Annual Information Form

VOLATUS AEROSPACE INC.

(formerly Drone Delivery Canada Corp.)

For the year ended December 31, 2024.

Dated as of November 10, 2025.

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PRELIMINARY NOTES

This annual information form ("**AIF**") of Volatus Aerospace Inc. (the "**Company**") is prepared in the form prescribed by National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. All information in this AIF is as of December 31, 2024, unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This AIF contains forward looking statements and forward-looking information within the meaning of applicable Canadian securities laws (such forward looking statements and forward-looking information being collectively hereinafter referred to as "**forward-looking statements**"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this AIF. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this AIF; market position; ability to compete and future financial or operating performance of the Company after the date of this AIF; anticipated developments in the operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; potential expansion into international jurisdictions selected by the Company; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions which management of the Company believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation and permitting; evolving markets; legislation or regulatory framework for commercial drone use in Canada, the United States of America (the "**US**") and other international jurisdictions; transaction risks; industry growth; rapid technology developments; uncertainty of new business models; undetected flaws; risks of operating in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; negative operating cash flow; reliance on management and key employees; management of growth; public health crises; risks associated with operations in other countries; risks associated with potential operations in the US; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; fluctuations in fuel prices; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; exposure to risks relating to non-performing strategic suppliers and reseller contracts and agreements; risks of accidents; change in technology; quality of products and services; cyber-threats; privacy protection; development costs; defects in offerings; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; unfavourable publicity or public perception; protection of intellectual property rights; infringement by the Company of intellectual property rights;

international conflict; trade policy and geopolitical risks; resale of shares; market for securities; dividends; global financial conditions; and limited voting for non-Canadians, which are outlined under the heading *"Risk Factors"* in this AIF. See also "*Risks and Uncertainties*" in the Company's most recent Management's Discussion & Analysis, which is available on SEDAR+ (www.sedarplus.ca).

The list of risk factors set out in this AIF is not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this AIF generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, global financial and credit markets have experienced significant debt, equity and commodity price volatility which could have a significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

All of the forward-looking information contained in this AIF is expressly qualified by this cautionary statement.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated as "Asher Resources Corporation" under the *Business Corporations Act* (British Columbia) ("**BCBCA**") on February 2, 2011. Effective June 6, 2016, the Company completed a business combination transaction whereby: (i) it changed its name to "Drone Delivery Canada Corp."; (ii) it consolidated its common shares on a 4:1 basis; and (iii) its wholly-owned subsidiary, 2500527 Ontario Ltd., amalgamated with Drone Delivery Canada Inc. to form the amalgamated wholly-owned subsidiary of the Company named Drone Delivery Canada Inc. ("**Drone Inc.**"). Effective December 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 the Company.

On June 15, 2022, the Company filed an amendment to its notice of articles (the "**Notice of Articles**") and to its articles (the "**Articles**", and together with the Notice of Articles, the "**Drone Constating Documents**") in order to implement a variable voting system by creating two new classes of shares, common voting shares (the "**Common Voting Shares**") and variable voting shares (the "**Variable Voting Shares**" and together with the Common Voting Shares, the "**Voting Shares**"). For more information about the Voting Shares, see "*Description of Capital Structure*" in this AIF.

On August 30, 2024, the Company acquired all of the issued and outstanding common shares of Volatus Aerospace Canada Corp. (formerly, Volatus Aerospace Corp.) (the "**Transaction**") by way of a plan of arrangement under the *Business Corporation Act* (Ontario) (the "**Arrangement**"). Pursuant to the Arrangement, Volatus Aerospace Canada Corp. became a wholly-owned subsidiary of the Company. In connection with the Transaction, the Company changed its name to "Volatus Aerospace Inc.". See "*Three Year History*" in this AIF.

On July 23, 2025, the Company held an annual and special meeting of shareholders (the "**2025 Meeting**") at which the shareholders of the Company passed a special resolution: (i) approving the continuance of the Company (the "**Continuance**") from British Columbia to the federal laws of Canada under the *Canada Business Corporations Act* (the "**CBCA**"); and (ii) adopting new by-laws of the Company (the "**Continuance By-Laws**"). On September 30, 2025, the Company was issued a certificate of continuance under the CBCA (the "**Certificate of Continuance**", together with the Continuance By-Laws, the "**Constating Documents**")), following which, the Company adopted the Continuance By-Laws as approved by shareholders at the 2025 Meeting. The Constating Documents replace the Drone Constating Documents.

The Company's registered office is located at 890 West Pender Street, Suite 600, Vancouver, British Columbia, V6C 1J9 and its head office is located at 6-6221 Highway 7, Vaughan, Ontario L4H 0R6.

The Company is a reporting issuer in each of the provinces of Canada. The Common Voting Shares and the Variable Voting Shares are listed for trading on the TSX Venture Exchange ("**TSXV**") under the symbol "FLT" and on the Frankfurt Stock Exchange under the symbol “ABB” and are quoted on the OTCQX Venture Market in the US under the symbol "TAKOF".

Inter-Corporate Relationships

The following table outlines the Company’s corporate structure and identifies the jurisdictions of its material subsidiaries as at the date of this AIF.

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest
Volatus Aerospace Canada Corp. (“**VAC**”)	Ontario	Volatus Aerospace Inc. – 100%
Volatus Aerospace USA Corp.	Delaware	VAC – 90%
iRed Limited	United Kingdom	VAC – 100%
Synergy Aviation Ltd.	Alberta	VAC. – 58%
Volatus Unmanned Services Inc./ Services Sans Pilote Volatus Inc.	Canada	VAC – 100%
OmniView Tech Corp.	Canada	Volatus Unmanned Services Inc. – 100%

GENERAL DEVELOPMENT OF THE BUSINESS

The Company specializes in providing drone technology and services, offering a wide range of solutions in aerial intelligence, remote operations, and logistics across Canada, the US, and the United Kingdom (the “**UK**”). The Company provides drone-based services to multiple industries, including defense, public safety, transportation, energy, and agriculture. The Company serves commercial and defense markets with imaging, inspection, surveillance, cargo delivery, equipment sales, training, and support. The Company also provides to the oil & gas sector pipeline inspection and monitoring with both drones and piloted aircraft.

Three Year History

<u>Year-ended December 31, 2022</u>

On January 5, 2022, the Company announced that it completed an amalgamation with its wholly-owned subsidiary, 1336099 B.C. Ltd. (formerly, Drone Inc.), effective January 1, 2022. The amalgamated entity continued under the name "Drone Delivery Canada Corp." and its trading symbols remained unchanged.

On January 25, 2022, the Company provided an update on the continued successful development and testing of the Canary drone. The development and testing of the Canary continued to progress through the Company's flight-testing program, completing aircraft tuning at altitude (pitch, yaw, roll), and completing aircraft ground and vibration testing. Other ongoing testing included flight controller tuning to fly in semiautonomous flight modes, and refining onboard avionics, payload and communications systems. The Company announced that it would continue with testing fully autonomous missions and expanding the flight envelope. Initial successful testing included avionics system configuration, communications with the FLYTE management system, communications with a next generation smart battery system, propulsion system (motor direction) testing, and on-board sensor testing.

On February 28, 2022, VAC acquired MVT Geo-Solutions Inc. This acquisition enhanced VAC’s service and data processing capabilities in the province of Quebec and eastern Canada.

On February 9, 2022, the Company announced the appointment of Steve Magirias as Chief Executive Officer of the Company and the departure of Mr. Michael Zahra as President and Chief Executive Officer and as a director of the Company.

On April 7, 2022, the Company announced the departure of Steve Bogie as Vice-President, Flight Operations & Technology effective April 6, 2022.

On April 27, 2022, the Company announced that it signed a definitive collaboration agreement with Bell Mobility Inc. ("**Bell**") effective April 13, 2022 (the "**Bell Collaboration Agreement**") for a term of three (3) years. Pursuant to the terms of the Bell Collaboration Agreement, the Company worked with Bell towards the development of certain products and services in order to improve technology as it relates to the 5G network and multi-access edge computing for autonomous drone performance. The collaboration focused on the development of technologies that evaluate, in a controlled environment:

- new capabilities to support beyond visual line of sight ("**BVLOS**");
- command and control;
- remote identification; and
- unmanned aerial system traffic management, based on 5G and multiaccess edge compute.

On May 31, 2022, the Company announced that it had received a Special Flight Operations Certificate ("**SFOC**") from Transport Canada on May 18, 2022, for BVLOS commercial drone delivery for the UBC "Remote Communities Drone Transport Initiative" program.

On June 15, 2022, the Company announced that it had filed the amended Drone Constating Documents in order to implement a variable voting system by creating two new classes of shares, Common Voting Shares and Variable Voting Shares, in accordance with the BCBCA, and to address various matters relating to the new variable voting system. The amendments allowed the Company to continue to meet the Canadian ownership requirements under the Canadian Transportation Act (the "**CTA**") in order to maintain its air carrier licence for operating a domestic air service to transfer cargo using aircraft between points in Canada, as required by section 61. The amendments were approved by shareholders of the Company at the annual general and special meeting held on May 11, 2022 (the "**2022 Meeting**"). The amendments ensured that the Company was compliant with the Canadian ownership requirements under the CTA and have resulted in the Company receiving a permanent licence from the Canadian Transportation Agency (the "**Agency**") for the provision of a domestic air service.

On June 20, 2022, VAC 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: (i) an onboard weather station; (ii) a 4-SIM, 5G, highspeed LTE connection with Satcom option; (iii) an integrated ground-based detect and avoid system; and (iv) 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 21, 2022, the Common Voting Shares and Variable Voting Shares commenced trading on the TSXV under the Company's current stock symbol, "FLT".

On June 21, 2022, the Company announced that, with the assistance of its sales agent, ACC, it entered into a commercial agreement with each of DSV Canada ("**DSV**") and Halton Healthcare Services Corporation ("**Halton Healthcare**") dated June 17, 2022 (the "**Halton Healthcare Agreement**") to deploy the Company's drone delivery solution to establish an additional transportation link for Oakville Trafalgar Memorial Hospital and to set up additional infrastructure at Oakville Trafalgar Memorial Hospital. The route for this project (the "**care by air route**") is a 13.4km route between Milton, Ontario (the location of DSV's Canadian head office) and the Oakville Trafalgar Memorial Hospital, relying on DSV's existing DroneSpot® takeoff and landing infrastructure. The route became commercially operational on November 7, 2022, and remained active until the second quarter of 2023.

On June 24, 2022, the Company announced that on February 8, 2022, the United States Patent Office granted US Patent No. 11,245,533 for the Company's US Patent Application No. 16/186,891 titled "*System and Method for Secure Communication with One or More Unmanned Aerial Vehicles*". The patent was directed to the Company's proprietary technology to ensure secure, authenticated communication between a remote computing device and one or more UAVs. In particular, the patent was directed to a system including a controller located on a UAV and a flight management system in data communication with the controller. The remote computing device included in the flight management system receives and processes incoming UAV messages in a proprietary manner to ensure that the messages originate from valid and registered UAV controllers. In this regard, a US continuation application as well as a corresponding Canadian application are still pending.

On June 24, 2022, the Company also announced that it granted to certain directors, officers, consultants and employees of the Company an aggregate of 5,875,000 options to purchase Voting Shares exercisable at a price of $0.56 per Voting Share for a period of five years from June 23, 2022. One-third of the stock options vest every six months after the date of grant pursuant to the Company's stock option plan (the "**Stock Option Plan**"). Additionally, options granted to officers, employees and certain advisors and consultants of the Company are subject to performance-based vesting criteria.

On June 30, 2022, VAC announced that it entered into an agreement to provide ongoing remotely piloted aircraft system ("**RPAS**") technical skills training to Moose Cree First Nation members.

On July 6, 2022, VAC partnered with Mitsubishi Capital Canada to extend a drone financing program to its customers. The purpose of the program was to provide access to capital to smaller and medium size drone players and to provide a competitive advantage to VAC against other drone suppliers in the market.

