respect to the DDC Original Slate are currently directors or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Reporting Issuer
Larry Taylor	VIQ Solutions Inc.

Certain of the DDC Nominees with respect to the Combined Slate are currently directors or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Reporting Issuer
Larry Taylor	VIQ Solutions Inc.
Andrew Leslie	Volt Lithium Corp.

Orientation and Continuing Education

The DDC Board does not have a formal orientation or education program for its members. The DDC Board's continuing education is typically derived from correspondence with DDC's legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically the DDC Board members who are nominated for directorship are familiar with DDC and the nature of its business.

Ethical Business Conduct

The DDC Board has adopted a code of business conduct and ethics (the "**DDC Code**"). The DDC Code reflects DDC's commitment to a culture of honesty, integrity and accountability and strives to operate in accordance with the highest ethical standards and applicable laws and regulations. The DDC Code addresses, among other things, conflicts of interest, protection and proper use of DDC's assets, compliance with laws, rules and regulations, confidentiality and fair dealing with DDC's representatives, customers, suppliers, shareholders, business partners, regulators and competitors and reporting of illegal or unethical behavior.

The DDC Board is responsible for monitoring compliance with the DDC Code, for regularly assessing its adequacy, for interpreting the DDC Code in any particular situation and for approving any changes to the DDC Code as is required from time to time.

Nomination of Directors

The recruitment of new directors of DDC has generally resulted from recommendations made by the DDC Board and the DDC Shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the DDC Board. Prior to standing for election, new DDC Nominees are reviewed by the entire DDC Board.

Compensation

Please see "*Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation*" in Schedule L of this Information Circular for details regarding the steps taken to determine compensation for the directors and the Chief Executive Officer of DDC.

Other Board Committees

The DDC Board has established the DDC Audit Committee and a Corporate Governance and Human Resources Committee.

DDC Audit Committee

Please see "*Audit Committee Information Required in the Information Circular of a Venture Issuer*" in Schedule L of this Information Circular for details regarding the operation of the DDC Audit Committee.

Corporate Governance and Human Resources Committee

The Corporate Governance and Human Resources Committee of DDC is currently composed of Vijay Kanwar (Chair) and Michael Della Fortuna. Each member of the Corporate Governance and Human Resources Committee of DDC is a director and is "independent" in accordance with NI 52-110. The Corporate Governance and Human Resources

Committee of DDC is responsible for: (a) establishing sound corporate governance practices that are in the interests of DDC Shareholders and that contribute to effective and efficient decision-making; (b) offering competitive compensation to attract, retain and motivate the very best qualified executives in order for DDC to meet its goals; and (c) acting in the interests of DDC and DDC Shareholders by being fiscally responsible.

Assessments

The DDC Board monitors but does not formally assess the effectiveness and contribution of the DDC Board, its committees and individual DDC Board members. To date, the DDC Board has satisfied itself, through informal discussions that the DDC Board, its committees and individual DDC Board members are performing effectively.

APPENDIX "C"

DDC EQUITY INCENTIVE PLAN

All capitalized terms used in this Appendix "C" have the meanings set forth herein and, unless the context otherwise requires, should not be interpreted with reference to the "Glossary" in the Information Circular.

DRONE DELIVERY CANADA CORP. EQUITY INCENTIVE PLAN

Drone Delivery Canada Corp. (the "**Company**") hereby establishes this Plan (as defined below) for certain qualified directors, executive officers, employees and Consultants (as defined below) of the Company and its Subsidiaries (as defined below).

ARTICLE 1 INTERPRETATION

1.1 Definitions

Where used in this Plan, in any amendments to this Plan, or in any communication required or permitted to be given under this Plan, the following terms shall have the following meanings, unless otherwise indicated:

"**Account**" means a notional account maintained for each Participant on the books of the Company, which will be credited with Share Units or DSUs, as applicable, in accordance with the terms of this Plan;

"**Affiliate**" has the meaning ascribed thereto by Policy 1.1 of the TSXV Corporate Finance Manual;

"**Associate**" has the meaning ascribed thereto by Policy 1.1 of the TSXV Corporate Finance Manual ;

"**Award**" means any Share Unit or DSU granted pursuant to, or otherwise governed by, this Plan;

"**Blackout Period**" means any period during which Participants cannot trade securities of the Company pursuant to any insider trading policy of the Company which is in effect at an applicable time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or, in respect of an Insider of the Company, that Insider, is subject);

"**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;

"**Board**" means, subject to Section 2.2(1), the board of directors of the Company;

"**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for the transaction of banking business in Vancouver, British Columbia or Toronto, Ontario;

"**Canadian Participant**" means a Participant who is a resident of Canada and/or who is granted an Award in respect of, or by virtue of, employment services (other than employment services rendered by a Management Company Employee) rendered in Canada, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer;

"**Cause**" has the meaning set out in Section 5.2(1);

"**Change of Control**" means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (a) any transaction (other than a transaction described in clause (c) below) pursuant to which any Person, or group of Persons acting jointly or in concert, acquires the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company's then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of stock options or other securities granted by the Company under any of the Company's equity incentive plans (including this Plan),
- (b) there is consummated an arrangement, amalgamation, merger, consolidation, business combination or similar transaction involving, directly or indirectly, the Company and, immediately after the consummation of such transaction, the Shareholders immediately prior to the consummation of such transaction do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such similar transaction or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction,
- (c) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other Person, other than a disposition to a wholly-owned Subsidiary in the course of a reorganization of the assets of the Company and its wholly-owned Subsidiaries,
- (d) the passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions, or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement), or
- (e) individuals who, immediately prior to a particular time, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board immediately following such time; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;

"**Code**" means the United States *Internal Revenue Code of 1986*, as amended;

"**Code Section 409A**" means Section 409A of the Code and applicable regulations and guidance issued thereunder;

"**Company**" means Drone Delivery Canada Corp., a corporation existing under the *Business Corporations Act* (British Columbia);

"**Company Option Plan**" means the stock option plan of the Company as amended from time to time;

"**Consultant**" has the meaning ascribed thereto by Policy 4.4 of the TSXV Corporate Finance Manual;

"**Consulting Agreement**" means any written consulting agreement between the Company or a Subsidiary and a Participant who is a Consultant;

"**Designated Broker**" means a broker who is independent (pursuant to the rules and policies of the Stock Exchange) of, and deals at arm's length with, the Company and is designated by the Company;

"**director**" has the meaning ascribed thereto by Policy 4.4 of the TSXV Corporate Finance Manual);

"**disinterested shareholder approval**" means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval;

"**Dividend Equivalent**" means additional Share Units credited to a Participant's Account as a dividend equivalent pursuant to Section 3.7;

"**DSU**" has the meaning set out in Section 4.1;

"**DSU Agreement**" means a written agreement between the Company and a Participant evidencing the grant of DSUs and the terms and conditions thereof, a form of which is attached as Exhibit D;

"**DSU Redemption Date**" means, with respect to a particular DSU, the date on which such DSU is redeemed in accordance with the provisions of this Plan;

"**Eligible Participant**" means: (a) in respect of a grant of Share Units, any director, executive officer, employee or Management Company Employee, or Consultant of the Company or any Subsidiary, and (b) in respect of a grant of DSUs, any Non-Employee Director;

"**employee**" has the meaning ascribed thereto by Policy 4.4 of the TSXV Corporate Finance Manual;

"**Employment Agreement**" means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

"**Exchange Rules**" means the rules and/or policies of any Stock Exchange or automated quotation system on which the Shares are listed, quoted or traded at an applicable time;

"**executive officer**" has the meaning ascribed thereto by Policy 4.4 of the TSXV Corporate Finance Manual);

"**Grant Agreement**" means an agreement evidencing the grant to a Participant of an Award, including a Share Unit Agreement, a DSU Agreement, an Employment Agreement or a Consulting Agreement;

"**Insider**" has the meaning ascribed thereto by Policy 1.1 of the TSXV Corporate Finance Manual;

"**Investor Relations Activities**" has the meaning ascribed thereto by Policy 1.1 of the TSXV Corporate Finance Manual;

"**Investor Relations Service Provider**" means any Consultant that performs Investor Relations Activities and any director, executive officer, employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;

"**ITA**" means the *Income Tax Act* (Canada), as amended from time to time;

"**ITA Regulations**" means the regulations promulgated under the ITA, as amended from time to time;

"**Management Company Employee**" means an individual employed by a Person providing management services to the Company, which services are required for the ongoing successful operation of the business enterprise of the Company;

"**Market Value of a Share**" means, with respect to any particular date as of which the Market Value of a Share is required to be determined, (a) if the Shares are then listed on the TSXV, the closing price of the Shares on the TSXV

on the last trading day prior to such date, (b) if the Shares are not then listed on the TSXV, the closing price of the Shares on such other Stock Exchange on which the Shares are then listed on the last trading day prior to the such date, or (c) if the Shares are not then listed on any Stock Exchange, the value determined solely by the Board, acting reasonably and in good faith, and such determination shall be conclusive and binding on all Persons;

"Non-Employee Director" means a member of the Board who is not otherwise an employee or executive officer of the Company or a Subsidiary;

"Option" means a stock option granted by the Company to a Participant, entitling such Participant to acquire a Share from treasury at the price per Share payable upon the exercise of such Options;

"Outstanding Issue" means the number of Shares that are outstanding as at a specified time, on a non- diluted basis;

"Participant" means any Eligible Participant that is granted one or more Awards;

"Performance Criteria" means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of a Share Unit;

"Performance Period" means the period determined by the Board at the time any Share Unit is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Share Unit are to be measured;

"Person" is to be construed broadly and includes an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality, or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Equity Incentive Plan, including the exhibits attached and any amendments or supplements to this Plan;

"Redemption Date" has the meaning set out in Section 3.5(1);

"Restriction Period" means, with respect to a particular grant of Share Units, the period between the date of grant of such Share Units and the latest Vesting Date in respect of any portion of such Share Units;

"SEC" has the meaning set out in Section 7.4(5);

"Separation from Service" has the meaning set out under Code Section 409A;

"Share" means a common voting share in the capital of the Company;

"Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan, long-term incentive plan or other compensation or incentive mechanism involving the issuance or potential issuance of Shares from treasury, including, but not limited to, the Company Option Plan and any Options granted thereunder;

"Share Unit" means a right awarded to a Participant to receive a payment as provided in Article 3 and subject to the terms and conditions of this Plan;

"Share Unit Agreement" means a written agreement between the Company and a Participant evidencing the grant of Share Units and the terms and conditions thereof, a form of which is attached as Exhibit C;

"Share Unit Outside Expiry Date" has the meaning set out in Section 3.5(4);

"Shareholder" means a shareholder of the Company;

"Stock Exchange" means the TSXV or, if the Shares are not listed or posted for trading on the TSXV at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;

"Subsidiary" means a corporation, company, partnership or other entity that is controlled, directly or indirectly, by the Company;

"Termination Date" means (a) in the event of a Participant's resignation, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or any Subsidiary, (b) in the event of the termination of the Participant's employment, or position as a director, executive or officer of the Company or a Subsidiary, or of a Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and (c) in the event of a Participant's death, the date of death; provided that, in applying the provisions of this Plan to DSUs granted to a Canadian Participant, the "Termination Date" shall be the date on which the Participant is neither a director, employee, executive or officer of the Company or of any Affiliate;

"Termination of Service" means that a Participant has ceased to be an Eligible Participant;

"TSXV" means the TSX Venture Exchange or such other stock exchange as the Shares are principally traded at an applicable time;

"U.S." or "United States" means "United States", as defined in Regulation S under the U.S. Securities Act;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as amended;

"U.S. Share Unit Outside Expiry Date" has the meaning set out in Section 3.1;

"U.S. Taxpayer" means a Participant who is a U.S. citizen, a U.S. permanent resident or other Person who is subject to taxation on their income or in respect of Awards under the Code, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer; and

"Vesting Date" has the meaning set out in Section 3.4.

1.2 Interpretation

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term "discretion" or "authority" means the sole and absolute discretion of the Board.
- (2) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions, and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (3) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (4) The words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation" and similar variations. As used in this Plan, the expressions "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (5) Unless otherwise specified in the Participant's Grant Agreement, all references to dollar amounts are to Canadian currency, and where any amount is required to be converted to or from a currency other than Canadian currency, such conversion shall be based on the exchange rate quoted by the Bank of Canada on the particular date.

- (6) For purposes of this Plan, the legal representatives of a Participant shall only include the legal representative of the Participant's estate or will.
- (7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2

PURPOSE AND ADMINISTRATION OF THIS PLAN; GRANTING OF AWARDS

2.1 Purpose

The purpose of this Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as set out in this Plan, for the following purposes:

- (a) to increase the interest in the Company's welfare of Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
- (b) to provide an incentive to Eligible Participants to continue their services for the Company or a Subsidiary, and to encourage Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Eligible Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

2.2 Implementation and Administration

- (1) This Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. If such committee or plan administrator is appointed for this purpose, all references to the "Board" in this Plan will be deemed references to such committee or plan administrator. Nothing contained in this Plan shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval.
- (2) Subject to Article 6 and any applicable rules of a Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award to carry out the provisions and purposes of this Plan and/or to address tax or other requirements of any applicable jurisdiction.
- (3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of this Plan as it may deem necessary or advisable. The Board may delegate to officers of the Company, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time in the Board's sole discretion. The interpretation, administration, construction and application of this Plan by the Board, or by any officer or any other Person to which the Board delegates authority to perform such functions pursuant to the terms of this Plan, shall be final and binding on the Company, its Subsidiaries and all Eligible Participants.
- (4) No member of the Board, or any Person acting pursuant to authority delegated by the Board under this Plan, shall be liable for any action or determination taken or made in good faith related to the administration, interpretation, construction or application of this Plan or any Award. Members of the Board, and any Person acting at the direction or on behalf of the Board under this Plan, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

- (5) This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Awards, Shares or other securities in the capital of the Company. For greater clarity, the Company shall not, by virtue of this Plan, be in any way restricted from declaring and paying stock dividends, repurchasing Shares, or varying or amending its share capital or corporate structure.

2.3 Participation in this Plan

- (1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the settlement of Share Units or DSUs, transactions in Awards or Shares, or otherwise, in respect of participation under this Plan. Neither the Company, nor any of its directors, officers, employees, Shareholders or agents, shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under this Plan, or in any other manner related to this Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length) under this Plan or pursuant to any other arrangement, and no additional Awards will be granted to any Participant, to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length) for such purpose. The Company and its Subsidiaries do not assume, and shall not have responsibility for, the income or other tax consequences resulting to any Participant, and each Participant is advised to consult with their own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim or interest in any specific property or asset of the Company or any Subsidiary. No asset of the Company or any Subsidiary shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any Subsidiary under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or their estate holds any rights by virtue of a grant of an Award under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.
- (3) The Company shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan.

2.4 Shares Subject to the Plan

- (1) Subject to adjustment pursuant to Article 6 hereof, and as may be approved by the Stock Exchange and Shareholders from time to time:
- (a) the securities that may be acquired by Participants pursuant to Awards under this Plan shall consist of authorized but unissued Shares in an amount not to exceed the maximum number of Shares set out below at the time of grant, provided that, where the Company exercises its discretion to settle a Share Unit or DSU in a Share, such Share may be an authorized but unissued Share or may be a Share acquired in the open market by a Designated Broker for the benefit of a Participant, subject to the requirements stipulated in Policy 4.4 of the TSXV Corporate Finance Manual; and
- (b) This Plan is a "rolling" plan as it relates to the number of Shares that are issuable pursuant to all Awards, and as such, the maximum number of Shares reserved for issuance, in the aggregate, pursuant to the settlement of Awards granted under this Plan and any securities granted from time to time under any other Share Compensation Arrangement of the Company (if any) shall be equal to a maximum of 10% of the Outstanding Issue. Any increase or reduction in the number of Outstanding Issue will result in an increase or reduction, respectively, in the number of Shares that are issuable pursuant to Awards under this Plan and securities granted from time to time under any other Share Compensation Arrangement of the Company (if any). This "rolling" plan is considered to be an "evergreen" plan as Shares covered by Awards which have been settled in Shares will be available for subsequent grant under this Plan, and the number of Awards that may be granted under this Plan increases if the total number of issued and outstanding Shares increases.

- (2) For the purposes of calculating the number of Shares reserved for issuance under this Plan, notwithstanding that the settlement of any Share Unit or DSU in Shares shall be at the sole discretion of the Company as provided in this Plan, for purposes of the foregoing, each Share Unit and each DSU shall, in each case, be counted as reserving one Share under this Plan.
- (3) No Award may be granted if such grant would have the effect of causing the total number of Shares reserved for issuance under this Plan to exceed the maximum number of Shares reserved for issuance under this Plan as set out above.
- (4) If (a) an outstanding Award (or portion thereof) expires or is forfeited, surrendered, cancelled, or otherwise terminated for any reason without having been exercised, (b) an outstanding Award (or portion thereof) is settled in cash, or (c) Shares acquired pursuant to an Award subject to forfeiture are forfeited, then in each such case, the Shares reserved for issuance in respect of such Award (or portion thereof) will again be available for issuance under this Plan.

2.5 Limits with Respect to Insiders, Individual Limits, Annual Grant Limits and Non-Employee Director Limits

- (1) The maximum number of the Company's securities issuable to Insiders at any time under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, cannot exceed 10% of the Company's total issued and outstanding securities (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules).
- (2) The maximum number of the Company's securities issued to Insiders within any one-year period under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, cannot exceed 10% of the Company's total issued and outstanding securities calculated as at the date any Award is granted or issued to any Insider (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules).
- (3) The maximum number of Shares that may be made issuable pursuant to Awards made to any Person, including employees and Non-Employee Directors, under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, within any one-year period shall not exceed 5% of the Outstanding Issue (as of the commencement of such one-year period) calculated as at the date any Award is granted or issued to such Person (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules).
- (4) The maximum aggregate number of Shares that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Consultant under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, must not exceed 2% of the number of Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Consultant.
- (5) Subject to Sections 2.5(1) to 2.5(4) above, the Board may make Awards to Non-Employee Directors under this Plan, provided that:
 - (a) the annual grant of Awards under this Plan, or when combined with any awards made under all of the Company's other Share Compensation Arrangements in aggregated, to any one Non-Employee Director shall not exceed \$150,000 in value (based on a Black-Scholes calculation or such other similar and acceptable methodology, applied consistently and appropriately as determined by the Board); and
 - (b) the maximum number of Shares that may be made issuable pursuant to Awards made to all Non-Employee Directors under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, within any one-year period shall not exceed 1% of the Outstanding Issue (as of the commencement of such one-year period).

- (6) Any Award granted pursuant to this Plan, or securities issued under any other Share Compensation Arrangement, prior to a Participant becoming an Insider, shall be included for the purposes of the limits set out in Section 2.5(1) to Section 2.5(5).
- (7) Investor Relations Service Providers may not receive any Awards. For so long as the Company is listed on the TSXV, the Board will, through the establishment of appropriate procedures as determined by the Board in its discretion from time to time, monitor the trading in the securities of the Company by all Investor Relations Service Providers. These procedures may include, for example, the establishment of a designated brokerage account through which an Investor Relations Service Provider conducts all trades in the securities of the Company or a requirement that Investor Relations Service Providers file reports of their trades with the Board on a basis that is similar to reports required to be filed by Insiders under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

2.6 Granting of Awards

Any Award granted under or otherwise governed by this Plan shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the Shares upon any Stock Exchange or under any law or regulation of any jurisdiction, or the consent or approval of any Stock Exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant, settlement or exercise of such Award, or the issuance or purchase of Shares thereunder, as applicable, such Award may not be granted, settled or exercised, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing in this Plan shall be deemed to require the Company to apply for, or to obtain, any such listing, registration, qualification, consent or approval. For Awards granted to employees, Management Company Employees and Consultants, the Company and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee, Management Company Employee or Consultant, as the case may be.

ARTICLE 3 RESTRICTED AND PERFORMANCE SHARE UNITS

3.1 Nature of Share Units

A Share Unit is an Award in the nature of a bonus for services rendered in the year of grant, which, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a Share (or, at the sole discretion of the Company, a Share), subject to such restrictions and conditions on vesting as the Board may determine at the time of grant, unless such Share Unit expires prior to being settled. Restrictions and conditions on vesting conditions may, without limitation, be based on the passage of time during continued employment or other service relationship (sometimes referred to as a "Restricted Share Unit"), the achievement of specified Performance Criteria (sometimes referred to as a "Performance Share Unit"), or both. Unless otherwise provided in the applicable Share Unit Agreement, it is intended that Share Units awarded to U.S. Taxpayers will be exempt from Code Section 409A under U.S. Treasury Regulation section 1.409A-1(b)(4), and, accordingly, such Share Units will be settled/redeemed by March 15th of the year following the year in which such Share Units are not, or are no longer, subject to a substantial risk of forfeiture (as such term is interpreted under Code Section 409A). For greater certainty, upon the satisfaction or waiver, or deemed satisfaction, of all Performance Criteria and other vesting conditions, the Share Units of U.S. Taxpayers will no longer be subject to a substantial risk of forfeiture, and will be settled/redeemed by March 15th of the following year (the "**U.S. Share Unit Outside Expiry Date**"). It is intended that, in respect of Share Units granted to Canadian Participants as a bonus for services rendered in the year of grant, neither this Plan nor any Share Units granted under this Plan will constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof. All Share Units granted under this Plan shall be in addition to, and not in substitution for, or in lieu of, ordinary salary and wages received or receivable by any Canadian Participant in respect of their services to the Company or a Subsidiary, as applicable.

3.2 Share Unit Awards

- (1) The Board shall, from time to time, by resolution, in its sole discretion: (a) designate the Eligible Participants who may receive Share Units under this Plan, (b) fix the number of Share Units, if any, to be granted to each

Eligible Participant and the date(s) on which such Share Units shall be granted, (c) determine the relevant conditions, vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such Share Units, and (d) determine any other terms and conditions applicable to the granted Share Units, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any Share Unit Agreement.

- (2) Subject to the vesting and other conditions and provisions in this Plan and in the applicable Share Unit Agreement, each Share Unit awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Share, or at the discretion of the Company (or applicable Subsidiary), one Share, or any combination of cash and Shares as the Company (or applicable Subsidiary), in its sole discretion, may determine, in each case less any applicable withholding taxes. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any Share Unit, and, notwithstanding any discretion exercised by the Company (or applicable Subsidiary) to settle any Share Unit, or portion thereof, in the form of Shares, the Company (and each Subsidiary) reserves the right to change such form of payment at any time until payment is actually made.

3.3 Share Unit Agreements

- (1) The grant of a Share Unit shall be evidenced by a Share Unit Agreement, in such form not inconsistent with this Plan as the Board may from time to time determine, with reference to the form attached as Exhibit C. Such Share Unit Agreement shall be subject to all applicable terms and conditions of this Plan, and may be subject to any other terms and conditions (including any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Share Unit Agreement. The provisions of the Share Unit Agreements issued or entered into under this Plan need not be identical.
- (2) Each Share Unit Agreement shall contain such terms as the Company considers necessary in order that the Share Unit will comply with Code Section 409A and any provisions respecting restricted share units in the income tax laws (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the Share Units shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in, or the rules of any regulatory body having jurisdiction over the Company.

3.4 Vesting of Share Units

Subject to the requirements under Policy 4.4 of the TSXV Corporate Finance Manual, the Board shall have sole discretion to: (a) determine if any vesting conditions with respect to a Share Unit, including any Performance Criteria or other vesting conditions contained in the applicable Share Unit Agreement, have been met, (b) waive the vesting conditions applicable to Share Units (or deem them to be satisfied), and (c) extend the Restriction Period with respect to any grant of Share Units, provided that (i) any such extension shall not result in the Restriction Period for such Share Units extending beyond the Share Unit Outside Expiry Date, and (ii) with respect to any grant of Share Units to a U.S. Taxpayer, such extension constitutes a substantial risk of forfeiture and such Share Units will continue to be exempt from (or otherwise comply with) Code Section 409A. In accordance with the Exchange Rules, no Share Units may vest before 1 year following the date such Share Unit was granted. Acceleration of vesting is permitted in connection with a Participant's death or where a Participant ceases to be an Eligible Participant in connection with a change of control, take-over bid, RTO or other similar transaction. The Company shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of Share Units to the Participant have been satisfied, waived or deemed satisfied, and such Share Units have vested (the "**Vesting Date**").