On August 4, 2022, the Company announced the successful approval and implementation of dangerous goods transportation for the UBC Remote Communities DTI program. The initiative utilized the Company's drone logistics solution to enable a defined two-way delivery flight route, using the Sparrow drone and its DroneSpot® takeoff and landing zones, to transport a variety of cargo for the benefit of the SFN and the Village of Fraser Lake, located in Central Northern British Columbia, Canada. All operations were conducted in accordance with the transportation of dangerous goods directorate approvals, the CARs and the Transport Canada SFOC.

On August 10, 2022, VAC 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 the company with respect to the commercialization of the AERIEPORT.

On September 13, 2022, the Company announced that it was nearing completion of an avionics upgrade for the Condor and that it subcontracted some of the engineering and development work to accelerate the development. The Company further announced the addition of Michael Poma as the Company's Director of Engineering.

On September 28, 2022, the Company provided an update on the successful parachute testing and development of the Canary drone. Further to the press release on January 25, 2022, the testing of the Canary drone continued to progress on schedule with full autonomous missions and an expanded flight envelope including the parachute validation testing. The Company's Canary drone successfully passed the parachute safety system air-deployment test as well as the automated motor safety shut-off. Moreover, testing staff with the Company pushed the Canary drone up to 5,900ft above sea level with a full payload of 4.5 kilograms ("**kg**") to validate performance including the demonstration of its stability, fidelity and reliability. Additionally, the team tested the drone for cold and hot weather forcing it to perform at -35 degrees Celsius and +50 degrees Celsius. Finally, the team flew the drone at a maximum range of 21km to ensure the validity of the drone's range and payload capabilities. The Company announced that it subsequently intended to conduct a drop test program and complete the parachute flight test program, following which the Company would submit its declaration to Transport Canada that will enable the Canary drone to fly over people.

On October 6, 2022, VAC closed a public offering of 11,171,812 units of the company (the “**Volatus 2022 Units**”), inclusive of 60,612 Volatus 2022 Units forming part of the over-allotment option, at a price of $0.36 per Volatus 2022 Unit for gross proceeds of approximately $4,021,852 (the “**Volatus 2022 Public Offering**"). Each Volatus 2022 Unit was comprised of one common share of VAC and one common share purchase warrant of VAC. On October 6, 2022, VAC 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, VAC completed its acquisition of Synergy Aviation Ltd. ("**Synergy Aviation**"), an Alberta-based aerial surveillance, pipeline integrity monitoring and specialized geomatics company. VAC 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, VAC made an aggregate equity investment of $2.29 million in Synergy Aviation over the course of 10 months from closing.

On November 10, 2022, VAC completed the acquisition of iRed Limited, a drone services and training company based in Emsworth, England. VAC 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, VAC 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 12, 2022, the Company provided an update on the successful flight testing of its Condor drone, the largest drone in the Company’s fleet. The Company announced that it successfully tested a number of systems, avionics, and components including testing related to cold-weather performance, functional testing, wind performance, cargo area temperature profiles, long-duration flight testing, aircraft attitude, position controller tuning, autonomy, and autonomous waypoint navigation. The Company completed an avionics and flight controls upgrade for the Condor, which is expected to: (i) provide improvements in robust communication protocols; (ii) mitigate electrical interference; and (iii) improve manufacturability. The Company subcontracted some of the engineering and development work to further accelerate the Condor's development. Additionally, the Company completed the upgrade of the Condor's engine control unit and other mechanical systems along with ground testing of these systems, which was previously identified during the first quarter of 2022 with test flights having recommenced at the Company's New Commercialization Centre.

On December 13, 2022, VAC announced the expansion of its Science Experiential Aerial Research Program (“**SEAR Program**”) in participating school divisions throughout Manitoba due to a grant provided by Research Manitoba with the support of the Government of Manitoba and additional funding from industry partners.

Year-ended December 31, 2023

On January 31, 2023, VAC completed the acquisition of Empire Drone Company LLC.

On February 15, 2023, VAC was issued a CTA licence for a domestic service all cargo aircraft.

On March 2, 2023, Canadian Air National Inc. 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 March 8, 2023, the Company announced that it purchased, from Canadian UAVs Inc. (“**Canadian UAVs**”), the first Sparrowhawk™ (“**Sparrowhawk**”) radar ground-based DAA system for deployment on the Company's care by air delivery route between the DSV’s logistics facility in Milton, Ontario to the Oakville Trafalgar Memorial Hospital, for the purpose of delivering medical isotopes. Sparrowhawk has been previously approved by Transport Canada to support BVLOS operations. The Company integrated

Sparrowhawk at the DSV facility in Milton to support the care by air route initially, with plans to expand the use of Sparrowhawk to additional delivery routes in the future. Sparrowhawk has also been integrated into the Company's proprietary FLYTE software, which allows for all operations to be conducted in accordance with CARs and Transport Canada flight authorizations. Flights continue to be remotely monitored by the Company from its Vaughan based test site (the "("**Vaughan Facility**"). The Company continued to work with Canadian UAVs and Transport Canada to obtain BVLOS approval for the care by air route initially and then will seek to expand the approval to cover the entire range of the Sparrowhawk to support multiple routes developed in partnership with DSV and ACC.

On March 15, 2023, the Company announced that it was awarded a grant of up to $75,000 in funding from the Downsview Aerospace Innovation and Research Green Fund (the "**DAIR Green Fund**") for its clean energy drone delivery solution. The DAIR Green Fund is funded by the Federal Economic Development Agency for Southern Ontario. The funding came following an application process in 2022, pursuant to which the Company was selected as one of eight funding winners. The DAIR Green Fund provides financial support for collaborative projects that can demonstrate an impact on the future of aerospace through sustainable and green aviation technologies and solutions. The Company intends for the funds to be applied to certain of the operating costs for the care by air project as well as costs associated with regulatory approvals required to progress towards BVLOS operations. BVLOS operations will allow for the operation of more complex routes with less human resources required as the Company seeks to add new project phases and route expansions.

On March 21, 2023, the Company reported successful testing of enhancements made to the Condor and reported the completion of the Alpha Condor drone. The Company began retrofitting the 2nd and 3rd Condor drones in preparation for commercialization. In addition, the Company continued to work towards the development of DAA systems intended to facilitate BVLOS and pursue the development of an onboard DAA system for the Condor. The Company further announced the completion of numerous successful deployments of the parachute recovery system of the Canary both at the Company's Vaughan Facility and at an independent test facility as part of Transport Canada's requirements to achieve validation to fly over people. The development work for the validation of the Canary's parachute recovery system was completed in May 2023.

On March 23, 2023, the Company announced that it entered into an agreement with the Canadian Government through its Innovative Solutions Canada ("**ISC**") program to work with Transport Canada in operating and evaluating the Company's proprietary drone delivery platform using the Condor. The contract stipulated for the delivery of a Condor aircraft to the Canadian Government and involved three phases of testing including short range flights, long range endurance flights, and extreme environmental testing. The Company completed the delivery of the aircraft prior to March 31, 2023.

During the second quarter of 2023, the Condor that was delivered to ISC experienced an accident that resulted in a total loss of the aircraft while conducting tests during the first phase as related to the ISC contract. As a result, the ISC contract experienced delays, while the Company completed its investigation of the incident and concurrently prepared a second Condor. On September 14, 2023, the Company announced that the second Condor that was completed became available and, as a result, the Company restarted servicing phase one of the ISC contract with the second Condor. On September 29, 2023, while servicing the ISC contract, the Company experienced an incident with the second Condor airframe that resulted in a hard landing, resulting in some damage to the second Condor airframe. The subsequent investigation of the incident and review of the airframe identified certain issues with third-party components impacting the quality and reliability of the Condor. These findings, coupled with the lack of regulatory progress for UAVs greater than 25 kg, led to the decision to suspend the development of the Condor. Though development has been suspended, the Company intends for its technology roadmap to continue to include intellectual property that supports various classes of UAVs.

On April 5, 2023, VAC 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, VAC was granted a SFOC to fly BVLOS above 400 feet above ground level in order to support fire suppression agencies across Canada.

On May 11, 2023, VAC closed a brokered private placement of 12% senior unsecured convertible debenture units of the company (the “**Volatus 2023 Debenture Units**”), with each Volatus 2023 Debenture Unit comprised of a $1,000 principal amount of senior unsecured convertible debenture and 1,000 common share purchase warrants of VAC. Pursuant to the private placement, VAC issued 2,646 Volatus 2023 Debenture Units for aggregate gross proceeds of $2,646,000.

On May 30, 2023, VAC received authorization from Transport Canada to operate heavy crop spraying drones weighing over 25 kg anywhere in Canada.

On June 15, 2023, the Company announced that it achieved official approval for BVLOS flights in tandem with the transportation of dangerous goods for its care by air drone route, marking a significant milestone in the development of its drone delivery capabilities in the healthcare market segment. With the BVLOS flight authorization, the Company’s drones can operate beyond the visual range of operators, expanding the reach and capabilities of their autonomous fleet while achieving a significant improvement in operational efficiencies.

On June 27, 2023, the Company announced that Transport Canada accepted the Company’s declaration for the Canary to be operated over people, marking the final milestone in the development of the Canary. The declaration to Transport Canada allows the Canary to operate in compliance with the regulatory framework, opening up new opportunities for the Company to provide its drone delivery services in urban areas, enhancing last-mile logistics and improving efficiency for businesses and organizations.

On July 25, 2023, VAC entered into a reseller agreement with Inspired Flight, a US based National Defense Authorization Act compliant drone manufacturer, to meet client demands for reliable off-the-shelf small unmanned aerial systems qualified equipment in the mid-sized class.

On August 2, 2023, the Company announced the completion of three commercial roundtrip flights with the Canary on the care by air route. The Canary completed the flights in less time (9% reduction) and with less battery power consumption (42% less) than the Sparrow and recorded a noise level reduction of 46% compared to the Sparrow.

On August 27, 2023, the Company entered into an agreement with the Department of National Defence and the Canadian Armed Forces’ Innovation for Defence Excellence and Security program to operate and evaluate the Company’s proprietary drone delivery platform using the Canary. The contract, with a value of $200,000, had a six-month duration and was conducted over two phases. As per the terms of the contract, the Canary was operated and evaluated in a test environment setting in the first phase of the contract and a real-world operation to demonstrate the Canary’s ability to deliver just in time medical equipment and supplies in the second phase of the contract. The first phase of the contract was successfully completed in December 2023 and involved nine test objectives pursuant to which the Company completed a total of 145 flights with an overall flight distance of almost 800km.

On August 30, 2023, VAC 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 shares of VAC.

On September 26, 2023, the Company entered into an agreement with Halton Healthcare to deploy its drone delivery solution to establish a new two-way transportation link from Milton District Hospital to Oakville Trafalgar Memorial Hospital. The route also referred to as DroneCare, facilitates transportation of medical supplies and samples between the two hospitals to improve the efficiency of overall healthcare operations utilizing the Canary. The Company intends on using the existing heliport at Milton Hospital and reconfiguring the Company’s DroneSpot® technology to work with the heliport and optimize efficiency. The contract, with a value of $50,000, will run for six months and includes 26 flights between the two hospitals. The Company began the implementation of the project during the fourth quarter of 2023 and the route became operational subsequent to December 31, 2023.

On October 24, 2023, VAC entered into a three-year contract with a major US power utility company to provide drone inspection services and reporting on the customers’ transmission and distribution towers.

On November 13, 2023, VAC completed the acquisition of the remaining equity of iRed Limited.

On November 30, 2023, VAC entered into an arm's length definitive agreement to acquire Aerial Motion Pictures Ltd. dba UAVHub and Open Sky Consulting International Ltd.

Year-ended December 31, 2024

On January 1, 2024, VAC completed its acquisition of Aerial Motion Pictures Ltd. dba UAVHub and Open Sky Consulting International Ltd. The total purchase price for these acquisitions was £150,000, which VAC satisfied through the issuance of an aggregate of 1,575,000 common shares of VAC.

On January 9, 2024, the Company obtained official approval for BVLOS flights in tandem with the transportation of dangerous goods for its DroneCare route, marking the beginning of commercial operations in the DroneCare route and a significant milestone in the development of the Company’s drone delivery capabilities in the healthcare market segment.