Notwithstanding the foregoing, if the date on which any Share Units would otherwise vest falls within a Blackout Period, the Vesting Date of such Share Units will be deemed to be the date that is the earlier of: (i) ten Business Days after the Blackout Period Expiry Date (which ten Business Day period may not be further extended by the Board), and (ii) the Share Unit Outside Expiry Date in respect of such Share Units, provided that, in no event, will the redemption

and settlement of any Share Units of a Participant who is a U.S. Taxpayer be delayed beyond March 15th of the calendar year immediately following the year in which such Share Units are not, or are no longer, subject to a substantial risk of forfeiture (as such term is interpreted under Code Section 409A).

3.5 Redemption / Settlement of Share Units

- (1) Subject to the provisions of this Section 3.5 and Section 3.6, a Participant's vested Share Units shall be redeemed in consideration for a cash payment on the date (the "**Redemption Date**") that is the earliest of: (a) the 15th day following the applicable Vesting Date for such vested Share Units (or, if such day is not a Business Day, on the immediately following Business Day), (b) the Share Unit Outside Expiry Date, and (c) in the case of a Participant who is a U.S. Taxpayer, the U.S. Share Unit Outside Expiry Date.
- (2) Subject to the provisions of this Section 3.5 and Section 3.6, during the period between the Vesting Date and the Redemption Date, the Company (or any Subsidiary that is party to an Employment Agreement or Consulting Agreement with the Participant whose vested Share Units are to be redeemed) shall, in its sole discretion, be entitled to elect to settle all or any portion of the cash payment obligation otherwise arising in respect of the Participant's vested Share Units either: (a) by the issuance of Shares to the Participant (or the legal representative of the Participant, if applicable) on the Redemption Date, or (b) by paying all or a portion of such cash payment obligation to the Designated Broker, who shall use the funds received to purchase Shares in the open market, subject to the requirements stipulated in Policy 4.4 of the TSXV Corporate Finance Manual, which Shares shall be registered in the name of the Designated Broker in a separate account for the Participant's benefit.
- (3) Settlement of a Participant's vested Share Units shall take place on the Redemption Date as follows:
 - (a) where the Company (or applicable Subsidiary) has elected to settle all or a portion of the Participant's vested Share Units in Shares issued from treasury:
 - (i) in the case of Shares issued in certificated form, by delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding in accordance with Section 7.2, or
 - (ii) in the case of Shares issued in uncertificated form, by the issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax under Section 7.2, which Shares shall be evidenced by a book position on the register of the Shareholders to be maintained by the transfer agent and registrar of the Shares;
 - (b) where the Company or a Subsidiary has, subject to the requirements stipulated in Policy 4.4 of the TSXV Corporate Finance Manual, elected to settle all or a portion of the Participant's vested Share Units in Shares purchased in the open market, by delivery to the Designated Broker of readily available funds in an amount equal to the Market Value of a Share as of the Redemption Date multiplied by the number of vested Share Units to be settled in Shares purchased in the open market, less the amount of any applicable withholding tax under Section 7.2, along with directions instructing the Designated Broker to use such funds to purchase Shares in the open market for the benefit of the Participant, and to be evidenced by a confirmation from the Designated Broker of such purchase;
 - (c) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's Share Units that the Company or a Subsidiary has elected to settle in Shares) shall, subject to satisfaction of any applicable withholding tax under Section 7.2, be paid to the Participant (or to the legal representative of the Participant, if applicable)

by the Company or Subsidiary of which the Participant is a director, employee, executive officer or Consultant, in cash, by cheque or by such other payment method as the Company and the Participant may agree; and

- (d) where the Company or a Subsidiary has elected to settle a portion, but not all, of the Participant's vested Share Units in Shares, the Participant shall be deemed to have instructed the Company or Subsidiary, as applicable, to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 7.2, and to remit such withheld amount to the applicable taxation authorities on account of any withholding tax obligations, and the Company or Subsidiary, as applicable, shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonably practicable. In the event that the cash portion payable to settle a Participant's Share Units in the foregoing circumstances is not sufficient to satisfy the withholding obligations of the Company or a Subsidiary pursuant to Section 7.2, the Company or Subsidiary, as applicable, shall be entitled to satisfy any remaining withholding obligation by any other mechanism as may be required or determined by the Company or Subsidiary as appropriate.
- (4) Notwithstanding any other provision in this Article 3, no payment, whether in cash or in Shares, shall be made in respect of the settlement of any Share Units later than December 15 of the third calendar year following the end of the calendar year in respect of which such Share Unit is granted (the "**Share Unit Outside Expiry Date**").

3.6 Determination of Amounts

- (1) The cash payment obligation arising in respect of the redemption and settlement of a vested Share Unit pursuant to Section 3.5 shall be equal to the Market Value of a Share as of the applicable Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's vested Share Units shall, subject to any adjustments in accordance with Section 6.1, and any withholding required pursuant to Section 7.2, be equal to the Market Value of a Share as of the Redemption Date for such vested Share Units multiplied by the number of vested Share Units in the Participant's Account at the commencement of the Redemption Date (after deducting any such vested Share Units in the Participant's Account in respect of which the Company (or applicable Subsidiary) makes an election under Section 3.5(2) to settle such vested Share Units in Shares).
- (2) If the Company (or applicable Subsidiary) elects in accordance with Section 3.5(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's vested Share Units by the issuance of Shares, the Company shall, subject to any adjustments in accordance with Section 6.1, and any withholding required pursuant to Section 7.2, issue to the Participant (or the legal representative of the Participant, if applicable), for each vested Share Unit which the Company (or applicable Subsidiary) elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 6.1, and/or any withholding required pursuant to Section 7.2, the aggregate number of Shares to be received by a Participant upon an election by the Company (or applicable Subsidiary) to settle all or a portion of the Participant's vested Share Units in Shares includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number.

3.7 Award of Dividend Equivalents

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested Share Units in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a Shareholder on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account, as a bonus for services rendered in the calendar year containing the relevant record date, in additional Share Units, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of Share Units in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share, and the denominator is the Market Value of a Share calculated as of the date that dividends are paid; provided that the Company may award the Dividend Equivalents in cash (rather than Share Units) where there is an insufficient number

of Shares reserved for issuance pursuant to Awards under this Plan, or where the grant of additional Share Units would result in breaching any limit on grants or issuances contained in this Plan or in any Exchange Rules. Any additional Share Units credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting and Restriction Periods) as the Share Units in respect of which such additional Share Units are credited, and shall be deemed to be subject to the same terms and conditions including expiry date as the Share Units in respect of which such additional Share Units are credited.

In the event that a Participant's applicable Share Units do not vest, all Dividend Equivalents, if any, associated with such Share Units will be forfeited by the Participant.

ARTICLE 4 DEFERRED SHARE UNITS

4.1 Nature of Deferred Share Units

A deferred share unit ("**DSU**") is an Award that, upon settlement, entitles the recipient Participant to receive cash or Shares, on a deferred basis, for no additional cash consideration, as determined by the Company in its sole discretion, unless such DSU expires prior to being settled.

4.2 Market Fluctuation

For greater certainty, no amount will be paid, or benefit provided, to, or in respect of, a Participant, or to any Person who does not deal at arm's length with a Participant for the purposes of the ITA, under this Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant, for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the Shares or the shares of any company related to the Company.

4.3 DSU Awards

- (1) Subject to the provisions of this Plan, and the requirements of paragraph 6801(d) of the ITA Regulations and Code Section 409A, the Board shall, from time to time, by resolution, in its sole discretion: (a) designate the Non-Employee Directors who may receive DSUs under this Plan, (b) fix the number of DSUs, if any, to be granted to any Non-Employee Director and the date(s) on which such DSUs shall be granted, and (c) determine any other terms and conditions applicable to the granted DSUs.
- (2) Subject to the vesting and other conditions and provisions in this Plan and in any DSU Agreement, each DSU awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Share, or, in the discretion of the Company, one Share, or any combination of cash and Shares as the Company, in its sole discretion, may determine. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any DSU, and, notwithstanding any discretion exercised by the Company to settle any DSU, or portion thereof, in the form of Shares, the Company reserves the right to change such form of payment at any time until payment is actually made.

4.4 DSU Agreements

- (1) The grant of a DSU shall be evidenced by a DSU Agreement in such form not inconsistent with this Plan as the Board may from time to time determine, with reference to the form attached as Exhibit D. Such DSU Agreement shall be subject to all applicable terms and conditions of this Plan, and may be subject to any other terms and conditions (including any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a DSU Agreement. The provisions of the DSU Agreements issued under this Plan need not be identical. In accordance with the Exchange Rules, no DSU may vest before 1 year following the date such DSU was granted. Acceleration of vesting is permitted in connection with a Participant's death or where a Participant ceases to be an Eligible Participant in connection with a change of control, take-over bid, RTO or other similar transaction.

- (2) Each DSU Agreement shall contain such terms as the Company considers necessary in order that the DSUs granted thereunder will comply with Code Section 409A and any provisions respecting restricted share units in the income tax (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the DSUs shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA by reason of the exemption in paragraph 6801(d) of the ITA Regulations) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in, or the rules of any regulatory body having jurisdiction over the Company.

4.5 Redemption / Settlement of DSUs

- (1) Except as otherwise provided in this Section 4.5 or in Section 7.10: (a) DSUs of a Participant who is a U.S. Taxpayer shall be redeemed and settled by the Company as soon as reasonably practicable following the Participant's Separation from Service, and (b) DSUs of a Participant who is a Canadian Participant (or who is neither a U.S. Taxpayer nor a Canadian Participant) shall be redeemed and settled by the Company as soon as reasonably practicable following the Participant's Termination Date, but in any event not later than, and any payment (whether in cash or in Shares) in respect of the settlement of such DSUs shall be made no later than, December 15 of the first calendar year commencing immediately after the Participant's Termination Date. Notwithstanding the foregoing, if a payment in settlement of DSUs of a Participant who is both a U.S. Taxpayer and a Canadian Participant:
- (a) is required as a result of his or her Separation from Service in accordance with clause (a) above, but such payment would result in such DSUs failing to satisfy the requirements of paragraph 6801(d) of the ITA Regulations, and the Board determines that it is not practical to make such payment in some other manner or at some other time that complies with both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then such payment will be made to a trustee to be held in trust for the benefit of the Participant in a manner that causes the payment to be included in the Participant's income under the Code but does not contravene the requirements of paragraph 6801(d) of the ITA Regulations, and the amount shall thereafter be paid out of the trust at such time and in such manner as complies with the requirements of paragraph 6801(d) of the ITA Regulations; or
 - (b) is required pursuant to clause (b) above, but such payment would result in such DSUs failing to satisfy the requirements of Code Section 409A because the Participant has not experienced a Separation from Service, and if the Board determines that it is not practical to make such payment in some other manner or at some other time that satisfies the requirements of both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then the Participant shall forfeit such DSUs without compensation therefore.
- (2) The Company will have, at its sole discretion, the ability to elect to settle all or any portion of the cash payment obligation arising in respect of the redemption and settlement of a Participant's DSUs by the issuance of Shares.
- (3) For greater certainty, the Company shall not pay any cash or issue any Shares to a Participant in satisfaction of the redemption of a Participant's DSUs prior to the Company being satisfied, in its sole discretion, that all applicable withholding taxes under Section 7.2 will be timely withheld or received and remitted to the appropriate taxation authorities in respect of any particular Participant and any particular DSUs.
- (4) The redemption and settlement of a Participant's DSUs shall occur on the applicable DSU Redemption Date as follows:
- (a) where the Company has elected to settle all or a portion of the Participant's DSUs in Shares,
 - (i) in the case of Shares issued in certificated form, delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate

number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding in accordance with Section 7.2; or

- (ii) in the case of Shares issued in uncertificated form, issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax under Section 7.2, which Shares shall be evidenced by a book position on the register of the Shareholders to be maintained by the transfer agent and registrar of the Shares;
 - (b) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's DSUs that the Company has elected to pay in Shares) shall, subject to satisfaction of any applicable withholding tax under Section 7.2, be paid to the Participant (or to the legal representative of the Participant, if applicable) by the Company in cash, by cheque or by such other payment method as the Company and Participant may agree; and
 - (c) where the Company has elected to settle a portion, but not all, of the Participant's DSUs in Shares, the Participant shall be deemed to have instructed the Company to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 7.2 and to remit such withheld amount to the applicable taxation authorities on account of any withholding obligations of the Company, and the Company shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonable practicable. In the event that the cash portion elected by the Company to settle the Participant's Share Units is not sufficient to satisfy the withholding obligations of the Company pursuant to Section 7.2, any remaining amounts shall be satisfied by the Company by any other mechanism as may be required or determined by the Company as appropriate.
- (5) Notwithstanding anything to the contrary, DSUs must expire within a reasonable period following a Participant ceasing to be an Eligible Participant (maximum of 12 months). The maximum period that there will be an entitlement to make a claim after the death of a Participant will be no greater than 12 months following the death of the Participant.