On January 18, 2024, the Company entered into multiple commercial agreements with Edmonton Regional Airports Authority (the “**ERAA**”), Apple Express Courier Ltd., BBE Expediting Ltd., and MFN Management Inc. to deploy the Company’s drone delivery solution at EIA using the Canary. The agreements, with an aggregate value of $417,000 will run for a 12-month duration. Pursuant to the terms of the agreements, DDC will expand the previous route delivery from EIA with an additional DroneSpot™ at a medical clinic located in the city of Leduc, Alberta. Cargo delivery will take place from EIA to the medical clinic while also maintaining the current delivery route from EIA to the off airport DroneSpot™ in Leduc County, which formed the delivery route for the first phase of the project. The medical clinic is wholly owned by Montana First Nation and provides health care services to indigenous and non-indigenous Canadians. The Company finalized the site infrastructure in early 2025 and commenced delivery services in April 2025.

On February 13, 2024, VAC announced that it had received authorization from the Federal Aviation Administration (“**FAA**”) in the US for commercial agricultural aircraft operations using drones. The operating certificate, issued under FAA Part 137, integrated with an exemption received in September 2023, allowed, Volatus Aerospace USA Corp., to operate any drone approved for agricultural operations, including drones weighing 25 kg or greater.

On April 18, 2024, Delta-Mike Inc., a corporation beneficially owned and controlled by Ian McDougall, chairman and director of the Company, provided a non-convertible, unsecured loan to VAC 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 2, 2024, the Company announced the resignation of Manish Arora as the Company’s Chief Financial Officer effective as of May 30, 2024.

On May 21, 2024, the Company and VAC entered into a business combination agreement (the “**Business Combination Agreement**”) whereby the Company would acquire all of the issued and outstanding common shares of VAC to combine the companies in a merger of equals transaction. Pursuant to the terms of the Business Combination Agreement, shareholders of VAC received 1.785 Voting Shares (the “**Exchange Ratio**”) for each common share of VAC held. Upon the closing of the Transaction, existing shareholders of VAC and the Company each held approximately 50% of the Company.

On August 30, 2024, Glen Lynch was appointed as the Chief Executive Officer of the Company, Abhinav Singhvi was appointed as the Chief Financial Officer of the Company and Steve Magirias was appointed as the Chief Operating Officer of the Company.

On September 3, 2024, the Company launched Volatus Aerospace Europe AS, a wholly-owned subsidiary of the Company, in Norway to accelerate its expansion into the European and African markets.

On September 10, 2024, the Company announced that it received approval from Transport Canada to conduct drone cargo operations BVLOS in respect of its DroneCare project.

On September 10, 2024, Steve Magerias resigned as Chief Operating Officer of the Company.

On October 21, 2024, the Company announced the closing of a $15,000,000 financing with Investissement Québec and Economic Development Canada ("**EDC**") comprising of a $7,500,000 secured convertible debenture of the Company issued to Investissement Québec (the "**IQ Debenture**") and a $7,500,000 secured term loan (the "**EDC Loan**") between EDC and VAC. The EDC Loan is non-convertible, bears interest at the prime lending rate set by Royal Bank of Canada plus 8% and has a term of four years with a balloon payment of up to $4,500,000 at the end of the fourth year on October 21, 2028.

On November 6, 2024, the Company announced the closing of a brokered private placement of 19,766,000 units of the Company ("**2024 LIFE Units**") at a price of $0.14 per unit for aggregate gross proceeds of $2,767,240 (the "**2024 LIFE Offering**"). Each LIFE Unit was comprised of one Common Voting Share and one Common Voting Share purchase warrant (each a "**2024 LIFE Warrant**").

On November 7, 2024, the Company announced the appointment of Omar Mourad as a director of the Company and Greg Colacitti as Chief Operating Officer of the Company.

Subsequent events to the year-ended December 31, 2024

On May 1, 2025, the Company announced the closing of a non-brokered private placement of 25,000,000 units of the Company ("**May 2025 LIFE Units**") at a price of $0.12 per unit for aggregate gross proceeds of $3,000,000 (the "**May 2025 LIFE Offering**"). Each May 2025 LIFE Unit was comprised of one Common Voting Share and one Common Voting Share purchase warrant (each a "**May 2025 LIFE Warrant**").

On May 12, 2025, the Company issued a total of 20,174,280 Common Voting Shares and on May 13, 2025, the Company issued a total of 17,640,000 Common Voting Share purchase warrants (the "**Debenture Warrants**") settling an aggregate debt of $3,026,142.00 owing to holders of convertible debentures of the Company (the "**Convertible Debentures**") issued pursuant to a debenture indenture dated May 11, 2023 between the Company and TSX Trust Company as trustee (the "**Convertible Debt Settlement**").

On June 19, 2025, the Company announced that it completed a $3,000,000 private placement (the "**IQ Financing**") from Investissement Quebec. Pursuant to the IQ Financing, the Company entered into an amended and restated secured convertible debenture (the "**A&R IQ Debenture**") increasing the principal amount of the IQ Debenture, to an aggregate of $10,500,000.

Additionally, on June 19, 2025, the Company issued a total of 3,720,000 units of the Company (the "**Settlement Units**"), settling an aggregate debt of $446,400 owing to holders of unsecured non-convertible debentures (the "**Non-Convertible Debentures**") of the Company (the "**Non-Convertible Debt Settlement**"). Each Settlement Unit was comprised of one Common Voting Share (each a "**Settlement Share**") and one Common Voting Share purchase warrant (each a "**Settlement Warrant**").

On June 27, 2025, the Company announced the closing of a non-brokered private placement offering of 25,000,000 units of the Company (the "**June 2025 LIFE Units**") at a price of $0.20 per unit for aggregate gross proceeds of $5,000,000 (the "**June 2025 LIFE Offering**"). Each June 2025 LIFE Unit was comprised of one Common Voting Share and one-half of one Common Voting Share purchase warrant (each whole Common Voting Share purchase warrant, a "**June 2025 LIFE Warrant**").

On July 17, 2025, the Company closed a non-brokered private placement offering of 19,230,770 units of the Company (the "**July 2025 LIFE Units**") at a price of $0.52 per unit for aggregate gross proceeds of approximately $10,000,000 (the "**July 2025 LIFE Offering**"). Each June 2025 LIFE Unit was comprised of one Common Voting Share and one-half of one Common Voting Share purchase warrant (each whole Common Voting Share purchase warrant, a “**July 2025 LIFE Warrant**”).

On August 14, 2025, the Company closed a bought-deal private placement offering of 9,288,462 units of the Company (the “**August 2025 LIFE Units**”) at a price of $0.52 per unit for aggregate gross proceeds of approximately $4,380,000. (the “**August 2025 LIFE Offering**”). Each August 2025 LIFE Unit was comprised of one Common Voting Share and one-half of one Common Voting Share purchase warrant (each whole Common Voting Share purchase warrant, an “**August 2025 LIFE Warrant**”). The August 2025 LIFE Offering was led by Ventum Financial Corp., as underwriter and sole bookrunner (the “**August Underwriter**”). In connection with the August 2025 LIFE Offering, the Company paid a cash commission of $289,000 to the August Underwriter and issued 557,308 non-transferable broker warrants to the August Underwriter (the “**August 2025 Broker Warrants**”)

On September 30, 2025, the Company was issued the Certificate of Continuance.

On October 21, 2025, the Company announced its plan to establish the Volatus Mirabel Innovation Centre and Drone Manufacturing Hub (the “**Mirabel Manufacturing Hub**”) at Montréal–Mirabel International Airport. The Mirabel Manufacturing Hub will operate within a 200,000-square-foot advanced and secure manufacturing facility designed for scalability and efficiency, enabling serial production of Canadian-built drone platforms to meet the growing needs of Canadian defence programmes and allied markets.

On November 4, 2025, the Company announced that it had entered into an agreement with Stifel Nicolaus Canada Inc. ("**Stifel**") to act as lead underwriter and sole bookrunner on behalf of a syndicate of underwriters (together with Stifel, the "**Underwriters**") pursuant to which the Underwriters have agreed to purchase from treasury, on a bought deal basis, 33,350,000 Common Voting Shares in the capital of the Company (the “**November Shares**”) at a price of $0.60 per November Share (the “**November 2025 Issue Price**”) for aggregate gross proceeds to the Company of $20,010,000 (the "**November 20225 Offering**").

The Company has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time and from time to time for up to 30 days following the closing date, which is anticipated to be on or about November 26, 2025, to purchase up to an additional number of November Shares (the "**Additional Shares**") equal to 15% of the number of November Shares sold pursuant to the November 2025 Offering at a price per Additional Share equal to the November 2025 Issue Price to cover overallotments, if any, and for market stabilization purposes. The Company has agreed to pay the Underwriters a commission of 6% on the gross proceeds of the November 2025 Offering.

The November Shares will be offered by way of a short form prospectus to be filed in all provinces of Canada, except Quebec. The November Shares will also be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and other jurisdictions outside of Canada provided that no prospectus, registration or other similar document is required to be filed in those jurisdictions.

On November 10, 2025, the Company announced a concurrent non-brokered private placement of up to 7,770,000 Common Voting Shares (the “**November Private Placement Shares**”) at a price of $0.60 per November Private Placement Share for gross proceeds of up to $4,662,000 (the “**November 2025 Private Placement**”). The November 2025 Private Placement is being conducted concurrently with the November 2025 Offering. The November Private Placement Shares will be offered to purchasers outside of Canada pursuant to the exemptions from the prospectus requirements available under Ontario Securities Commission Rule 72-503 – *Distributions Outside Canada*.

The Company intends to use the net proceeds from the November 2025 Offering and the November 2025 Private Placement for development of the Mirabel Manufacturing Hub, research and development of drone technologies to support the defense sector, potential acquisitions related to the defense sector, capital expenditures and for working capital and general corporate purposes.

The November 2025 Offering and the November 2025 Private Placement are subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the conditional approval of the TSXV.

On November 10, 2025, the Company also announced the completion of the acquisition of a suite of advanced RPAS technologies from Caliburn Holdings LLP, a United Kingdom based aerospace engineering firm, for a purchase price of $2,000,000 payable in Common Voting Shares at a deemed price of $0.76 per share. The Company issued 2,631,579 Common Voting Shares in satisfaction of the purchase price, of which 1,315,790 Common Voting Shares are subject to a hold period of four-months and one day from the date of issuance, and 1,315,790 Common Voting Shares are subject to a hold period of 24 months from the date of issuance. The RPAS technologies include aircraft designs, validated flight-test data, detailed engineering documentation, and assets that form the foundation for a new generation of long-endurance, fixed-wing uncrewed aircraft systems to be manufactured and integrated in Canada.

Significant Acquisitions

There were no significant acquisitions completed by the Company during its most recently completed financial year for which disclosure would be required under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS

General

The Company is an industry-leading provider of integrated aerial solutions across Canada, the US, and the UK. Through its subsidiaries, the Company serves commercial and defense markets with imaging, inspection, surveillance, cargo delivery, equipment sales, training, and support. The Company also provides pipeline inspection and monitoring with piloted aircraft. All other activities are conducted in the remotely piloted sector. The Company's mission is to deliver innovative global aerial solutions, leveraging its expertise to drive meaningful outcomes for all stakeholders through a relentless focus on people, processes, and products.

Production and Services

The Company's core offerings include drone services, drone sales, drone training ("**Volatus Academy**") and drone platforms.

Drone Services

The Company holds a RPAS Operating Certificate for the commercial operation of RPASs as well as two Air Operator Certificates for piloted airplanes and helicopters issued by Transport Canada. These authorities enable a full spectrum of aerial solutions under a robust regulatory framework. The Company recently surpassed 75,000 cumulative flight hours, underscoring both operational maturity and client trust. The Company provides the following services:

- **Aerial Intelligence Services** – Comprehensive inspection, mapping, surveillance, and advanced data collection using both RPAS and piloted aircraft, enhanced with GIS, data management, and machine learning analytics.

- **Cargo and Logistics Solutions** – RPAS-based cargo transportation for time-critical deliveries and remote area access, supported by advancements in heavy-lift RPAS technology.

- **Consulting Services** – Advisory services supporting the development and scaling of RPAS programs, including BVLOS, heavy-lift, wildfire operations, training, and safety management.

- **Remote Operations** – The Company's Operations Control Center ("**OCC**") provides secure, global BVLOS oversight and RPAS-in-a-box deployments, enabling continuous and scalable remote operations.

Drone Sales

The Company operates as a solution provider and value-added reseller ("**VAR**") of RPAS and piloted aircrafts serving civil and defense markets. With distribution facilities in Canada, the US, and the UK, it supplies platforms and sensors from more than 60 original equipment manufacturer ("**OEM**") partners while also driving the commercialization of proprietary technologies of the Company. This dual approach ensures customers receive complete, mission-ready solutions supported by integration, technical expertise, and lifecycle services.

Volatus Academy

Volatus Academy is a global RPAS training leader with operations in Canada, the US, and the UK. Through subsidiaries iRed and UAVHub, the Company holds CAA Recognised Assessment Entity status in the UK and delivers BINDT accredited thermography programs. Training is offered through multiple delivery methods, including classroom instruction, hands-on flight training, virtual classes, and self-paced online learning. Since inception, the Company and its subsidiaries have trained over 114,000 students worldwide, including Indigenous participants through award-winning programs such as the SEAR Program.

Drone Platforms

The Company continues to advance proprietary technologies that enable safe, scalable, and commercially viable RPAS operations. Platforms under active development and commercialization include:

- **Canary RPAS** – The Canary RPAS is a cutting-edge cargo drone developed by the Company, specifically designed for efficient and reliable delivery operations. Approved by Transport Canada for flights over people, the Canary is equipped with advanced safety and operational features, including an integrated weigh scale, an automated cargo drop mechanism, and robust LTE communication for seamless real-time connectivity. Tailored for high-value packages and medical supply deliveries, the Canary is an ideal solution for time-sensitive and critical logistics.

- **Advanced Integrity Reporting System 3 ("AIRS 3") –** AIRS 3 is a proprietary software platform designed to revolutionize the data gathering, analysis and reporting of oil and gas client infrastructures. The system integrates data from aerial inspections with advanced reporting and analytics tools, enabling oil and gas operators to ensure pipeline integrity, operational efficiency, and regulatory compliance. During the first quarter of 2025, the Company continued to work on customized features for specific customer requirements and ongoing improvements to support scalability.

- **FLYTE** – A mission planning and execution platform integrating airspace data, weather, compliance, and analytics.

- **DroneSpot™** – The Company's proprietary and patented infrastructure solution is designed to facilitate efficient and secure drone delivery operations. Serving as a designated takeoff and landing zone, DroneSpot™ locations are strategically established to optimize route planning and ensure compliance with aviation regulations. Since the third quarter of 2024, the Company began the process of commercializing the DroneSpot™ as a stand along product with a monitoring service offered by the OCC.

- **Aeriport Drone Nesting Station** – The Aerieport is the Company's proprietary drone nesting station, enabling fully autonomous drone operations by serving as a secure base for landing, recharging, and data transfer. This innovative infrastructure supports scalable and efficient aerial solutions, advancing the Company's vision for autonomous operations while strengthening its position in aerial intelligence and logistics. The Aerieport is located at the OCC where operators and engineers have been trained on the system and are conducting regular flights for customer demonstrations and reliability testing.

- **Condor RPAS -** A powerful cargo and logistics drone, engineered for long-range, heavy-payload deliveries in the world's most challenging environments. Designed and assembled in North America, the Condor XL is engineered to serve high-endurance, commercial, and public safety use cases in complex terrain environments.

- **Volatus E100 -** An electric powered, rail-launched fixed-wing RPAS system. Capable of operating at high, medium, or low altitude, this multi-sensor unmanned system can deliver real-time information to satisfy a wide range of mission requirements. Its electric propulsion delivers quiet, clean, smooth, and energy-efficient power. A wide payload compartment accommodates limitless payload possibilities.

The Company maintains an intellectual property portfolio that includes a growing number of North American patents, consisting of US grants with parallel Canadian filings and covering mission management, routing, safety, and drone infrastructure.

Distribution Methods

The Company has established operations across North America, Europe, the UK, and Latin America, serving civilian, industrial, and government clients. The Company maintains a presence for solution sales in Peru to support opportunities in Latin America. The Company leverages its extensive pilot network and its Toronto-based OCC to deliver aerial intelligence and cargo solutions at scale.

Strategic Focus

The Company's strategy is centered on scaling services, expanding market penetration, and driving innovation in both remotely piloted and piloted systems. The Company is positioned to lead the global aerial solutions industry by addressing current market needs while preparing for future regulatory and technological advancements.

Regulatory Achievements

The Company obtained multiple SFOCs from Transport Canada for BVLOS operations. These approvals bolster the Company's ability to scale operations across urban environments.

Operational Synergies

Integration of the Company's technology platforms and the OCC resulted in the introduction of significant operational efficiencies, aimed at reducing response times and enabling more precise mission planning. Consolidation of internal training programs across the combined organization streamlined certifications and improved resource allocation.

Future Focus

- Continued development and commercialization of heavy-lift and BVLOS technologies.

- Deepening of advanced data collection in existing markets and continued expansion of aerial intelligence services into emerging markets such as agriculture.

- Strengthening of global training programs in both e-learning and in person to meet growing market demand for advanced sensor certifications and training (such as thermography, multispectral, and mapping) along with continued support with drone operator certifications, especially in regions where regulations are changing.

Specialized Skill and Knowledge

There is a specialized skill required for the development, operations, maintenance, sales and marketing of the Company's technology. The Company's current staff possesses the necessary skills and knowledge required for the Company's business; however, additional employees may be added to staff as needed by the Company.

Competitive Conditions

Currently, drone delivery platforms are being developed by certain large organizations globally. The Company competes with several companies in the drone or RPAS industry. As the regulatory and working framework in Canada for commercial drone operators becomes more developed over time, particularly for BVLOS operations, it is anticipated that barriers to entry in this sector will become strict, providing first movers with a competitive advantage. Although the Company anticipates that competition in the drone market will increase over time as the industry matures, this competition will be limited due to the increased barriers to entry.

The market size for commercial drone use is growing. The growth of commercial drone services is expected to grow rapidly as retailers, service organizations and government agencies are looking at ways to offer better, faster and more affordable logistic delivery services to their respective customers. With the growth of on-line shopping, just-in-time logistic solutions are being demanded by on-line retailers. The Company is in the process of capturing a portion of this logistics market to drive its revenue growth and profitability.

Based on the Transport Canada RPAS regulations which came into force on June 1, 2019, the Company secured various flight approvals after becoming fully compliant with the new regulations. The Company's early entry into the Canadian drone delivery sector assisted the Company in obtaining Transport Canada certifications and approvals ahead of competitors. The Company continues to conduct testing in Southern Ontario in order to prove the safety of its aircraft while at the same time commencing commercial operations. The Company currently has several SFOC applications approved by Transport Canada which have supported the Company's ongoing commercialization of its drone delivery logistics platform.

The Company was the first to market in Canada in achieving commercialization of a drone delivery logistics platform. Management believes that the Company's partnership with ACC, its engagement with leading industry development groups, including DSV, ERAA and various aeronautics organizations, along with the Company's list of co-development partners and commercial partners have given the Company a first mover advantage in this next generation industry.

Components

The Company obtains hardware components, various subsystems and systems, and raw materials from a limited group of suppliers. The Company does not have long-term agreements with any of these suppliers that obligate such suppliers to continue to sell components, subsystems, systems or products to the Company. The Company's reliance on these suppliers involves significant risks and uncertainties, including whether suppliers will: provide an adequate supply of required raw materials, components, subsystems, or systems of sufficient quality; increase prices for the raw materials, components, subsystems or systems; or perform their obligations on a timely basis.

See "*Risk Factors – Risks Related to the Business of the Company – Reliance on Components and Raw Materials*" in this AIF.

Cycles

Seasonality within the drone delivery industry is impacted by weather limitations, particularly during inclement conditions such as heavy rain, snowstorms, or high winds. In regions with harsh winters, snow accumulation and icy conditions can impede drone operations, leading to reduced delivery capacity. Conversely, during more temperate seasons, such as spring and summer, favourable weather conditions generally enable smoother operations, allowing drones to operate more efficiently and reliably. Adapting to these seasonal weather patterns is essential for drone delivery companies to maintain service levels and ensure customer satisfaction throughout the year.

Intangible Properties

The Company 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, licences, software and unregistered trademarks are of significant importance to Volatus. At present, drone delivery technology cannot be purchased as an off-the-shelf solution. Therefore, the Company has been focused on developing proprietary technology which meets or exceeds anticipated Canadian government requirements. Furthermore, the Company intends to patent various technologies which it has developed and/or is currently developing.

The Company has engaged Canadian patent lawyers to aid in the filing of necessary intellectual property patents for the Company's drone logistics platform. The Company's engineering team has developed, and continues to develop, key technology elements for its platform that have been identified as being patentable.

Drone Regulations in Canada

A new regulatory framework relating to the use of drones in Canada will come into effect in November 2025. More advanced drone operations will require an RPAS Operating Certificate ("**RPOC**"). The Company was successful in obtaining one of the first RPOC's in mid-2025. The new regulations allow medium-sized drone operations and some beyond the visual line-of-sight operations without the need for a Special Flight Operations Certificate (SFOC-RPAS). Canada's expanded drone regulations introduce:

- new pilot and operator certification for lower-risk beyond visual line-of-sight operations;
- expanded privileges for advanced pilots to fly sheltered operations and extended visual line-of-sight (EVLOS) operations;
- new rules for flying medium drones (over 25 kg up to 150 kg) within visual line-of-sight (VLOS)
- New technical standards for drones and any supporting systems flying advanced, complex or special flight operations;
- new requirements for flying microdrones at advertised events; and
- new and updated fees for services provided by Transport Canada.

The new regulations will come into force in two phases to give stakeholders time to get their appropriate training, certifications, and to familiarize themselves with the new rules. The new regulations introduce a new pilot certification process for lower-risk BVLOS called Level 1 Complex Operations. Individuals, businesses, and organizations wishing to conduct BVLOS operations must have an RPOC. To obtain an RPOC, pilots, businesses, and organizations will be required to have policies and procedures in place that reflect the size and complexity of the operations they will carry out.

The Company is currently fully compliant with all current regulatory requirements and the upcoming RPOC requirements. In addition, the Company continues to maintain SFOC approvals to conduct commercial flights carrying specific set of products and goods, which would generally be considered dangerous goods, including the transport of medical radioisotopes.

As at the date of this AIF, the Company has received numerous SFOCs from Transport Canada in respect of locations throughout Canada including Ontario, Quebec, British Columbia and Alberta. These SFOCs have included visual line-of-sight flights, BVLOS flights, carriage of dangerous goods and included several different models of the Company's drones. The Company has been in good standing with Transport Canada since starting its operations and Transport Canada has monitored several of the Company's activities and conducted an audit of the Company and its operation.

In addition to the above regulatory activities, the Company has also been granted licences from the Canadian Transportation Agency, which are required for any Canadian air operator intending to carry cargo or passengers. The Company was the first publicly traded drone company to be granted such licences.

The Company has also been working with the Canadian Nuclear Safety Commission to establish a regulatory compliant program to support the transportation of radioactive materials by drone. This primarily includes medical isotopes.

On May 27, 2025, the Company announced that Transport Canada granted the Company additional nationwide SFOCs that expanded the scope and flexibility of the Company’s commercial drone operations and allowed for expanded use of the Company’s Operations Control Centre located in Vaughan, Ontario.

Drone Regulations in US

In the US, drones are regulated by the FAA under Part 107 of the Federal Aviation Regulations. This framework governs commercial drone operations, including requirements for pilot certification, aircraft registration, and operational limits such as maintaining visual line of sight and flying below 400 feet AGL. Operations beyond these limits, like night flights, operations over people, or BVLOS require FAA waivers or special approvals. Defence and public safety entities may also operate under public aircraft operations or specific FAA certificate of authorization.