4.6 Determination of Amounts

- (1) The cash payment obligation by the Company in respect of the redemption and settlement of a DSU pursuant to Section 4.5 shall be equal to the Market Value of a Share as of the applicable DSU Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's DSUs shall, subject to any adjustment in accordance with Section 6.1 and any withholding required pursuant to Section 7.2, be equal to the Market Value of a Share as of the DSU Redemption Date for such DSUs multiplied by the number of DSUs being redeemed (after deducting any such DSUs in respect of which the Company makes an election under Section 4.5(2) to settle such DSUs in Shares).
- (2) If the Company elects in accordance with Section 4.5(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's DSUs by the issuance of Shares, the Company shall, subject to any adjustments in accordance with Section 6.1 and any withholding required pursuant to Section 7.2, issue to the Participant, for each DSU which the Company elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 6.1 and/or any withholding required pursuant to Section 7.2, the aggregate number of Shares to be received by a Participant upon an election by the Company to settle all or a portion of the Participant's DSUs includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number.

4.7 Award of Dividend Equivalents

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested DSU's in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a Shareholder on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account, as a bonus for services rendered in the calendar year containing the relevant record date, in additional DSUs, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of DSUs in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share, and the denominator is the Market Value of a Share calculated as of the date that dividends are paid; provided that the Company may award the Dividend Equivalents in cash (rather than DSUs) where there is an insufficient number of Shares reserved for issuance pursuant to Awards under this Plan, or where the grant of additional DSUs would result in breaching any limit on grants or issuances contained in this Plan or in any Exchange Rules. Any additional DSU's credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting and Restriction Periods) as the DSUs in respect of which such additional DSUs are credited, and shall be deemed to be subject to the same terms and conditions including expiry date as the DSUs in respect of which such additional DSUs are credited.

In the event that a Participant's applicable DSUs do not vest, all Dividend Equivalents, if any, associated with such DSUs will be forfeited by the Participant.

ARTICLE 5 GENERAL CONDITIONS

5.1 General Conditions Applicable to Awards

Each Award shall be subject to the following conditions:

- (1) **Vesting Period.** Each Award shall vest in accordance with the terms of this Plan and the Grant Agreement entered into in respect of such Award. The Board has the right, in its sole discretion, subject to the vesting requirements in section 4.6 of Policy 4.4 of the TSXV Corporate Finance Manual, to waive any vesting conditions or accelerate the vesting of any Award, or to deem any Performance Criteria or other vesting conditions to be satisfied, notwithstanding the vesting schedule set forth for such Award at the time of grant.
- (2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to this Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or related to any Award granted under this Plan shall interfere in any way with the rights of the Company or any Subsidiary in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.
- (3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive, nor preclude such Eligible Participant from receiving, any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or any Subsidiary.
- (4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as a Shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award, until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Without in any way limiting the generality of the

foregoing, and except as provided under this Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.

- (5) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of this Plan, or purports to grant Awards on terms different from those set out in this Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with this Plan.
- (6) **Non-Transferrable Awards.** Each Award granted under this Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted under this Plan shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.
- (7) **Participant's Entitlement.** Except as otherwise provided in this Plan (including pursuant to Section 6.2), or unless the Board permits otherwise, upon any Subsidiary ceasing to be a Subsidiary, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.
- (8) The Plan contemplates the purchase of Shares on the open market to settle Awards to Participants. The Company will comply with section 4.14 of Policy 4.4 of the TSXV Corporate Finance Manual and will engage an independent trustee to facilitate open market purchases as part of the operation of the Plan.

5.2 General Conditions Applicable to Share Units

Each Share Unit shall be subject to the following conditions:

- (1) **Termination for Cause or Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause, or as a result of a Participant's resignation from the Company or a Subsidiary, the Participant's participation in this Plan shall terminate immediately, all Share Units credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested Share Units shall be forfeited and cancelled on the Termination Date. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be cause for termination.
- (2) **Death, Retirement, Permanent Disability, or Termination not for Cause.** Except as otherwise determined by the Board from time to time, in its sole discretion, upon a Participant ceasing to be Eligible Participant as a result of: (a) death, (b) retirement, (c) Termination of Service for reasons other than for Cause, (d) such Participant's employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability, or (e) becoming eligible to receive long-term disability benefits (provided that, for greater certainty, such eligibility and the effective date thereof shall be confirmed in writing to the Company by the insurance company providing such benefits), all unvested Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled. Notwithstanding the foregoing, if the Board, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested Share Units, the date of such action is the Vesting Date.
- (3) **Leave of Absence.** A Participant's employment or service relationship with the Company or a Subsidiary shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Participant's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Participant's reemployment is not so guaranteed, then the Participant's employment shall be deemed to have terminated on the ninety-first day of such leave.

- (4) **General.** For greater certainty, where: (a) a Participant's employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 5.2(1) or Section 5.2(2), or (b) a Participant elects for a voluntary leave of absence pursuant to Section 5.2(3), following the satisfaction of all vesting conditions in respect of particular Share Units, but before receipt of the corresponding distribution or payment in respect of such Share Units, the Participant shall remain entitled to such distribution or payment.
- (5) Notwithstanding anything to the contrary, Share Units must expire within a reasonable period following a Participant ceasing to be an Eligible Participant (maximum of 12 months).

ARTICLE 6 ADJUSTMENTS AND AMENDMENTS

6.1 Adjustment to Shares Subject to Outstanding Awards

- (1) At any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award or the forfeiture or cancellation of such Award, in the event of: (a) any subdivision of the Shares into a greater number of Shares, (b) any consolidation of Shares into a lesser number of Shares, (c) any reclassification, reorganization or other change affecting the Shares, (d) any merger, amalgamation, business combination or consolidation of the Company with or into another Person, or (e) any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or Shares, but including, for greater certainty, Shares or equity interests in a Subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange and governing tax regimes, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including:
 - (i) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
 - (ii) adjustments to the number of Shares or cash amount to which the Participant is entitled upon exercise of such Award; or
 - (iii) adjustments to the number or kind of Shares or other securities reserved for issuance pursuant to such Award or this Plan.
- (2) Any adjustment made pursuant to Section 6.1(1), other than in connection with either the subdivision of the Shares into a greater number of Shares or the consolidation of Shares into a lesser number of Shares, must be subject to the prior acceptance of the Stock Exchange.

6.2 Change of Control

- (1) In the event of a Change of Control, the Board may exercise its discretion subject to the Policy 4.4 of the TSXV Corporate Finance Manual and Section 3.2(2) of this Plan to accelerate the vesting of, or waive the Performance Criteria or other vesting conditions applicable to, outstanding Share Units, and the date of the such action shall be the Vesting Date of such Share Units.
- (2) If the Company completes a transaction constituting a Change of Control and within 12 months following the Change of Control a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their Employment Agreement or Consulting Agreement terminated, then all unvested Share Units shall become vested, and the date of such Participant's Termination Date shall be deemed to be the Vesting Date.

6.3 Amendment or Discontinuance of this Plan

- (1) Subject to the requirements stipulated in Policy 4.4 of the TSXV Corporate Finance Manual, the Board may suspend or terminate this Plan at any time, or from time to time amend or revise the terms of this Plan or any granted Award under this Plan, without the consent of the Participants, provided that such suspension, termination, amendment or revision shall:
 - (a) not adversely alter or impair the rights of any Participant without the consent of such Participant, except as permitted by the provisions of this Plan;
 - (b) be in compliance with applicable law (including the provisions of the ITA and Code Section 409A, to the extent they are applicable), including the prior approval, if required, of the TSXV (or any other Stock Exchange), or any other regulatory body having authority over the Company; and
 - (c) be subject to Shareholder approval to the extent such approval is required by applicable law and the requirements of the TSXV (or any other Stock Exchange), provided that the Board may, from time to time, in its absolute discretion and without approval of the Shareholders, make the following amendments to this Plan:
 - (i) any amendment necessary to comply with applicable law (including taxation laws), or the requirements of the TSXV (or any other Stock Exchange) or any other regulatory body;
 - (ii) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors, or amend the definitions in this Plan;
 - (iii) any amendment regarding the administration of this Plan;
 - (iv) any amendment to adopt a clawback provision applicable to equity compensation; and
 - (v) any other amendment that does not require the approval of the Shareholders under Section 6.3(2).
- (2) Notwithstanding Section 6.3(1), the Board shall be required to obtain Shareholder approval, or disinterested shareholder approval where applicable to make the following amendments.
 - (a) any increase to the maximum number of Shares issuable under this Plan, except in the event of an adjustment pursuant to Section 6.1;
 - (b) any amendment which extends the expiry date of any Award, or the Restriction Period of any Share Unit, beyond the original expiry date or Restriction Period;
 - (c) any amendment to the number of Shares that may be issuable pursuant to Awards made to employees and Non-Employee Directors;
 - (d) any amendment which would permit Awards granted under this Plan to be transferable or assignable, other than for normal estate settlement purposes;
 - (e) any amendment to the limits on Awards to Non-Employee Directors set out in Section 2.5(5);
 - (f) any amendment to the definition of an Eligible Participant under this Plan; and
- (3) any amendments to the terms of the Plan or to grants or issuances of Awards will be subject to the approval of the TSXV, and to Shareholder approval where applicable.

ARTICLE 7 MISCELLANEOUS

7.1 Use of an Administrative Agent

The Board may, in its sole discretion, appoint from time to time one or more Persons to act as administrative agent to administer the Awards granted under this Plan, and to hold and administer the assets that may be held in respect of Awards granted under this Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under this Plan.

7.2 Tax Withholding

Notwithstanding any other provision of this Plan, each distribution, delivery of Shares, or payment to a Participant (or to the legal representative of the Participant) under this Plan shall be made net of any applicable withholdings, including in respect of applicable withholding taxes required to be withheld at source and other source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, the withholding may be satisfied in such manner as the Company determines, including: (a) by the sale of a portion of such Shares by the Company, the Company's transfer agent and registrar, or any administrative agent appointed by the Company pursuant to Section 7.1, on behalf of, and as agent for, the Participant, as soon as permissible and practicable, with the proceeds of such sale being used to satisfy any withholding and remittance obligations of the Company and any remaining proceeds, following such withholding and remittance, to be paid to the Participant, (b) by requiring the Participant, as a condition of receiving such Shares, to pay to the Company an amount in cash sufficient to satisfy such withholding, or (c) by any other mechanism as may be required or determined by the Company to be appropriate.

7.3 Clawback

Notwithstanding any other provision of this Plan, any Award which is subject to recovery under any law, government regulation or Stock Exchange requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or Stock Exchange requirement (or any policy adopted by the Company pursuant to any such law, government regulation or Stock Exchange requirement), or any policy adopted by the Company. The Board may provide that any outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of any Awards, or Shares acquired under Awards, will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates: (a) any non-competition, non-solicitation, confidentiality or other restrictive covenant by which the Participant is bound, or (b) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards, and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable Stock Exchange standards, including any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under this Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required under this Plan. Neither the Board, the Company, nor any other Person, other than the Participant and the Participant's permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or the Participant's permitted transferees, if any, that may arise in connection with this Section 7.3.

7.4 Securities Law Compliance

- (1) This Plan (including any amendments to it), the terms of the grant of any Award under this Plan, the grant of any Award, or the Company's election to deliver Shares in settlement of any Share Units or DSUs, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges, and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of

this Plan, or the grant, exercise or settlement of any Award, to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.