The Company, through its subsidiaries Volatus Aerospace USA Corp. and Skyscape Industries LLC, is currently fully compliant with all current regulatory requirements in the US. In addition, the Company continues to maintain FAA waivers to conduct operations beyond the established limits

Drone Regulations in the UK

In the UK, drones are regulated by the Civil Aviation Authority (“**CAA**”) under the UK Unmanned Aircraft Systems Regulations, aligned with retained EU Regulation 2019/947. Operations are divided into “Open”, “Specific” and “Certified” categories based on risk and intended use. Most commercial or higher-risk operations fall under the “Specific” category, which requires an operational authorization from the CAA, supported by an operations manual and risk assessment. All drone operators must register with the CAA, and remote pilots must hold the appropriate Flyer and Operator Identifications or General Visual Line of Sight Certificates (“**GVC**”) for professional use.

The Company, through its subsidiary iRed Limited, is currently fully compliant with all current regulatory requirements in the UK. iRed Limited is a “Recognised Assessment Entity” accredited by the CAA, allowing it to deliver GVC and A2 Certificate of Competency courses as well as award certificates.

Environmental Protection

The Company is subject to Canadian laws and regulations relating to environmental matters in all the provinces in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties. The Company is not aware of any existing environmental problems related to any of its properties that may result in material liability to the Company.

Employees

As at December 31, 2024, the Company employed 124 full-time equivalent employees, and 41 consultants and contractors. As at the date of this AIF, the Company employs approximately 147 full-time equivalent employees and 26 consultants and contractors.

Foreign Operations

The Company has a multinational pilot workforce with certified pilots based in Canada, the US and the UK. The Company has developed a strong sales and operations presence in the US and the UK. Approximately 34% of revenues to the end of December 2024 were recorded in the UK and the US. To the end of June 2025, approximately 50% of revenues were recorded in the UK and US. The Company maintains staff in both countries to support activities in each.

Both markets continue to be key to our ongoing growth objectives, and our aim is to enhance both sales and operational presence in each market to further benefit from opportunities each will provide.

Reorganizations

On January 5, 2022, the Company announced that it had completed an amalgamation with its wholly-owned subsidiary, 1336099 B.C. Ltd. (formerly, Drone Delivery Canada Inc.), effective January 1, 2022. The amalgamated entity continued under the name “Drone Delivery Canada Corp.” and its trading symbols remained unchanged.

On June 15, 2022, the Company filed the amended Drone Constating Documents in order to implement a variable voting system by creating two new classes of shares, Common Voting Shares and Variable Voting Shares. The amendments were approved by shareholders of the Company at the 2022 Meeting.

On August 30, 2024, the Company completed the acquisition of all of the issued and outstanding common shares of VAC. The Arrangement resulted in VAC becoming a wholly-owned subsidiary of the Company. In connection with the Transaction, the Company changed its name to “Volatus Aerospace Inc.” The Voting Shares of the Company continued to trade on the TSXV, FSE and OTCQB under its existing trading symbols.

Others

The Company is not currently subject to any bankruptcy, receivership or similar proceedings against it or any of its subsidiaries and has not been subject to any voluntary bankruptcy, receivership or similar proceedings by it or any of its subsidiaries within the three most recently completed financial years or the current financial year. There is no one contract, service or agreement upon which the Company’s business is substantially dependent. The Company does not anticipate any aspect of its business to be affected in the current financial year by the renegotiation or termination of contracts. The Company does not have an investment policy, or lending and investment restrictions in place.

RISK FACTORS

The Company is subject to numerous inherent risks as a result of the nature of its business, economic trends, as well as regulatory, social, political, environmental and economic conditions in Canada, which is the Company’s predominant area of operation. As such, the Company is subject to several financial and operational risks that could have a significant impact on the ability of the Company to generate any future profitability and on its levels of operating cash flows. The Company assesses and attempts to minimize the effects of these risks through careful management and planning of its operations and hiring qualified personnel but is subject to a number of limitations in managing risk resulting from its current stage of development in a rapidly evolving industry.

The following are certain risk factors relating to the business carried on by the Company that prospective investors should carefully consider before deciding whether to purchase securities of the Company. The risks described below are not the only risks and uncertainties the Company faces. Additional risks not currently known to the Company or that it currently considers immaterial may also impair its operations. If any of the following risks actually occur, the Company's business, results of operations and financial condition could be materially adversely affected. See also "*Risks and Uncertainties*" in the Company's most recent Management's Discussion & Analysis, which is available on SEDAR+ (www.sedarplus.ca).

Risks Related to the Business of the Company

Operational Risks

The Company is subject to a number of operational risks, some of which it may not be adequately insured for, including: its potential depot-to-consumer model; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; and natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. A defect, error, sabotage or failure in the Company's technology, or involving the Company's products and/or services, could result in injury, death or property damage and significantly damage the Company's reputation. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's technologies or products, personal injury or death, environmental damage, adverse impacts on the Company's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material and adverse impact on the Company's business, prospects, financial condition and results of operations. Also, the Company may be subject to or affected by liability or sustain losses for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This potential lack of insurance coverage could have an adverse impact on the Company's business, prospects, results of operations and financial condition.

Regulation and Permitting

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 CARs govern civil aviation safety and security in Canada, and, by extension, govern the operation of drones in Canada to an acceptable level of safety.

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. This could have an adverse impact on the Company's business, prospects, results of operations and financial condition. Furthermore, any changes to the current regulatory regime or any failure of the regulatory regime to advance any potential depot-to-customer service offered by the Company could have an adverse effect of the Company's business and its plans and strategies for the future.

Evolving Markets

The Company's RPAS technologies are in new and rapidly evolving markets. The commercial RPAS 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;
- 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.

Legislation or Regulatory Framework for Commercial Drone Use in Canada, the US and Other Jurisdictions

Although Transport Canada has published their updated RPAS regulations, there is currently a limited legislation/regulatory framework in place specific to drones over 25 kg and the BVLOS operation of commercial drones in Canada or in the US. All such operations are currently approved on a case-by-case basis, with company experience and safety processes being the major factors in gaining such approvals for such operations. The Company has secured the services of Canadian drone regulatory experts in assessing the regulatory environment and working with the applicable regulators to secure flight approvals. Although the Company has previously secured the services of drone regulatory experts in the US, the Company was not actively engaged with these experts during the financial year of the Company ended December 31, 2024. The Company continues to review the regulatory regimes in specific international jurisdictions to determine the viability of expanding operations to such other international jurisdictions. There can be no assurance that such jurisdictions have enacted or will enact legislation that will permit the Company to operate in these jurisdictions.

Based on regulatory developments on a global level, the Company's business plan with respect to US and other international activities assumes a flexible legislative regime in such jurisdictions will allow such plans to be realized. Although not currently a primary focus for the Company, if the Company cannot expand its operations in the US or other international jurisdictions through local partners or otherwise 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.

Control of the Company

Mr. Ian McDougall, chairman and director of the Company, and Mr. Glen Lynch, the Chief Executive Officers and director of the Company, are also the principal shareholders of the Company. Mr. McDougall owns or controls, directly or indirectly, 69,645,821 Common Voting Shares, and Mr. Lynch owns or controls, directly or indirectly, 68,654,075 Common Voting Shares, representing, in the aggregate, approximately 22.32% of the equity of the Company (on a non-diluted basis) as at the date hereof. By virtue of their status as principal shareholders of the Company, and by each being a director and/or executive officer of the Company, each of Messrs. McDougall and Lynch have the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors), amendments to the Company’s articles and by-laws, mergers, business combinations and the sale of substantially all of the Company’s assets. As a result, the Company could be prevented from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by either Messrs. McDougall and Lynch of a substantial number of Common Voting Shares could cause the market price of the Common Voting Shares to decline.

Transaction Risk

The Company has set out in this AIF information about potential future transactions of the Company, including information about potential commercial agreements with several third parties, including significant entities in the retail industry, the logistics courier industry, the medical field, and governmental or service providing organizations, and certain foreign third parties. There is no assurance that definitive agreements in respect of these commercial understandings will be reached, or that these transactions will be completed. The completion of a transaction is subject to many contingencies, including: negotiation of the terms of a definitive agreement; receipt of any corporate, third party, regulatory and other consents; and the ability to complete the transaction in accordance with the requirements of applicable law, including the laws of foreign jurisdictions. If the Company does not complete the transactions or any one of the transactions described herein, the Company will not be able to realize any anticipated benefits of such transaction or transactions.

Moreover, management of the Company will have spent substantial time and resources in connection with such transactions, at an opportunity cost to the Company. In addition, even if a transaction is completed, there can be no assurance that the Company will be able to capitalize on the anticipated benefits of such transaction (including the generation of revenues for the Company), or that such transaction will be accretive to the Company or its results of operations or financial position. Failure to complete any transaction, failure to complete such transaction on the terms and conditions currently contemplated, or failure to realize the anticipated benefits of a transaction could each have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Industry Growth

There can be no assurance that the Company's targeted vertical and geographic markets will grow, or that it 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 the Company is unable to establish itself in new markets, its 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 will 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.

Uncertainty of New Business Models

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.

Undetected Flaws

There can be no assurance that, despite testing by the Company, flaws will not be found in the Company's products and services, resulting in loss of or delay in market acceptance. The Company may be unable, for technological or other reasons, to introduce products and services in a timely manner or at all in response to changing customer requirements. In addition, there can be no assurance that while the Company is attempting to finish the development of its technologies, products and services, a competitor will not introduce similar or superior technologies, products and services, thus diminishing the Company's advantage, rendering its technologies, products and services partially or wholly obsolete, or at least requiring substantial re-engineering in order to become commercially acceptable. Failure by the Company to maintain technology, product and service introduction schedules, avoid cost overruns and undetected errors, or introduce technologies, products and services that are superior to competing technologies, products and services would have a materially adverse effect on the Company's business, prospects, financial condition, and results of operations.

Risks of Operation in Urban Areas

Although the Company currently operates in remote, rural and suburban areas, subject to regulatory approval, it may in the future expand operations to urban centres. Urban environments may present increased complexity and certain challenges to the operators of RPAS. Although the regulators' primary aim when issuing flight approvals is to ensure the operation is conducted safely, there remains a remote chance that RPAS may accidentally collide with other aircrafts, persons or property, which could result in injury, death or property damage and create potential liability for the Company. There can be no assurance that the Company's design of its drone delivery system or the manner in which it is used, will not result in the Company being held liable should its products and services cause any such injury, death or property damage.

Marketing Risks

The Company believes that brand recognition is an important factor to its success. If the Company fails to promote its brands successfully, or if the expenses of doing so are disproportionate to any increased net sales it achieves, it could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. This will depend largely on the Company's ability to maintain trust, be a technology leader, and continue to provide high-quality and secure technologies, products and services. Any negative publicity about: the Company or its industry; the quality and reliability of the Company's technologies, products and services; the Company's risk management processes; changes to the Company's technologies, products and services; its ability to effectively manage and resolve customer complaints; its privacy and security practices; litigation; regulatory activity; and the experience of sellers and buyers with the Company's products or services, could adversely affect the Company's reputation and the confidence in and use of the Company's technologies, products and services. Harm to the Company's brand can arise from many sources, including: failure by the Company or its partners to satisfy expectations of service and quality; inadequate protection of sensitive information; compliance failures and claims; litigation and other claims; employee misconduct; and misconduct by the Company's partners, service providers, or other counterparties. If the Company does not successfully maintain a strong and trusted brand, its business could be materially and adversely affected.

Geographical Expansion

The Company faces challenges in expanding into new geographic regions. The Company currently operates in Canada, the UK and the US, but may in the future seek to expand its presence in new geographic regions. Any potential 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.

Limited Operating History

The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in a relatively early stage of operation and development. As the Company is introducing new products, its revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base.

In addition, it is also difficult to evaluate the viability of drone technology because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies operating in the early stage of operation and development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Substantial Capital Requirements

Management of the Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its drone logistics technology in the future and the cash generated from its operating activities is not currently sufficient to cover such expenses. In addition, there can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or other corporate purposes or, if available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on its business, prospects, financial condition, results of operations or prospects. In particular, failure to obtain financing on a timely basis could cause the Company to forfeit its interest in certain business opportunities, miss certain acquisition opportunities and reduce or terminate operations.

History of Losses

The Company has incurred net losses from the inception of its business until the date of this AIF. The Company provides no assurance that it can become profitable or avoid net losses in the future or that there will be any earnings or revenue for 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 and development and marketing. As a result, any decrease or delay in generating revenues could result in material operating losses.

Negative Operating Cash Flow

During the financial year ended December 31, 2024, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its services, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services.

Reliance on Management and Key Employees

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members as well as business partners. These executive officers and key employees could develop drone logistics technology that could compete with and take customers, market share and market opportunity away from the Company.

Management of Growth

The Company may experience a period of significant growth in the number of personnel which will place a strain upon its management systems and resources. Its 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 the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Public Health Crises

At the beginning of year 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and physical distancing, caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets experienced significant volatility and weakness. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Public health crises such as the worldwide COVID-19 outbreak may give rise to material uncertainties that could materially and adversely affect the business of the Company. The Company cannot accurately predict the future impact that public health crises may have on, among others, the: (i) global financial markets; (ii) demand for drone delivery services; (iii) severity and the length of potential measures taken by governments to manage the public health crisis and their effect on labour availability and supply lines; (iv) availability of essential supplies; (v) purchasing power of the Canadian dollar; or (vi) ability of the Company to obtain funding. It is not possible to reliably estimate the length and severity of these developments and their impact on the financial results and condition of the Company in the future.

Risks Associated with Operations in Other Countries

The Company's revenues are currently achieved predominantly in Canada. However, in the future, the Company may expand to markets outside of Canada, the US and the UK 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's business in foreign markets will require it to respond to rapid changes in market conditions in these countries. The Company's overall success as a business depends, in part, on the Company's ability to succeed in differing legal, regulatory, economic, social and political conditions. 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.

Risks Associated with Potential Operations in the US

On February 14, 2012, the *FAA Modernization and Reform Ac*t of 2012 was enacted, establishing various deadlines for the Federal Aviation Administration ("**FAA**") to allow expanded use of small uncrewed aerial systems (“**UAS**”) for both public and commercial applications in the US. On June 21, 2016, the FAA released its final rules regarding the routine use of certain small UAS (under 55 pounds) in US airspace. The rules, which became effective in August 2016, provided safety regulations for UAS conducting non-recreational operations and contain various limitations and restrictions for such operations, including a requirement that operators keep UAS within visual-line-of-sight and prohibiting flights over unprotected people on the ground who are not directly participating in the operation of the UAS. Furthermore, UAS operations at night are not generally permitted. The operation of UAS outside of these regulatory parameters may be permissible with a waiver issued by the FAA. As of April 21, 2021, the FAA has expanded the UAS regulations to permit flight over people and at night. The new flight over people rules require a parachute or an airworthiness certificate.

However, waivers for BVLOS operations for the purpose of "for hire" cargo delivery are not permitted under the 14 CFR Part 107 regulations. Cargo delivery requires compliance with the 14 CFR Part 135 air carrier rules if the delivery is carrying cargo belonging to a third party. Cargo transportation of company owned material by the company can be performed under the 14 CFR Part 107 Regulations. The 14 CFR Part 135 and the new flight over people Part 107 rules requires the Company's aircraft to obtain a Type Certificate and Production Certificate issued by the FAA. The FAA is permitting small UAS to obtain a Type and Production Certificate using a streamlined process that allows demonstration of reliability instead of a comprehensive traditional design approval. However, production certification will follow the traditional manned aircraft regulations that include the requirement for final assembly in the US. The current FAA air carrier regulations also prohibit foreign ownership so the Company will be required to partner with a US owned Part 135 operators.

As in Canada, potential limitations put on the use of small UAS in response to safety and/or public privacy concerns or failure to obtain necessary regulatory approvals from the FAA or other governmental agencies may limit the attractiveness of, or prevent the Company from, expanding operations into the US. This could have a material adverse effect on the Company's business prospects, financial condition, and operating results.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: the integration of new operations, services and personnel; unforeseen or hidden liabilities; the diversion of resources from the Company's existing business and technology; potential inability to generate sufficient revenue to offset new costs; the expenses of acquisitions; or the potential loss of or harm to relationships with both employees and customers resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Insurance Coverage

The Company requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage as well as general aviation liability coverage. Although the Company maintains insurance policies, it cannot provide assurance that this insurance will be adequate to protect the Company from all material judgments and expenses related to potential future claims or that these levels of insurance will be available in the future at economical prices or at all. A successful product liability claim could result in substantial cost to the Company. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Even if the Company is fully insured as it relates to a claim, the claim could nevertheless diminish the Company's brand and divert management's attention and resources, which could have a negative impact on the Company's business, prospects, financial condition and results of operations.

Tax Risk

The Company is considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (the "**Tax Act**"). However, the Company is operating in a new and developing industry. There is risk that governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business model. There is no guarantee that governments will not impose such additional adverse taxes in the future.

Currency Fluctuations

Due to the Company's present operations, and its potential intention to have future operations in jurisdictions outside Canada, the Company may be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, prospects, financial condition and operating results in the future. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against other currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Fuel Prices

The Company requires significant quantities of fuel for its aircraft. The Company 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, 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.

Conflicts of Interest

Because directors and officers of the Company are or may become directors or officers of other companies or have significant shareholdings in other technology companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting in accordance with applicable corporate law. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors or officers may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Competitive Markets

The Company faces competition and new competitors will continue to emerge throughout the world. Services and technologies offered by the Company's competitors may take a larger share of consumer spending than anticipated, which could cause revenue generated from the Company's technologies, products and services to fall below expectations. It is expected that competition in the Company's markets will intensify. If competitors of the Company develop and market more successful technologies, products or services, offer competitive products or services at lower price points, or if the Company does not produce consistently high-quality and well-received technologies, products and services, revenues, margins, and profitability of the Company may decline.

The Company's ability to compete effectively will depend on, among other things: the Company's pricing of services; the quality of customer service; development of new and enhanced technologies, products and services in response to customer demands and changing technology; reach and quality of sales and distribution channels; and capital resources. Competition could lead to a reduction in the rate at which the Company adds new customers, a decrease in the size of the Company's market share and a decline in its customers. In addition, the Company could face increased competition should there be an award of additional licences in jurisdictions in which the Company operates.

Uncertainty and Adverse Changes in the Economy

Adverse changes in the economy could negatively impact the Company's business. Future economic distress may result in a decrease in demand for the Company's technologies, products and services, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with developing and publishing products, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

Reliance on Components and Raw Materials

The Company obtains hardware components, various subsystems and systems, and raw materials from a limited group of suppliers. The Company does not have long-term agreements with any of these suppliers that obligate such suppliers to continue to sell components, subsystems, systems or products to the Company. The Company's reliance on these suppliers involves significant risks and uncertainties, including whether suppliers will provide an adequate supply of required raw materials, components, subsystems, or systems of sufficient quality, will increase prices for the raw materials, components, subsystems or systems and will perform their obligations on a timely basis.

In addition, certain raw materials and components used in the manufacture of the Company's products are periodically subject to supply shortages, and the Company's business is subject to the risk of price increases and periodic delays in delivery. Similarly, the market for electronic components is subject to cyclical reductions in supply. If the Company is unable to obtain components from third-party suppliers in the quantities and of the quality that it requires, on a timely basis and at acceptable prices, then it may not be able to deliver its products on a timely or cost-effective basis to its customers, which could cause customers to terminate their contracts with the Company, increase the Company's costs and seriously harm its business, results of operations and financial condition. Moreover, if any of the Company's suppliers become financially unstable, then it may have to find new suppliers. It may take several months to locate alternative suppliers, if required, or to redesign the Company's products to accommodate components from different suppliers. The Company may experience significant delays in manufacturing and shipping its products to customers and incur additional development, manufacturing and other costs to establish alternative sources of supply if the Company loses any of these sources or is required to redesign its products. The Company cannot predict if it will be able to obtain replacement components within the time frames that it requires at an affordable cost, if at all.

Exposure to Risks Relating to Non-Performing Strategic Suppliers and Reseller Contracts

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 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.

Change in Technology

Continuing technological changes related to the Company's products and services could make its products and services less competitive or obsolete, either generally or for particular applications. The Company's future success will depend upon its ability to develop and introduce a variety of new capabilities and enhancements to its existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets in which it offers products.

Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase the products and services from the Company's competitors.

If the Company is unable to devote adequate resources to develop new products or cannot otherwise successfully develop new products and services or enhancements that meet customer requirements on a timely basis, its products and services could lose market share, its revenue and profits could decline, and the Company could experience operating losses.

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 in 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.

Quality of Products and Services

Products and services designed and published by the Company involve extremely complex software programs and are difficult to develop and distribute. While the Company has quality controls in place to detect defects in its products and services before they are released, these quality controls are subject to human error, overriding, and reasonable resource constraints. Therefore, these quality controls and preventative measures may not be effective in detecting defects in the Company's products and services before they have been released into the marketplace. In such an event, the Company could be required to, or may find it necessary to, voluntarily suspend the availability of the product or service, which could significantly harm its business and operating results.

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 any compromise of security that results in an unauthorized release or 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.

Privacy Protection

There are several inherent risks to engaging in business online and directly with the end consumers of the Company's products and services. 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 Ac*t (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.

Development Costs

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 existing products. The Company believes that there are significant investment opportunities in a number of business areas. Because the Company accounts for research and development as an operating expense, 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 additional revenue or become profitable, which could materially harm the Company's business, prospects, financial results and liquidity.

Defects in Offerings

The 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 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.

Insufficient Research and Development Funding

The Company depends on its research and development activities to develop the core technologies used in its RPAS products and for the development of the Company's future products. Canadian government and commercial spending levels can be impacted by a number of variables, including general economic conditions, specific companies' financial performance and competition for Canadian government funding with other Canadian government-sponsored programs in the budget formulation and appropriation processes.

Uncertainty Related to Exportation

The Company must comply with Canadian federal and provincial laws regulating the export of its products. In some cases, explicit authorization from the Canadian government is needed to export certain products. The export regulations and the governing policies applicable to the Company's business are subject to change. The Company cannot provide assurance that such export authorizations will be available for its products in the future. Compliance with these laws has not significantly limited the Company's operations but could significantly limit them in the future. Non-compliance with applicable export regulations could potentially expose the Company to fines, penalties and sanctions. Although not currently a primary focus for the Company, if the Company cannot obtain required government approvals under applicable regulations, the Company may not be able to sell its products in certain international jurisdictions, which could adversely affect the Company's business, prospects, financial condition and results of operations.

Legal Proceedings

The Company may, from time to time in the future, become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on the Company's business, prospects, operating results or financial condition.

Reliance on Business Partners

The Company relies on various business partners, including third-party service providers, vendors, licensing partners, development partners, and licensees, among others, in many areas of the Company's business. In many cases, these third parties are given access to sensitive and proprietary information in order to provide services and support to the Company's teams. These third parties may misappropriate or disclose the Company's information and engage in unauthorized use or disclosure of it. The failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to the Company's business operations. Further, disruptions in the financial markets and economic downturns may adversely affect the Company's business partners and they may not be able to continue honoring their obligations to the Company. Alternative arrangements and services may not be available to the Company on commercially reasonable terms, or at all, or the Company may experience business interruptions upon a transition to an alternative partner or vendor. If the Company loses one or more significant business partners, the Company's business could be harmed.

Unfavorable Publicity or Public Perception

The drone industry has increasingly become and is expected to continue to become subject to media attention and other publicity. Public perception can be significantly influenced by media attention, regulatory investigations, litigation and other publicity regarding drones or the drone industry. Adverse publicity reports or other media attention regarding drones could hinder market growth or result in negative public perception of drones or companies that operate in the drone industry, which in turn could have a material adverse effect on the Company's business, prospects, operating results, or financial condition.

Protection of Intellectual Property Rights

The Company's success depends, in large part, on its ability to protect its intellectual property and other proprietary rights. The Company relies on patents, trademarks, copyrights, trade secrets and unfair competition laws, as well as licence agreements and other contractual provisions, to protect the Company's intellectual property and other proprietary rights. However, a significant portion of the Company's technology is not patented, and the Company may be unable or may not seek to obtain patent protection for this technology.

Moreover, existing Canadian legal standards relating to the validity, enforceability and scope of protection of intellectual property rights offer only limited protection, may not provide the Company with any competitive advantages, and may be challenged by third parties. The laws of countries other than Canada may be even less protective of intellectual property rights. Accordingly, despite its efforts, the Company may be unable to prevent third parties from infringing upon or misappropriating its intellectual property or otherwise gaining access to the Company's technology.