- (2) No Awards shall be granted, and no Shares shall be issued, sold or delivered under this Plan, where such grant, issue, sale or delivery would require registration of this Plan or of the Awards or Shares under the securities laws of any applicable jurisdiction, or the filing of any prospectus for the qualification of same, and any purported grant of any Award or purported issue or sale of Shares under this Plan in violation of this provision shall be void.
- (3) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under this Plan may be subject to limitations on sale or resale under applicable securities laws.
- (4) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate, and any funds paid to the Company in connection with the exercise or settlement of such Award will be returned to the applicable Participant as soon as practicable.
- (5) With respect to Awards granted in the United States or to U.S. Persons (as defined under Regulation S under the U.S. Securities Act), or at such time as the Company ceases to be a "foreign private issuer" (as defined under the U.S. Securities Act), unless the Shares which may be issued upon the exercise or settlement of such Awards are registered under the U.S. Securities Act, the Awards granted under this Plan, and any Shares that may be issuable upon the exercise or settlement of such Awards, will be considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Accordingly, any such Awards or Shares issued prior to an effective registration statement filed with the United States Securities and Exchange Commission (the "SEC") may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed of by the Participant, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws, or unless in compliance with an available exemption therefrom. Certificate(s) representing any Award(s) and any Shares issued upon the exercise or settlement of such Awards prior to an effective registration statement filed with the SEC, and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

"THE SECURITIES REPRESENTED HEREBY [for Awards add: AND ANY SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT."

7.5 Reorganization of the Company

The existence of any Awards shall not in any way affect the right or power of the Company or its Shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company, or to create or issue any bonds, debentures, Shares or other securities of the Company or the rights and conditions attaching thereto, or to affect the dissolution of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

7.6 Quotation of Shares

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange(s) for the listing or quotation, as applicable, of the Shares underlying the Awards granted under this Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

7.7 Fractional Shares

If, upon the concurrent exercise or settlement of one or more Awards by a Participant, the aggregate number of Shares that the Participant would otherwise be entitled to receive includes a fractional Share, then the aggregate number of Shares to be issued to the Participant upon such exercise shall be rounded down to the nearest whole number, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

7.8 Governing Laws

This Plan, and all matters related to this Plan, shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

7.9 Severability

The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision, and any invalid or unenforceable provision shall be severed from this Plan.

7.10 Code Section 409A

It is intended that any payments under this Plan to U.S. Taxpayers shall be exempt from or comply with Code Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Code Section 409A. Solely to the extent that Awards of a U.S. Taxpayer are determined to be subject to Code Section 409A, the following will apply with respect to the rights and benefits of U.S. Taxpayers under this Plan:

- (1) Except as permitted under Code Section 409A, any deferred compensation (within the meaning of Code Section 409A) payable to or for the benefit of a U.S. Taxpayer may not be reduced by, or offset against, any amount owing by the U.S. Taxpayer to the Company or any of its Affiliates.
- (2) If a U.S. Taxpayer becomes entitled to receive payment in respect of any DSUs, or any Share Units that are subject to Code Section 409A, as a result of a Separation from Service, and the U.S. Taxpayer is a "specified employee" (within the meaning of Code Section 409A) at the time of the Separation from Service, and the Board makes a good faith determination that: (a) all or a portion of the Share Units or DSUs constitute "deferred compensation" (within the meaning of Code Section 409A), and (b) any such deferred compensation that would otherwise be payable during the six-month period following such Separation from Service is required to be delayed pursuant to the six-month delay rule set forth in Code Section 409A in order to avoid taxes or penalties under Code Section 409A, then payment of such "deferred compensation" shall not be made to the U.S. Taxpayer before the date which is six months after the date of such Separation from Service (and shall be paid in a single lump sum on the first day of the seventh month following the date of such Separation from Service) or, if earlier, the U.S. Taxpayer's date of death.
- (3) A U.S. Taxpayer's status as a "specified employee" (within the meaning of Code Section 409A) shall be determined by the Company as required by Code Section 409A on a basis consistent with Code Section 409A, and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Company that are subject to Code Section 409A.
- (4) Although the Company intends that Share Units will be exempt from Code Section 409A or will comply with Code Section 409A, and that DSUs will comply with Code Section 409A, the Company makes no assurances that the Share Units will be exempt from Code Section 409A or will comply with it. Each U.S. Taxpayer, or

any beneficiary of the U.S. Taxpayer's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Taxpayer in connection with this Plan (including any taxes and penalties under Code Section 409A), and neither the Company nor any Subsidiary shall have any obligation to indemnify or otherwise hold such U.S. Taxpayer, or beneficiary of the U.S. Taxpayer's estate, harmless from any or all of such taxes or penalties.

- (5) In the event that the Board determines that any amounts payable under this Plan will be taxable to a Participant under Code Section 409A prior to payment to such Participant of such amount, the Company may: (a) adopt such amendments to this Plan and the Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Board determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Plan and the Share Units, and/or (b) take such other actions as the Board determines necessary or appropriate to avoid or limit the imposition of an additional tax under Code Section 409A.
- (6) In the event that the Company amends, suspends or terminates this Plan or Share Units as permitted under this Plan, such amendment, suspension or termination will be undertaken in a manner that does not result in adverse tax consequences under Code Section 409A.

SCHEDULE M VOLATUS AGM SCHEDULE

Unless the context indicates otherwise, capitalized terms which are used in this Schedule M and not otherwise defined in this Schedule M have the meanings given to such terms under the heading "*Glossary of Defined Terms*" or elsewhere in this Information Circular.

This Schedule M provides additional information in respect of the Volatus AGM Resolutions. The same procedures under the heading "*Information Concerning the Volatus Meeting*" in the body of the Information Circular apply in respect of the manner in which the Volatus Shareholders will consider and vote upon the Volatus AGM Resolutions.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Volatus Board, the matters to be brought before the Volatus Meeting are those matters set forth in the accompanying Volatus Notice.

1. PRESENTATION OF FINANCIAL STATEMENTS

The Volatus Annual Financial Statements have been mailed to Volatus' registered and beneficial shareholders who requested to receive them. No vote will be taken on Volatus Annual Financial Statements. The Volatus Annual Financial Statements will be placed before the Volatus Meeting. The Volatus Annual Financial Statements are also available under Volatus' profile on SEDAR+ at www.sedarplus.ca.

2. APPOINTMENT OF AUDITOR AND REMUNERATION OF AUDITOR

At the Volatus Meeting, the Volatus Shareholders will be asked to appoint BDO Canada LLP, as independent auditor of Volatus to serve until the close of the next annual meeting of Volatus Shareholders and to authorize the Volatus Board to fix their remuneration.

MS Partners LLP, ("**MS Partners**"), the former auditors of Volatus, resigned as the auditors of Volatus effective November 1, 2023, at the request of MS Partners, and the Volatus Board appointed BDO Canada LLP ("**BDO**") as successor auditors of Volatus effective November 23, 2023. Volatus' determination to change the auditor was not as a result of any "reportable event" as such term is defined in NI 51-102.

In connection with this change in auditor, the change of auditor "reporting package", as such term is defined in NI 51-102, was filed on Volatus' profile on SEDAR+ at www.sedarplus.ca and is attached as Appendix "A" to this Schedule M. As indicated in the Notice of Change of Auditor, there have been no: (a) modified opinions expressed in MS Partners' auditor reports in connection with the audit of Volatus' financial statements for the two most recently completed financial years; and/or (b) "reportable events", as such term is defined in NI 51-102. MS Partners and BDO each acknowledged the Notice of Change of Auditor on June 7, 2024 and each firm indicated that it agreed with the information contained therein.

To be effective, the Volatus Auditor Resolution must be approved by not less than a majority of the votes cast thereon by Volatus Shareholders who are present at the Volatus Meeting or by proxy and entitled to vote at the Volatus Meeting.

The Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the Volatus Auditor Resolution.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the Volatus Auditor Resolution, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be voted against the Volatus Auditor Resolution.

3. FIXING THE NUMBER OF DIRECTORS

The Volatus Articles provide that the minimum number of directors shall be one (1) director and the maximum shall be ten (10) directors. The Volatus Board currently consists of five (5) directors. Accordingly, at the Volatus Meeting, the Volatus Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution fixing the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed in accordance with the Volatus Articles, at five (5).

To be effective, the resolution fixing the number of directors to be elected at the Volatus Meeting must be approved by not less than a majority of the votes cast thereon by Volatus Shareholders who are present at the Volatus Meeting or by represented by proxy and entitled to vote at the Volatus Meeting.

The Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the resolution fixing the number of directors to be elected at the Volatus Meeting at five (5) directors for the ensuing year.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the resolution fixing the number of directors to be elected at the Volatus Meeting at five (5) for the ensuing year, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be voted against such resolution.

4. ELECTION OF DIRECTORS

The Volatus Board currently consists and will continue to consist of five (5) directors following the Volatus Meeting. At the Volatus Meeting, Volatus Shareholders are required to elect the directors of Volatus to hold office until the next annual meeting of Volatus Shareholders or until the successors of such directors are elected or appointed.

The persons named below are the nominees of management for election as directors of Volatus: Ian McDougall, Glen Lynch, Samuel Ingram, Gordon Silverman and Andrew Leslie (the "**Volatus Nominees**"). Each director elected will hold office until the next annual general meeting of Volatus Shareholders or until the director's successor is elected or appointed unless the director's office is earlier vacated under any of the relevant provisions of the Volatus Articles or the OBCA. Management does not contemplate that any of the Volatus Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Volatus Meeting, it is intended that discretionary authority shall be exercised by the persons named in the proxy and voting instruction form to vote the proxy and voting instruction form for the election of any other person or persons in place of any Volatus Nominee(s) unable to serve.

Each of the Volatus Nominees has consented to being named in this Information Circular and to serve as a director, if elected. The present term of office of each current director of Volatus will expire at the Volatus Meeting.

The Volatus Shareholders will be asked at the Volatus Meeting to consider, and if deemed advisable, to:

- (a) vote for all of the directors of Volatus listed in the table below;
- (b) vote for some of the directors and withhold for others; or
- (c) withhold for all of the directors.

Information Concerning the Nominees

The following table and the biographies below set out, among other things, the name of each of the persons proposed to be nominated for election as a director of Volatus; all positions and offices in Volatus presently held by the Volatus Nominee; the Volatus Nominee's principal occupation or employment for the last five years; the period during which the Volatus Nominee has served as a director; and the number of Volatus Shares that the Volatus Nominee has advised are beneficially owned by the Volatus Nominee, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

Name, province or state and country of residence and position, if any, held in Volatus	Principal Occupation for Past Five Years	Served as Director of Volatus since	Number of Volatus Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Ian McDougall ⁽⁴⁾ Ontario, Canada <i>Director, Chairman</i>	Chair and director of Volatus (2021 – present); Vice Chair of the Board of Directors at Partner Jet Corp. (2015 - 2021).	December 22, 2021	39,017,267 ⁽²⁾
Glen Lynch Quebec, Canada <i>Director and Chief Executive Officer</i>	President and Chief Executive Officer of Volatus (2021 – present); Chief Executive Officer of Gal Aerospace Corp. (2013-2021).	December 22, 2021	38,461,667 ⁽³⁾
Samuel Ingram ⁽⁴⁾ Ontario, Canada <i>Director</i>	President of Durango Oils Ltd.	December 22, 2021	2,500
Gordon Silverman ⁽⁴⁾ Florida, U.S.A. <i>Director</i>	Advisor to the board of directors of Aviation Starlink Inc.	December 22, 2021	Nil
Andrew Leslie Ontario, Canada <i>Director</i>	Independent Director for Volt Lithium Corp. (2022 – present); Director of Volatus (2022 – present); Member of the House of Commons of Canada (2015 – 2019); Armed Forces (1986 - 2011).	June 24, 2022	Nil

Notes:

- (1) Information as to personal shareholdings is given to Volatus' knowledge based on publicly available sources.
- (2) Ian McDougall indirectly holds his Volatus Shares through Delta-Mike Inc., a holding company beneficially owned by Ian McDougall, representing approximately 31.04% of the outstanding voting securities of Volatus based on an aggregate of 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date.
- (3) Glen Lynch's shareholdings of Volatus represent approximately 30.6% of the outstanding voting securities of Volatus based on an aggregate of 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date.
- (4) Member of the Volatus Audit Committee (Samuel Ingram, Chair).

The Volatus Board unanimously recommends that the Volatus Shareholders vote FOR the election of each of the proposed Volatus Nominees set forth in the table above.

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the election of each of the proposed Volatus Nominees set forth in the table above in respect of the Volatus Board, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be voted against such resolution or nominee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

See "Cease Trade Orders, Bankruptcies, Penalties or Sanctions" in Schedule J to this Information Circular.

5. APPROVAL AND CONFIRMATION OF VOLATUS OPTION PLAN

The Volatus Option Plan is a "rolling" stock option plan whereby a maximum of 10% of the issued and outstanding Volatus Shares, from time to time, may be reserved for issuance pursuant to the exercise of Volatus Options. The Volatus Option Plan was last approved by the Volatus Shareholders at the annual general and special meeting of Volatus Shareholders held on June 28, 2023.

There are currently 125,683,761 Volatus Shares issued and outstanding, therefore the current number of Volatus Shares issuable pursuant to the Volatus Option Plan is 12,568,376 Volatus Shares, representing 10% of the issued and outstanding Volatus Shares as at the date hereof.

The principal features of the Volatus Option Plan are described in more detail below in the section entitled "*Statement of Executive Compensation – Stock Options and Other Compensation Securities*" in this Schedule M, and is qualified in its entirety by the full text of the Volatus Option Plan which will be made available at the Volatus Meeting.

The Volatus Option Plan is a "rolling" stock option plan and, under Policy 4.4 of the TSXV, a listed company on the TSXV is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. Accordingly, Volatus Shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

1. the Volatus Option Plan, as described in the joint management information circular of Volatus dated July 12, 2024, is hereby approved, confirmed and ratified."

In accordance with the policies of the TSXV, the Volatus Option Plan Resolution must be approved by not less than a majority of the votes cast thereon by Volatus Shareholders who are present at the Volatus Meeting or by proxy and entitled to vote at the Volatus Meeting. **The Volatus Board unanimously recommends that Volatus Shareholders vote FOR the approval of the Volatus Option Plan Resolution.**

The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the Volatus Option Plan Resolution, unless the Volatus Shareholder who has given such proxy has directed that the Volatus Shares represented by such proxy be voted against the Volatus Option Plan Resolution.

6. OTHER BUSINESS

Management of Volatus is not aware of any matter to come before the Volatus Meeting other than those set forth in the Volatus Notice. If any other matter properly comes before the Volatus Meeting, it is the intention of the persons named in the form of proxy to vote the Volatus Shares represented thereby in accordance with their best judgment on such matter.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The only voting securities of Volatus are the Volatus Shares. As of the Volatus Record Date, there are 125,683,761 Volatus Shares issued and outstanding. Each holder of Volatus Shares is entitled to receive notice of and to attend all meetings of Volatus Shareholders, except meeting at which only holders of other classes or series of Volatus securities are entitled to attend, and at all such meetings, holders of Volatus Shares are entitled to one vote in respect of each Volatus Share held.

In accordance with the provisions of the OBCA, Volatus will prepare a list of the holders of Volatus Shares on the Volatus Record Date. Each holder of Volatus Shares named on the list will be entitled to vote the Volatus Shares shown opposite their name on the list at the Volatus Meeting.

Except as disclosed below, to the knowledge of the directors and executive officers of the Volatus, as at the date of this Information Circular, no Person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Volatus carrying 10% or more of the voting rights attached to the Volatus Shares.

Name	Number of Volatus Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Volatus Shares ⁽¹⁾
Glen Lynch	38,461,667 Volatus Shares	30.6%
Ian McDougall ⁽²⁾	39,017,267 Volatus Shares	31.0%

Notes:

- (1) Percentage calculated on a non-diluted basis, based on an aggregate of 125,683,761 Volatus Shares issued and outstanding as of the Volatus Record Date.
- (2) Ian McDougall indirectly holds his Volatus Shares through Delta-Mike Inc., a holding company beneficially owned by Ian McDougall.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of Volatus is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of Volatus at any time since the beginning of Volatus' last financial year, any person who is a Volatus Nominee, or any associate or affiliate of such persons, in respect of the Volatus AGM Resolutions other than the election of directors of Volatus.

STATEMENT OF EXECUTIVE COMPENSATION

As prescribed by applicable Canadian securities law requirements including as set out in Form 51-102F6V – *Statement of Executive Compensation – Venture Issuer* ("**Form F6V**"), the following information regarding executive compensation is presented for the period ended December 31, 2023, Volatus' most recently completed financial year ("**Financial Year 2023**") and sets forth compensation for each of the named executive officers and directors of Volatus as of Financial Year 2023 (the "**Statement of Executive Compensation**").

General

For the purpose of this Statement of Executive Compensation:

"**CEO**" means an individual who acted as chief executive officer of Volatus, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of Volatus, or acted in a similar capacity, for any part of the most recently completed financial year;

"**Named Executive Officer**" or "**NEO**" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) in respect of the Volatus and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form F6V, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Named Executive Officers

As at the end of Financial Year 2023, Volatus had the following Named Executive Officers (collectively, the "**Named Executive Officers**" or "**NEOs**"):

- Glen Lynch, Chief Executive Officer
- Abhinav Singhvi, Chief Financial Officer
- Luc Massé, Executive Vice President & Corporate Secretary
- Robert Walker, Chief Operating Officer

Summary Compensation Table

The table below sets forth all compensation referred to in subsection 1.3(1) of Form F6V paid to each NEO and director of Volatus for each of the two most recently completed financial years, other than compensation as disclosed under the table titled "*Compensation Securities*".

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Glen Lynch <i>Chief Executive Officer and Director⁽¹⁾</i>	2023	350,000	Nil	Nil	Nil	Nil	350,000
	2022	350,000	Nil	Nil	Nil	Nil	350,000
Abhinav Singhvi <i>Chief Financial Officer</i>	2023	190,000	Nil	Nil	Nil	Nil	190,000
	2022	182,378	Nil	Nil	Nil	Nil	182,378
Luc Massé <i>Executive Vice President and Corporate Secretary</i>	2023	180,000	Nil	Nil	Nil	Nil	180,000
	2022	168,475	Nil	Nil	Nil	Nil	168,475
Robert Walker <i>Chief Operating Officer</i>	2023	165,000	Nil	Nil	Nil	Nil	165,000
	2022	155,798	Nil	Nil	Nil	Nil	155,798
Ian McDougall <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Leslie <i>Director</i>	2023	Nil	Nil	Nil	Nil	96,000 ⁽²⁾	96,000
	2022	Nil	Nil	Nil	Nil	50,000 ⁽²⁾	50,000
Gordon Silverman <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Samuel Ingram <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Lynch receives compensation for his role as the Chief Executive Officer of Volatus. Mr. Lynch does not receive any compensation for his role as a director of the Volatus Board.
- (2) On August 31, 2022, Volatus entered into an independent consultant agreement ("**Consultant Agreement**") with GripFast Solutions Inc., a company controlled by Andrew Leslie, an independent director, to provide consulting services to Volatus for scaling in the defense sector. The costs of all charges are based on the fees set out in the Consultant Agreement and are settled on a monthly basis. Volatus records these charges under External Partner Cost.

Stock Options and Other Compensation Securities

The table below sets forth all compensation securities granted or issued to each director and NEO of Volatus in the Financial Year 2023 for services provided or to be provided, directly or indirectly, to Volatus or any of its subsidiaries.

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$) ⁽¹⁾	Closing price of security or underlying security at year end (\$) ⁽²⁾	Expiry Date
Glen Lynch <i>Chief Executive Officer and Director</i>	Volatus Options	300,000 (3.72%) (exercisable into 300,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Abhinav Singhvi <i>Chief Financial Officer</i>	Volatus Options	200,000 (2.50%) (exercisable into 200,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Luc Massé <i>Executive Vice President and Corporate Secretary</i>	Volatus Options	300,000 (3.72%) (exercisable into 300,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Robert Walker <i>Chief Operating Officer</i>	Volatus Options	150,000 (1.86%) (exercisable into 150,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Ian McDougall <i>Director</i>	Volatus Options	300,000 (3.72%) (exercisable into 300,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Andrew Leslie <i>Director</i>	Volatus Options	200,000 (2.50%) (exercisable into 200,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Gordon Silverman <i>Director</i>	Volatus Options	200,000 (2.50%) (exercisable into 200,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028
Samuel Ingram <i>Director</i>	Volatus Options	200,000 (2.50%) (exercisable into 200,000 Volatus Shares)	August 11, 2023	\$0.23	\$0.24	\$0.15	August 11, 2028

Notes:

(1) Source: Yahoo Finance.

(2) Source: Yahoo Finance.

The table below sets forth each exercise by a director or NEO of Volatus of Volatus Options in the Financial Year 2023.

EXERCISE OF COMPENSATION SECURITIES BY NEOS AND DIRECTORS							
Name and position	Type of compensation security	Number underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Glen Lynch <i>Chief Executive Officer and Director</i>	Volatus Options	Nil	-	-	-	-	-
Abhinav Singhvi <i>Chief Financial Officer</i>	Volatus Options	Nil	-	-	-	-	-
Luc Massé <i>Executive Vice President and Corporate Secretary</i>	Volatus Options	Nil	-	-	-	-	-
Robert Walker <i>Chief Operating Officer</i>	Volatus Options	Nil	-	-	-	-	-
Ian McDougall <i>Director</i>	Volatus Options	Nil	-	-	-	-	-
Andrew Leslie <i>Director</i>	Volatus Options	Nil	-	-	-	-	-
Gordon Silverman <i>Director</i>	Volatus Options	Nil	-	-	-	-	-
Samuel Ingram <i>Director</i>	Volatus Options	Nil	-	-	-	-	-

External Management Companies

All NEOs of Volatus are employees of Volatus. No external management companies employ or retain one or more of the NEOs or directors of Volatus nor does an external management company provide Volatus with executive management services.

Stock Option Plans and Other Incentive Plans

The purpose of the Volatus Option Plan is to develop the interest and incentive of eligible employees, directors and consultants of Volatus in the company's growth and development by giving eligible employees, directors and consultants an opportunity to purchase Volatus Shares on a favourable basis, thereby advancing the interests of Volatus, enhancing the value of the Volatus Shares for the benefit of all Volatus Shareholders and increasing the ability of Volatus to attract and retain skilled and motivated individuals in the service of Volatus.

The Volatus Option Plan provides that the maximum number of Volatus Shares that may be reserved for issuance upon the exercise of all Volatus Options granted under the Volatus Option Plan shall not exceed, on a rolling basis, 10% of the aggregate number of Volatus Shares issued and outstanding from time to time. A copy of the Volatus Option Plan is available on Volatus' profile on SEDAR+ at www.sedarplus.ca.

The following is a summary of the Volatus Option Plan, which is qualified in its entirety by reference to the full text of the Volatus Option Plan.

- (a) Number of Volatus Shares Reserved. The aggregate number of Volatus Shares reserved for issuance under the Volatus Option Plan, on a rolling basis, is 10% of the number of Volatus Shares outstanding.

- (b) Administration. The Volatus Option Plan is administered by the Volatus Board, or any duly authorized committee thereof.
- (c) Eligible Persons. Volatus Options under the Volatus Option Plan may only be issued to directors, employees and consultants of Volatus and its affiliates (for purposes of the Volatus Option Plan, "**Eligible Persons**").
- (d) Terms of Volatus Options. The Volatus Option provides that the exercise price, vesting provisions, the extent to which such Volatus Option is exercisable, acceleration of vesting in connection with a take-over bid or other specified event and other terms and conditions relating to such Volatus Options shall be determined by the Volatus Board or applicable committee thereof, as applicable, and subject to compliance with the policies of the TSXV.
- (e) Maximum Term of Volatus Options. Volatus Options granted under the Volatus Option Plan will be for a term not exceeding five (5) years from the date of grant.
- (f) Blackout Periods. Volatus Options may not be exercised during any blackout period imposed by Volatus or within 10 business days after the end of a blackout period. The date of the expiry of such Volatus Option will become the 10th business day following the end of the blackout period.
- (g) Termination Prior to Expiry. If an optionee employment or term of office terminates by reason of (i) termination by Volatus or its affiliates without cause or (ii) voluntary resignation by such optionee, then any Volatus Options held by such optionee that are exercisable at the termination date shall continue to be exercisable by such optionee until the earlier of (A) the date that is 30 days following the termination date and (B) the date on which the exercise period of the particular Volatus Option expires. Where an optionee's employment or term of office is terminated by Volatus or its affiliates for cause, then any Volatus Options held by such optionee, whether or not exercisable at the termination date, shall expire and be cancelled upon the termination date.
- (h) Death of an optionee. If an optionee dies, the Volatus Options held by the deceased optionee will be exercisable by the deceased's executor, administrator or other legal representative, to the extent that such Volatus Options were exercisable as at the date of such death and the right to so exercise such Volatus Options shall terminate on the earlier of (i) the date that is 180 days from the date of the optionee's death, and (ii) the date on which the exercise period of the particular Volatus Option expires and will expire on the earlier of the one-year anniversary of the date of death of the optionee and the expiry date of the applicable Volatus Options.
- (i) No Assignment. Volatus Options may not be assigned or transferred, except in limited circumstances including the death of the optionee.
- (j) Amendments. Generally, the Volatus Board may amend the Volatus Option Plan, subject to any necessary regulatory approval.
- (k) Termination of Volatus Option Plan. The Volatus Option Plan will terminate on the date upon which no further Volatus Shares remain available for issuance pursuant to Volatus Options which may be granted under the Volatus Option Plan and no Volatus Options remain outstanding.