Unauthorized third parties may try to copy or reverse engineer the Company's products or portions of its products or otherwise obtain and use the Company's intellectual property. Moreover, the Company's employees may have access to the Company's trade secrets and other intellectual property. If one or more of these employees leave to work for one of the Company's competitors, then they could improperly disclose this proprietary information, which may as a result damage the Company's competitive position.

If the Company fails to protect its intellectual property and other proprietary rights, then the Company's business, results of operations or financial condition could be materially harmed. From time to time, the Company may have to initiate lawsuits to protect its intellectual property and other proprietary rights. Pursuing these claims is time consuming and expensive and could adversely impact the Company's business, prospects, financial condition and results of operations.

In addition, affirmatively defending the Company's intellectual property rights and investigating whether the Company is pursuing a product or service development that may violate the rights of others may entail significant expense. Any of the Company's intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. If the Company resorts to legal proceedings to enforce its intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, then the proceedings could result in significant expense to the Company and divert the attention and efforts of the Company's management and technical employees, even if the Company prevails.

Infringement by the Company of Intellectual Property Rights

The Company may become subject to claims that its technologies infringe upon the intellectual property or other proprietary rights of third parties. Any claims, with or without merit, could be time-consuming and expensive, and could divert the Company's management's attention away from the execution of its business plan. Moreover, any settlement or adverse judgment resulting from these claims could require the Company to pay substantial amounts or obtain a licence to continue to use the disputed technology or otherwise restrict or prohibit the Company's use of the technology. The Company cannot be certain that it would be able to obtain a licence from the third party asserting the claim on commercially reasonable terms, if at all; that the Company would be able to develop alternative technology on a timely basis, if at all; or that the Company would be able to obtain a licence to use a suitable alternative technology to permit the Company to continue offering, and the Company's customers to continue using, the Company's affected products and services. An adverse determination also could prevent the Company from offering its products and services to others. Infringement claims asserted against the Company may have a material adverse effect on its business, products, results of operations or financial condition.

International Conflicts

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. Volatility in commodity prices may adversely affect our business, financial condition and results of operations. Reductions in commodity prices may affect oil and natural gas activity levels and therefore adversely affect the demand for, or price of, our services.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time, and the effects of such conflict may magnify the impact of the other risks identified in this AIF, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on our business, results of operation and financial condition.

Trade Policy and Geopolitical Risks

The Company operates in multiple international markets and is therefore exposed to risks arising from evolving global trade dynamics. In particular, changes in US trade policies, including the imposition of tariffs or trade restrictions, can have a material impact on the cost structure, supply chain, and competitiveness of our products. The ongoing uncertainty around global trade agreements and geopolitical developments, such as trade tensions between major economies, introduces volatility in demand patterns, currency exchange rates, and procurement strategies. Any escalation in protectionist measures may adversely affect our cross-border operations, increase compliance costs, and impact profitability.

Risks Related to the Securities of the Company

Resale of Shares

There can be no assurance that the publicly traded market price of the Voting Shares will be high enough to create a positive return for shareholders. Further, there can be no assurance that the Voting Shares will be sufficiently liquid so as to permit shareholders to sell their equity position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Voting Shares would be diminished.

As well, the continued operation of the Company will be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that revenues can be generated. If the Company is unable to obtain such additional financing or generate such revenues, shareholders may be unable to sell their Voting Shares and any investment in the Company may be lost.

Market for Securities

In recent years, the securities markets in the US and Canada have experienced a high level of price and volume volatility, and the market prices 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. It may be anticipated that any quoted market for the Voting Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Voting Shares will be affected by such volatility. An active public market for the Voting Shares might not develop or be sustained. If an active public market for the Voting Shares does not develop or, if one develops, if it is not sustained, the liquidity of a shareholder's investment in the Voting Shares may be limited and the share price may decline.

Dividends

The Company has paid no cash dividends on its Voting Shares to date and the terms of its existing debt preclude the Company from paying any dividends without the prior written consent of the lender. As a result, the Company currently intends to retain its future earnings, if any, to fund the development growth of its businesses. In addition, the terms of any future debt or credit facility may also preclude the Company from paying any dividends unless certain consents are obtained and certain conditions are met. Any decision to pay dividends will be made by the board of directors (the “**Board**”) based on the Company's earnings, financial requirements and other conditions.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and access to financial markets has been restricted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these levels of volatility and market instability continue, the Company's operations could be adversely impacted and the value and the price of the Voting Shares could continue to be adversely affected.

Limited Voting for Non-Canadians

To comply with restrictions imposed by federal law on foreign ownership, the Constating Documents provide that the: (i) the Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians; and (ii) the Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians. The voting restrictions in the Constating Documents may discourage or delay "change of control" transactions by foreign persons or the price at which a person would be willing to pay to acquire Voting Shares in a "change of control" transaction, which could adversely affect the price of the Voting Shares. For more information about the Voting Shares, see “*Description of Capital Structure*” in this AIF.

DIVIDENDS AND DISTRIBUTIONS

The Company 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 on the basis of earnings, financial requirements and other relevant factors.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of no-par value Common Voting Shares and an unlimited number of no-par value Variable Voting Shares. The Common Voting Shares and Variable Voting Shares are traded on the TSXV under the single ticker “FLT”. As at December 31, 2024, there were 468,840,483 Voting Shares issued and outstanding, consisting of the Company’s Common Voting Shares and Variable Voting Shares.

The summary below describes the rights, privileges, restrictions and conditions attached to the Common Voting Shares and Variable Voting Shares. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, the Constating Documents, a copy of which is available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

The amendments to the Constating Documents were approved by shareholders at the 2025 Meeting and became effective on September 30, 2025.

Foreign Ownership Limits

The CTA requires that holders of an air carrier licence issued by the Agency for a domestic air service be "Canadian" as per the definition of that term under subsection 55(1) of the CTA. In 2018, certain provisions of the *Transportation Modernization Act* (Canada) became effective which, among other things, amended 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 can hold more than 25% of the voting interests in a Canadian carrier 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**").

In response to these new legislative thresholds, the Company received shareholder approval at the 2022 Meeting to effect the CTA Amendments to the Drone Constating 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.

Common Voting Shares

Exercise of Voting Rights

The holders of Common Voting Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders, except in votes where holders of a specific class other than the Common Voting Shares are entitled to vote separately as a class under the CBCA. Each Common Voting Share will confer the right to one vote.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Company ranking prior to the Common Voting Shares, holders of Common Voting Shares are entitled to receive any dividends declared by the Board at the times and for the amounts that the Board may, from time to time, determine. The Common Voting Shares and Variable Voting Shares will rank equally as to dividends on a share-for-share basis. All dividends declared will be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares will occur unless, simultaneously, the Variable Voting Shares are subdivided or consolidated in the same manner so as to maintain and preserve the respective rights of the holders of each of such classes of shares.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares of the Company ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among the shareholders for the purposes of winding-up its affairs, the holders of Common Voting Shares and Variable Voting Shares are entitled to receive the remaining property of the Company and are entitled to share equally, share for share, in all distributions of such assets.

Constraints on Share Ownership

Each Common Voting Share may only be held, beneficially owned and controlled, directly or indirectly, by Canadians. An issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Company or the holder, if such Common Voting Share becomes held, beneficially owned or controlled, directly or indirectly, other than by way of security only, by a person who is not a Canadian.

Conversion

Automatic

Unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, an issued and outstanding Common Voting Share will be automatically converted into one Variable Voting Share, without any further act of the Company or the holder, if such Common Voting 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.

Upon an Offer

In the event that an offer is made to purchase Variable Voting Shares, and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share will become convertible at the option of the holder into one Variable Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the person making the offer to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning the voting rights for Common Voting Shares notwithstanding their conversion. The transfer agent of the Company will deposit the resulting Variable Voting Shares pursuant to such offer on behalf of the holder.

Should (a) the Variable Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by the shareholders or not taken up by the offeror, (b) the offer be abandoned or withdrawn, or (c) such offer otherwise expire without such Variable Voting Shares being taken up and paid for, each Variable Voting Share resulting from the conversion will be automatically re-converted back into one Common Voting Share, without any further act on the part of the Company or on the part of the holder.

The Common Voting Shares may not be converted into Variable Voting Shares other than in accordance with the conversion procedures set out in the Constating Documents.

Variable Voting Shares

Exercise of Voting Rights

The holders of Variable Voting Shares are entitled to receive notice of, to attend and vote at all meetings of shareholders of the Company, except in votes where the holders of a specified class other than the Variable Voting Shares are entitled to vote separately as a class as provided in the CBCA.

Variable Voting Shares will carry one vote per 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 Variable Voting Share will decrease as described below.

Single Non-Canadian Holder

If at any time:

(a) a single non-Canadian holder of Variable Voting Shares (a "**Single Non-Canadian Holder**"), either individually or in affiliation with any other person, holds a number of 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 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% of the total number of votes cast at such meeting (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the Board) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share held by such Single Non-Canadian Holder and 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: (i) the 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 Board) of the aggregate votes attached to all issued and outstanding voting shares of the Company; and (ii) 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 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 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 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 Variable Voting Shares held by any Single Non-Canadian Holder as set out above under "*Single Non-Canadian Holder*" (if any, as the case may be) and by any person in affiliation with such Single Non-Canadian Holder, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the 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 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, as the case may be), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the Board) of the total number of votes cast at such meeting,

then the vote attached to each 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: (i) the 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 Board) of the aggregate votes attached to all issued and outstanding voting shares of the Company; and (ii) 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 Board) of the total number of votes cast at such meeting.

General – All Holders of Variable Voting Shares

If at any time:

(a) the number of 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 Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Singler 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 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, as may be required), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the Board), or

(b) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Singler 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 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, as may be required), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the Board) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result: (i) the 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 Board) of the aggregate votes attached to all issued and outstanding voting shares of the Company; and (ii) the total number of votes cast by or on behalf of holders of 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 Board) of the total number of votes cast at such meeting.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Company ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares are entitled to receive any dividends that are declared by the Board at the times and for the amounts that the Board may, from time to time, determine. The Variable Voting Shares will rank equally with the Common Voting Shares as to dividends on a share-for-share basis. All dividends will be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares will occur unless, simultaneously, the Common Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of such classes of shares.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Company or other distribution of the Company's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and the holders of Common Voting Shares are entitled to receive the remaining property of the Company and are entitled to share equally, share for share, in all distributions of such assets.

Constraints on Share Ownership

Variable Voting Shares may only be owned or controlled by Non-Canadians.

Conversion

Automatic

Each issued and outstanding Variable Voting Share will be automatically converted into one Common Voting Share, without any further act on the part of the Company or the holder, if (a) such 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 *Canada Transportation Act*, or (b) the provisions contained in the *Canada Transportation Act* relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

Upon an Offer

In the event that an offer is made to purchase Common Voting Shares and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a given province or territory of Canada to which these requirements apply, each Variable Voting Share will become convertible at the option of the holder into one Common Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the person making the offer to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to such offer and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Variable Voting Shares notwithstanding their conversion. The transfer agent of the Company will deposit the resulting Common Voting Shares pursuant to such offer on behalf of the holder.

Should (a) the Common Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, (b) such offer be abandoned or withdrawn, or (c) such offer otherwise expire without such Common Voting Shares being take up and paid for, then the Common Voting Shares resulting from the conversion will be automatically re-converted back into Variable Voting Shares, without any further act on the part of the Company or on the part of the holder.

Variable Voting Shares may not be converted into Common Voting Shares other than in accordance with the conversion procedures set out in the Constating Documents.

Stock Options

The Company currently has the following stock options outstanding and each such stock option is exercisable on the terms set out below:

Number of Stock Options	Exercise Price	Expiry Date
6,600,000	$0.364	December 31, 2026
1,150,000	$0.56	June 27, 2027
356,000	$0.202	October 5, 2027
180,400	$0.245	June 23, 2027
325,000	$0.56	December 15, 2027

4,737,200	$0.129	August 11, 2028
3,037,243	$0.14	January 2, 2030

Stock Option Plan

The purpose of the Stock Option Plan is to, among other things, encourage Voting Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Stock options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board.