For more information on the Volatus Option Plan and Volatus Options granted by Volatus see "*Long-Term Incentive & Option Based Awards*" below.

Employment, Consulting and Management Agreements

Other than as set forth below, Volatus does not, and did not during the most recently completed financial year, have in place any employment agreements between Volatus or any subsidiary or affiliate thereof and any of its NEOs or directors.

Glen Lynch – Employment Agreement

During the Financial Year 2023, compensation was provided to Mr. Lynch under an employment agreement between Volatus and Mr. Lynch dated December 1, 2021 (the "**Lynch Employment Agreement**"). The Lynch Employment Agreement permits Mr. Lynch to terminate his employment with Volatus within 90 days following a "Change of Control" (as defined therein), in which case Mr. Lynch shall be entitled to 18 months' salary. Mr. Lynch's salary is \$350,000 per year, with the estimated change of control payment being \$525,000.

Mr. Lynch has agreed to waive his entitlement to receive any "Change of Control" payment under the Lynch Employment Agreement in connection with the Transaction. See "*Securities Law Matters – MI 61-101*" in the Information Circular.

Abhinav Singhvi – Employment Agreement

During the Financial Year 2023, compensation was provided to Mr. Singhvi under an employment agreement between Volatus and Mr. Singhvi, dated December 1, 2021, as amended by an addendum to the employment agreement by and between Volatus and Mr. Singhvi, dated June 20, 2022 (the "**Singhvi Employment Agreement**"). The Singhvi Employment Agreement permits Mr. Singhvi to terminate his employment with Volatus within 90 days following a "Change of Control" (as defined therein), in which case Mr. Singhvi shall be entitled 12 months' salary. Mr. Singhvi's salary is \$190,000 per year, with the estimated change of control payment being \$190,000.

Mr. Singhvi has agreed to waive his entitlement to receive any "Change of Control" payment under the Singhvi Employment Agreement in connection with the Transaction. See "*Securities Law Matters – MI 61-101*" in the Information Circular.

Luc Massé – Employment Agreement

During the Financial Year 2023, compensation was provided to Mr. Massé under an employment agreement between Volatus and Mr. Massé, dated January 4, 2022, as amended by an addendum to the employment agreement by and between Volatus and Mr. Massé, dated June 20, 2022 (the "**Massé Employment Agreement**"). Pursuant to the Massé Employment Agreement, Mr. Massé is to receive a base salary of \$180,000. The Massé Employment Agreement does not have any provisions with respect to a change of control. Pursuant to the Massé Employment Agreement, Mr. Massé may be terminated for cause (as defined in the Massé Employment Agreement). Upon termination of Mr. Massé's employment with the Volatus for cause, Volatus shall be under no further obligation to Mr. Massé, except to pay all accrued but unpaid base salary and accrued vacation to the date of termination thereof.

Robert Walker – Employment Agreement

During the Financial Year 2023, compensation was provided to Mr. Walker under an employment agreement between Volatus and Mr. Walker, dated January 4, 2022, as amended by an addendum to the employment agreement by and between Volatus and Mr. Walker, dated June 20, 2022 (the "**Walker Employment Agreement**"). Pursuant to the Walker Employment Agreement, Mr. Walker is to receive a base salary of \$165,000. The Walker Employment Agreement does not have any provisions with respect to a change of control. Pursuant to the Walker Employment Agreement, Mr. Walker may be terminated for cause (as defined in the Walker Employment Agreement). Upon termination of Mr. Walker's employment with the Volatus for cause, Volatus shall be under no further obligation to Mr. Walker, except to pay all accrued but unpaid base salary and accrued vacation to the date of termination thereof.

Andrew Leslie – Consultant Agreement

During the Financial Year 2023, compensation was provided to Mr. Leslie under an independent consultant agreement ("**Leslie Consultant Agreement**") between Volatus and GripFast Solutions Inc., a company controlled by Andrew Leslie. Pursuant to the Leslie Consultant Agreement, fees are paid by Volatus on a monthly basis based on a defined fee schedule set forth in the Leslie Consultant Agreement. For the Financial Year 2023, Volatus incurred fees of \$96,000 under the Leslie Consultant Agreement.

Oversight and Description of Director and NEO Compensation

Compensation of Directors

The Volatus Board, at the recommendation of the management of Volatus, determines the compensation payable to the directors of Volatus and reviews such compensation periodically throughout the year. For their role as directors of Volatus, each director of Volatus who is not a NEO may, from time to time, be awarded Volatus Options under the provisions of the Volatus Option Plan. Other than as disclosed herein, there are no other arrangements under which the directors of Volatus who are not NEOs are compensated by Volatus or its subsidiaries during the two most recently completed financial years for their services in their capacity as directors of Volatus.

Compensation of NEOs

Principles of Executive Compensation

When determining the compensation of the NEOs, the Volatus Board considers the limited resources of Volatus and the objectives of: (a) recruiting and retaining the executives critical to the success of Volatus and the enhancement of Volatus Shareholder value; (b) providing fair and competitive compensation; (c) balancing the interests of management of Volatus and Volatus Shareholders; and (d) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to the NEOs consists of the following two components: (i) base fee or salary; and (ii) long-term incentive in the form of Volatus Options. The purpose of the below compensation discussion and analysis is to provide information about Volatus' philosophy, objectives and processes regarding compensation paid, made payable, awarded, granted, gave or otherwise provided to each NEO and director for Financial Year 2023.

Base Fee or Salary

The base fee or salary of each particular NEO is determined by an assessment by the Volatus Board of such executive's performance, a consideration of competitive compensation levels in companies similar to Volatus and a review of the performance of Volatus as a whole and the role such executive officer played in such corporate performance.

Long-Term Incentive & Option Based Awards

Volatus provides a long-term incentive by granting Volatus Options to executive officers under the Volatus Option Plan. The objective of granting Volatus Options is to encourage executives to acquire an ownership interest in Volatus, which acts as a financial incentive for such executive to consider the long-term interests of Volatus and Volatus Shareholders.

The Volatus Board reviews the performance of Volatus' management and advisors from time to time, and recommends option-based awards and other compensation awards or adjustments. These decisions take into consideration corporate and individual performance and industry standards. Previous grants of option-based awards are also taken into consideration in making this determination. The experience of the Volatus Board members who are also involved as management of, or Volatus Board members or advisors to, other companies also informs decisions concerning compensation.

As of the date of this Information Circular, Volatus has 8,067,691 Volatus Options outstanding. The average exercise price of all Volatus Options is \$0.44 and, if fully exercised, represent approximately 6.4% of the currently issued and outstanding Volatus Shares. The Volatus Option Plan provides for the "rolling" grant of Volatus Options to purchase up to 10% of the issued and outstanding Volatus Shares; this is equal to 12,568,376 Volatus Options as of the date of this Information Circular.

During the year ended December 31, 2023, the Corporation granted 3,057,500 Volatus Options on August 11, 2023, all of which expire on August 11, 2028, with an exercise price of \$0.23 per Volatus Share, as determined and approved by the Volatus Board. A summary of the Volatus Option Plan, which is qualified in its entirety by the full text of the Volatus Option Plan, can be found under the heading "*Stock Options and Other Compensation Securities*" in this Schedule M.

Compensation and Measurements of Performance

It is the intention of the Volatus Board to approve targeted amounts of long-term incentives for each NEO at the beginning of each financial year. The targeted amounts will be determined by the Volatus Board based on a number of factors, including comparable compensation of similar companies. The NEO will receive a partial or full incentive grant of Volatus Options depending on the number of the predetermined targets met and the Volatus Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Volatus Board and the Volatus Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Peer Group

Volatus does not have formal benchmarks for assessing and setting executive compensation. However, the Volatus Board from time to time reviews compensation programs of companies in its peer group to ensure that executive compensation is within the parameters of companies of a similar size and within the same industry.

Pension Disclosure

As at December 31, 2023, Volatus did not have a formal pension plan or any other plan that provides payment or benefits at, following or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding Volatus Options	Weighted-average exercise price of outstanding Volatus Options	Number of securities remaining available for future issuance under the Volatus Option Plan excluding securities reflected in column (a)
Equity compensation plans approved by securityholders ⁽¹⁾	8,067,691	\$0.4497	12,568,376
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	8,067,691	\$0.4497	12,568,376

Notes:

(1) Represents the number of Volatus Shares available for issuance under the Volatus Option Plan, which reserves a number of Volatus Shares for issuance, pursuant to the exercise of Volatus Options, that is equal to 10% of the issued and outstanding Volatus Shares from time to time.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "Informed Person" means: (a) a director or officer; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of Volatus; (c) any person or company who beneficially owns, directly or indirectly, voting securities of Volatus or who exercises control or direction over voting securities of Volatus or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of Volatus, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) Volatus itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the notes to the Volatus Annual Financial Statements, to the knowledge of management of Volatus, none of the Informed Persons of Volatus, the proposed Volatus Nominees for election as a director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transaction since the commencement of Volatus' most recently completed financial year or in a proposed transaction which has materially affected or would materially affect Volatus or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this Information Circular or "routine indebtedness" as defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations*, none of: (a) the individuals who are, or at any time since the beginning of the last financial year of Volatus were, a director or executive officer of Volatus; (b) the proposed Volatus Nominees for election as a director of Volatus; or (c) any associates of the foregoing persons, is, or at any time since the beginning of the most recently completed financial year has been, indebted to Volatus or any subsidiary of Volatus, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by Volatus or any subsidiary of Volatus.

MANAGEMENT CONTRACTS

Neither Volatus, nor any of its subsidiaries, have any management contracts or other arrangement in place where management functions are performed by a person or company other than the directors or executive officers of Volatus or the subsidiary.

CORPORATE GOVERNANCE

Please see Appendix "B" to this Schedule M for details regarding Volatus' corporate governance practices as prescribed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

Pursuant to section 158(1) of the OBCA and NI 52-110, Volatus is required to have an audit committee comprised of not less than three directors, a majority of whom are not executive officers, employees or control persons of Volatus or an affiliate of Volatus. NI 52-110 requires Volatus, as a venture issuer, to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

Audit Committee's Charter

The directors of Volatus have adopted a charter (the "**Volatus Audit Charter**") for the audit committee of Volatus (the "**Volatus Audit Committee**"), which sets out the Volatus Audit Committee's mandate, organization, powers and responsibilities. The full text of the Volatus Audit Charter is attached hereto as Appendix "C" to this Schedule M.

Composition of Audit Committee

The members of the Volatus Audit Committee are Samuel Ingram (Chair), Ian McDougall and Gordon Silverman, all of whom are considered to be independent (as defined in NI 52-110) and all members are financially literate (as defined in NI 52-110).

Name of Member	Independent	Financially Literate
Samuel Ingram (Chair)	Yes	Yes
Ian McDougall	Yes	Yes
Gordon Silverman	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Volatus Audit Committee must not have any direct or indirect "material relationship" with Volatus. A "material relationship" is a relationship which could, in the view of the Volatus Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Volatus Audit Committee must have the ability to read and understand a set

of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Volatus' financial statements.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Volatus Audit Committee that is relevant to the performance of his responsibilities as a Volatus Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by Volatus to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Volatus' financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Samuel Ingram – Director and Chair of the Volatus Audit Committee

Mr. Ingram is a barrister and solicitor who was admitted to the Law Society of Alberta in 1975. Mr. Ingram has over 35 years of experience in the resource industry. He has acted as the Chief Legal Officer of publicly listed energy and mining/process companies. Mr. Ingram has served as a director and officer of both domestic and international limited partnerships and private joint venture companies.

Ian McDougall – Director

Mr. McDougall has over 40 years of experience in the aviation industry, particularly as an executive of several commercial operating companies including Partner Jet, Learjet Canada and Flight Solutions and Services (FSS) Inc. Mr. McDougall is a member of the Law Society of Ontario and studied at Harvard Law School, Osgoode Hall Law School, and Simon Fraser University. He served as the director of the joint Osgoode-Schulich JD/MBA Program from 1994-2006 and was a lecturer on the topic of "Law of Corporate Governance and Advanced Corporate Finance" from 1986-2004.

Gordon Silverman – Director

Mr. Silverman is an independent director with over thirty-five years of corporate experience, including serving as the former Director, President & CEO of Ivaco Inc., a leading North American producer of steel and fabricated steel products. Mr. Silverman is an electrical engineer and in addition to his work in the steel industry, has over thirty years of experience in aviation.

Volatus Audit Committee Oversight

Since the commencement of Volatus' most recently completed financial year, there has not been a recommendation of the Volatus Audit Committee to nominate or compensate an external auditor which was not adopted by the Volatus Board.

Reliance on Certain Exemptions

Since the commencement of Volatus' most recently completed financial year, Volatus has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110;

2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110;
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of NI 52-110;
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110; or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

Volatus is a "venture issuer" for the purposes of NI 52-110. Accordingly, Volatus is relying upon the exemption in section 6.1 of NI 52-110 providing that Volatus is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The Volatus Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under "*Procedures for Approval of Non-Audit Services*" of the Volatus Audit Charter attached hereto as Appendix "C" to this Schedule M.

External Auditor Services Fees (By Category)

The following table discloses the fees billed to Volatus by its external auditor during the last two completed financial years:

Year ended	Audit Fees⁽¹⁾⁽²⁾	Audit-Related Fees⁽³⁾	Tax Fees⁽⁴⁾	All Other Fees⁽⁵⁾
December 31, 2023	\$250,000	Nil	Nil	Nil
December 31, 2022	\$110,015	Nil	Nil	Nil

Notes:

- (1) Audit Fees are the aggregate fees billed by Volatus to Volatus' external auditor in each of the last two fiscal years for audit fees.
- (2) The audit fees of Volatus were paid for professional services rendered by the auditor for the audit of Volatus' annual financial statements as well as services provided in connection with statutory and regulatory filings.
- (3) Audit-Related Fees are the aggregate fees billed in each of the last two fiscal years for assurance and related services by Volatus' external auditor that are reasonably related to the performance of the audit or review of Volatus' financial statements and are not reported under Audit Fees.
- (4) Tax Fees are the aggregate fees billed in each of the last two fiscal years for professional services rendered by Volatus' external auditor for tax compliance, tax advice, and tax planning.
- (5) All Other Fees are the aggregate fees billed in each of the last two fiscal years for products and services provided by Volatus' external auditor, other than the services reported under Audit Fees, Audit-Related Fees and Tax Fees.

ADDITIONAL INFORMATION

Additional information relating to Volatus is available on SEDAR+ at www.sedarplus.ca. Volatus Shareholders may contact Volatus at 60 Airport Road, Oro-Medonte, Ontario, L0L 2E0 in order to request copies of: (a) this Information Circular; and (b) the Volatus Annual Financial Statements and the related Volatus Annual MD&A which will be sent to Volatus Shareholders without charge upon request. Financial information is provided in the Volatus Annual Financial Statements and the Volatus Annual MD&A for Volatus' financial year ended December 31, 2023.

APPENDIX "A"
AUDITOR REPORTING PACKAGE

As attached.

NOTICE OF CHANGE OF AUDITOR

PURSUANT TO NATIONAL INSTRUMENT 51-102 OF THE CANADIAN SECURITIES ADMINISTRATORS

TO: Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Manitoba Securities Commission
Financial And Consumer Services Commission (New Brunswick)
Officer of the Superintendent of Securities, Service Newfoundland and Labrador
Officer of the Superintendent of Securities, Northwest Territories
Nova Scotia Securities Commission
Nunavut Securities Office, Department of Justice Government of Nunavut
Office of the Superintendent of Securities (Prince Edward Island)
Autorité des Marchés Financiers
Financial and Consumer Affairs Authority of Saskatchewan
Office of the Yukon Superintendent of Securities

AND TO: BDO Canada LLP

AND TO: MS Partners LLP

We hereby provide notice pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) in respect of the appointment of BDO Canada LLP (the “**Successor Auditor**”) as the auditor of Volatus Aerospace Corp. (the “**Company**”).

We confirm that:

1. On November 1, 2023 (the “**Effective Date**”), MS Partners LLP (the “**Former Auditor**”) resigned as auditor of the Company at the request of the Former Auditor.
2. The Company’s audit committee and board of directors considered and approved the resignation of the Former Auditor as auditor of the Company and the appointment of the Successor Auditor as auditor of the Company as of November 23, 2023.
3. There were no modified opinions contained in the Former Auditor’s reports on the Company’s annual financial statements for the period commencing on January 10, 2022, when the Former Auditor was first appointed the Company’s external auditor, and ending on the Effective Date.
4. In the opinion of the Company, there have been no “reportable events” (as such term is defined in NI 51-102) involving the Company and the Former Auditor.
5. The Company has requested the Former Auditor and the Successor Auditor to furnish a letter to the securities administrators in each province and territory in which the Company is a reporting issuer stating whether or not they agree with the information contained in this notice. A copy of each such letter to the securities administrators will be filed with this notice.

DATED as of this 7th day of June, 2024.

VOLATUS AEROSPACE CORP.

(signed) “Abhinav Singhvi”

Name: Abhinav Singhvi

Title: Chief Financial Officer

MS PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

June 12, 2024

To: **Ontario Securities Commission**
 British Columbia Securities Commission
 Alberta Securities Commission
 Manitoba Securities Commission
 Financial And Consumer Services Commission (New Brunswick)
 Officer of the Superintendent of Securities, Service Newfoundland and Labrador
 Officer of the Superintendent of Securities, Northwest Territories
 Nova Scotia Securities Commission
 Nunavut Securities Office, Department of Justice Government of Nunavut
 Office of the Superintendent of Securities (Prince Edward Island)
 Autorité des Marchés Financiers
 Financial and Consumer Affairs Authority of Saskatchewan
 Office of the Yukon Superintendent of Securities

Dear Sirs/Mesdames:

Re: Volatus Aerospace Corp. (the “Corporation”)
 Notice of Change of Auditor Pursuant to National Instrument NI 51-102 (Section 4.11)

In accordance with Section 4.11 of National Instrument 51-102, we have reviewed the Corporation’s Notice of Change of Auditor (“the Notice”) dated June 7, 2024. Based on our information to this date, we agree with Statements (1), (3), and (4) contained in the Notice. We have no basis to agree or disagree with Statements (2) and (5) contained in the Notice.

Yours truly,

MS Partners LLP

MS Partners LLP
Chartered Professional Accountants
Licensed Public Accountants



Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
222 Bay Street
Suite 2200, PO Box 131
Toronto, ON M5K 1H1 Canada

June 10, 2024

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial and Consumer Affairs Authority
The Manitoba Securities Commission
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities Northwest Territories
Office of the Yukon Superintendent of Securities
Nunavut Securities Office
Autorite des Marches Financiers

Dear Sirs / Mesdames:

Re: Notice of Change of Auditor of Volatus Aerospace Corp. (the "Company")
Dated June 10, 2024

As required by section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations, we have reviewed the information contained in the Company's Notice of Change of Auditor dated June 10, 2024 (the "Notice"). We agree with the second statement in the Notice related to our appointment as the Company's auditor, and we have no basis to agree or disagree to other statements in the Notice.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

APPENDIX "B"

CORPORATE GOVERNANCE DISCLOSURE OF VOLATUS

FORM 58-101F2 - CORPORATE GOVERNANCE DISCLOSURE (VENTURE ISUSERS)

Unless the context indicates otherwise, capitalized terms which are used in this Appendix "B" and not otherwise defined in this Appendix "B" have the meanings given to such terms under the heading "Glossary of Defined Terms" or elsewhere in this Information Circular.

General

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the Volatus Shareholders. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and adoption of policies to ensure the board of directors recognizes the principles of good management. The Volatus Board is committed to sound corporate governance practices, as such practices are both in the interests of Volatus Shareholders and help to contribute to effective and efficient decision-making.

The Volatus Board believes that good corporate governance improves corporate performance and benefits all Volatus Shareholders. Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, Volatus is required to include in the Information Circular the disclosure required by Form 58-101F2 - *Corporate Governance Disclosure (Venture Issuers)*. This Appendix "B" sets out Volatus' approach to corporate governance and addresses Volatus' compliance with NI 58-101.

Board of Directors

The Volatus Board supervises the CEO and the CFO. Both the CEO and CFO are required to act in accordance with the scope of authority provided to them by the Volatus Board.

The Volatus Board currently has five members. Each director is elected annually by the Volatus Shareholders and serves for a term that will end at Volatus' next annual meeting of Volatus Shareholders. For the upcoming year, the Volatus Board believes that five (5) directors is a sufficient number to ensure that the Volatus Board will be comprised of directors with a broad range of experience and expertise and will be able to function independently of management.

A material relationship is a relationship which could, in the view of the Volatus Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

The following table summarizes the composition of the Volatus Board:

Board Members	Year Appointed	Independent	Audit Committee
Glen Lynch	2021	No	No
Ian McDougall	2021	No	Yes
Samuel Ingram	2021	Yes	Yes
Andrew Leslie	2022	Yes	No
Gordon Silverman	2021	Yes	Yes

Directorships

The current Volatus directors / Volatus Nominees are currently directors of the following other reporting issuers:

Name of Director	Reporting Issuer
Samuel Ingram	Eurogas International Inc.
Andrew Leslie	VOLT Lithium Corp.

Orientation and Continuing Education

The Volatus Board does not have a formal orientation or education program for its members. The Volatus Board's continuing education is typically derived from correspondence with various legal counsels to remain up to date with developments in relevant corporate and securities' law matters. Historically, board members have been nominated who are familiar with the Volatus' operations and the nature of its business. Where they are unfamiliar with the business, Volatus takes measures to familiarize such directors with the nature of the business.

Ethical Business Conduct

The Volatus Board has adopted guidelines that quantify and stipulate steps to encourage and promote a culture of ethical business conduct. In addition, Volatus promotes ethical business conduct through the nomination of board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having a majority of its board members independent of corporate matters.

Nomination of Directors

The recruitment of new directors has generally resulted from recommendations made by directors and Volatus Shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Volatus Board. Prior to standing for election, new nominees to the Volatus Board are reviewed by the entire Volatus Board.

Compensation

The Volatus Board as a whole determines matters related to compensation of directors of Volatus and the compensation of the Chief Executive Officer. If the Chief Executive Officer is also a director, then when the compensation for the Chief Executive Officer is determined, the Chief Executive Officer abstains from voting.

Other Board Committees

The audit committee is the only standing committee of the Volatus Board. From time to time, special committees of the Volatus Board may be appointed to consider special issues, in particular, any issues that may involve related party transactions.

Assessments

Currently the Volatus Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Volatus Board's decision-making processes and the quality of information provided by management, and among other things:

- overseeing strategic planning;
- monitoring the performance of Volatus' assets;
- evaluating the principal risks and opportunities associated with Volatus' business and overseeing the implementation of appropriate systems to manage these risks;
- approving specific acquisitions and divestitures;

- evaluating senior management; and
- overseeing Volatus' internal control and management information systems.

APPENDIX "C"

Volatus Audit Charter

All capitalized terms used in this Appendix "C" have the meanings set forth herein and, unless the context otherwise requires, should not be interpreted with reference to the "Glossary" in the Information Circular.

Volatus Aerospace Corp. Charter of the Audit Committee of the Board of Directors

I. PURPOSE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Volatus Aerospace Corp. (the "Company") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Company's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Company's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and

- (c) communicate directly with the internal and external auditors.

III. COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ("OSC"), the TSX Venture Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. A majority of the members of the Committee shall not be officers or employees of the Company or any of its affiliates.
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Company and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

IV. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws before the Company publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee shall provide oversight to related party transactions entered into by the Company.

B. Independent Auditors

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information with applicable accounting standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
8. The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

Volatus Aerospace Corp.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

1. The Company shall inform employees on the Company's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.

3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Company.
4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

Procedures for Approval of Non-Audit Services

1. The Company's external auditors shall be prohibited from performing for the Company the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Company's accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

The Chief Financial Officer of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.



If you have any questions or require assistance with voting your DDC Shares, please contact:



North American Toll Free Phone: 1-800-530-5189

Local (Collect outside North America): 416-751-2066

Email: info@carsonproxy.com