The number of stock options which may be issued under the Stock Option Plan, and securities granted under any other share compensation arrangement (if any), which, for greater certainty, includes Awards (as defined below) granted under the Equity Incentive Plan (as defined below), is limited to 10% of the issued and outstanding Voting Shares as at the date of grant. As at the date hereof, 61,956,835 stock options and Awards may be reserved for issue pursuant to the Stock Option Plan and the Equity Incentive Plan, of which 16,385,843 stock options are outstanding, 9,936,702 RSUs are outstanding and an aggregate of 35,634,290 Voting Shares remain available for issuance pursuant to the grant of stock options and Awards..

The number of Voting Shares reserved for issue may not exceed: (i) five percent of the issued and outstanding Voting Shares to any one individual in any 12 month period; (ii) two percent of the issued and outstanding Voting Shares to any one consultant retained by the Company in any 12 month period; or (iii) two percent of the issued and outstanding Voting Shares to any one employee of the Company conducting investor relations activities in any 12 month period. Stock options granted under the Stock Option Plan may be exercised during a period not exceeding ten years, subject to earlier termination upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. Stock options must be exercised within 90 days of termination of employment or cessation of position with the Company, or such longer period not exceeding 12 months as may be determined by the 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 Voting 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 Stock Option Plan contains provisions permitting cashless exercise of options, in accordance with the policies of the TSXV. Pursuant to the Stock Option Plan, the vesting of options shall be at the discretion of the Board, provided that the Board shall seek to impose certain performance-based vesting criteria on at least 40% of options granted to officers of the Company, and, in accordance with the policies of the TSXV, 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 options vesting in any 3 month period.

The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Voting Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Voting Shares, a merger or other relevant changes in the Company's capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

Equity Options

In addition to the Stock Option Plan, the Company has in place an equity incentive plan (the "**Equity Incentive Plan**").

The Company currently has the following restricted share units ("**RSUs**") outstanding, each such RSU is exercisable on the terms set out below:

Number of RSUs	Exercise Price	Expiry Date
5,536,702	N/A	January 2, 2028
1,500,000	N/A	June 13, 2028
2,900,000	N/A	June 19, 2028

Equity Incentive Plan

The maximum number of Voting Shares reserved for issuance, in the aggregate, pursuant to the awards granted under the Equity Incentive Plan (the "**Awards**"), and securities granted under any other share compensation arrangement (if any), which, for greater certainty, includes stock options granted under the Stock Option Plan, shall be equal to a maximum of 10% of the issued and outstanding Voting Shares as at the date of grant. As at the date hereof, an aggregate of 61,956,835 Voting Shares may be reserved for the grants of stock options and Awards pursuant to the Stock Option Plan and the Equity Incentive Plan, of which 16,385,843 stock options are outstanding, 9,936,702 RSUs are outstanding and an aggregate of 35,634,290 Voting Shares remain available for issuance pursuant to the grant of stock options and Awards.

In no event will the Equity Incentive Plan, together with the Stock Option Plan and any other established and outstanding share compensation arrangements (if any), permit at any time: (a) the maximum aggregate number of Voting Shares that are issuable pursuant to all Awards granted or issued to insiders (as a group) to exceed 10% of the Voting Shares at any point in time; (b) the maximum aggregate number of Voting 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 Voting Shares, calculated as at the date any Award is granted or issued to any Insider; or (c) the maximum aggregate number of 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 Equity Incentive Plan, any companies that are wholly owned by that Person) to exceed 5% of the Voting Shares, calculated as at the date any Award is granted or issued to the Person, unless the Company has obtained the requisite disinterested Shareholder approval.

The maximum aggregate number of Voting Shares that are issuable pursuant to all Awards granted or issued in any 12-month period to any one Consultant (as defined in the Equity Incentive Plan) must not exceed 2% of the number of Voting 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 Equity Incentive Plan, the Board may make Awards to Non-Employee Directors (as defined in the Equity Incentive Plan) under the Equity Incentive Plan, provided that: (a) the annual grant of Awards under the 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 Board); and (b) the maximum number of Voting 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 Equity Incentive Plan, an 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 deferred share units, any Non-Employee Director. Investor Relations Service Providers may not receive any Awards. For so long as the Company is listed on the Exchange, 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.

More information regarding the Awards available under the Equity Incentive Plan and the terms of such Awards is contained in the Company's management information circular dated June 11, 2025, prepared and filed in connection with the Company's 2025 Meeting.

IQ Debenture and A&R IQ Debenture

On October 21, 2024, the Company issued the IQ Debenture to Investissement Quebec. Pursuant to the IQ Financing, the Company entered into the A&R IQ Debenture. The A&R IQ Debenture has a term of five (5) years and is senior, secured and convertible at the holder's option into Common Voting Shares at a conversion price of $0.202 per Common Voting Share (the "**Conversion Price**"). The A&R IQ Debenture bears interest at a rate of 12.5% per annum until its maturity date on October 21, 2029 (the "**Maturity Date**"). The interest portion for the first three-year period will be initially non-cash interest, and capitalized semi-annually, and convertible, at the holder's option at the then market price of the Voting Shares as permissible by securities regulations and the rules of the Exchange, while the interest portion for the last two years will be payable semi-annually in cash, until the Maturity Date, unless the A&R IQ Debenture is otherwise converted at the Conversion Price, at any time and at the holder's option before the Maturity Date.

2024 LIFE Units

In connection with the 2024 LIFE Offering, the Company issued a total of 19,766,000 LIFE Units at a price of $0.14 per LIFE Unit. Each LIFE Unit consisted of one Common Voting Share and one 2024 LIFE Warrant. Each 2024 LIFE Warrant entitles the holder thereof to purchase one Common Voting Share (each a "**2024 LIFE Warrant Share**") at a price of $0.20 per 2024 LIFE Warrant Share for a period of 24 months from the date of issuance. The terms of the 2024 LIFE Warrants are governed by a warrant indenture dated November 6, 2024, entered into between the Company and Computershare Trust Company of Canada, as warrant agent (the "**2024 Warrant Indenture**").

2024 Compensation Options

In connection with the 2024 LIFE Offering, the Company issued non-transferable compensation options of the Company exercisable at any time prior to November 6, 2026, to acquire up to 1,383,620 2024 LIFE Units of the Company (the "**2024 Compensation Options**") at a price equal to $0.14 per 2024 Compensation Option, subject to adjustment in certain events. The 2024 Compensation Options have the same terms as the 2024 LIFE Units.

May 2025 LIFE Units

In connection with the May 2025 LIFE Offering, the Company issued 25,000,000 May 2025 LIFE Units at a price of $0.20 per May 2025 LIFE Unit. Each May 2025 LIFE Unit was comprised of one Common Voting Share and one half of one May 2025 LIFE Warrant. Each whole May 2025 LIFE Warrant entitles the holder thereof to purchase one Common Voting Share (each a, "**May 2025 LIFE Warrant Share**") at a price of $0.30 per May 2025 LIFE Warrant Share for a period of 36 months following the date of issuance.

Convertible Debt Settlement

In connection with the Convertible Debt Settlement, the Company issued 20,174,280 Common Voting Shares and 17,640,000 Debenture Warrants. The Common Voting Shares were issued at a deemed price of $0.15 per Common Voting Share. Each Debenture Warrant is exercisable into one Common Voting Share (each a "**Debenture Warrant Share**") at an exercise price of $0.20 per Debenture Warrant Share for a period of three years from the date of issuance, subject to acceleration if, at any time following the date that is 4 months and one day following the date of issuance, the daily volume weighted average trading price of the Voting Shares on the TSXV is greater than $0.35 per Voting Share for the preceding 10 consecutive trading days on the Exchange.

To give effect to the Convertible Debt Settlement, the Company and TSX Trust Company, as trustee, entered into a third supplemental indenture to the debenture indenture governing the Convertible Debentures (the "**Third Supplemental Debenture Indenture**"). The Debenture Warrants are governed by the terms of a warrant indenture dated May 9, 2025, between the Company and TSX Trust Company, as warrant agent (the "**Convertible Debt Settlement Warrant Indenture**").

Non-Convertible Debt Settlement

In connection with the Non-Convertible Debt Settlement, the Company issued 3,720,000 Settlement Units. Each Settlement Unit was comprised of one Settlement Share and one Settlement Warrant.

The Settlement Shares were issued at a deemed price of $0.12 per Settlement Share. Each Settlement Warrant is exercisable to purchase one Common Voting Share at an exercise price of $0.20 per Common Voting Share for a period of 36 months from the date of issuance.

June 2025 LIFE Units

In connection with the June 2025 LIFE Offering, the Company issued 25,000,000 June 2025 LIFE Units at a price of $0.20 per June 2025 LIFE Unit. Each June 2025 LIFE Unit was comprised of one Common Voting Share and one-half of one June 2025 LIFE Warrant which entitles the holder thereof to purchase one Common Voting Share of the Company (each, a "**June 2025 LIFE Warrant Share**") at a price of $0.30 per June 2025 LIFE Warrant Share for a period of 36 months following the date of issuance.

July 2025 LIFE Units

In connection with the July 2025 LIFE Offering, the Company issued 19,230,770 July 2025 LIFE Units at a price of $0.52 per July 2025 LIFE Unit. Each July 2025 LIFE Unit was comprised of one Common Voting Share and one half of one July 2025 LIFE Warrant. Each whole July 2025 LIFE Warrant entitles the holder thereof to purchase one Common Voting Share (each a "**July 2025 LIFE Warrant Share**") at a price of $0.76 per July 2025 LIFE Warrant Share for a period of 36 months following the date of issuance.

August 2025 LIFE Units

In connection with the August 2025 LIFE Offering, the Company issued 9,288,462 August 2025 LIFE Units at a price of $0.52 per August 2025 LIFE Unit. Each August 2025 LIFE Unit was comprised of one Common Voting Share and one half of one August 2025 LIFE Warrant. Each whole August 2025 LIFE Warrant entitles the holder thereof to purchase one Common Voting Share (each an "**August 2025 LIFE Warrant Share**") at a price of $0.76 per August 2025 LIFE Warrant Share for a period of 36 months following the date of issuance. The August 2025 LIFE Warrants are governed by a warrant indenture dated August 14, 2025, entered into between the Company and Computershare Trust Company of Canada, as warrant agent (the "**August 2025 Warrant Indenture**").

August 2025 Broker Warrants

In connection with the August 2025 LIFE Offering, the Company issued 557,308 August 2025 Broker Warrants to the August Underwriter. Each August 2025 Broker Warrant entitles the holder thereof to acquire one Common Voting Share at a price of $0.76 per share at any time on or before August 14, 2026.

MARKET FOR SECURITIES

Trading Price and Volume

Voting Shares

The following table sets out the high and low closing market prices and the volume traded on the TSXV for each month of the financial year ended December 31, 2024.

2024	HIGH ($)	LOW ($)	VOLUME
January	0.395	0.155	12,941,628
February	0.335	0.235	4,267,850
March	0.27	0.165	2,742,451
April	0.26	0.20	2,475,361
May	0.38	0.19	6,207,778
June	0.225	0.10	3,301,170
July	0.21	0.18	1,463,006
August	0.195	0.16	2,091,551
September	0.24	0.15	6,043,067
October	0.215	0.13	10,882,753
November	0.16	0.11	9,365,094
December	0.16	0.13	7,060,539

Prior Sales

The following table summarizes details of all issuances of securities of the Company, other than Voting Shares, in the year ended December 31, 2024, being the most recently completed financial year of the Company:

Security	Number of Securities	Issue/Exercise Price per Security ($)	Date of Issue
Stock options(1)	14,400,828	0.4497(2)	August 30, 2024
IQ Debenture(3)	$7,500,000 secured convertible debenture bearing interest at 12.5% per annum	0.202	October 21, 2024
2024 LIFE Units	19,760,000	0.14	November 6, 2024
2024 LIFE Warrants	19,760,000	0.20	November 6, 2024
2024 Compensation Options	1,383,620	0.14	November 6, 2024

Notes:

(1) On August 30, 2024, the Company completed the Arrangement, pursuant to which holders of stock options of VAC (the "**VAC Options**") received replacement stock options of the Company ("**Replacement Options**") exercisable for Common Voting Shares in the capital of the Company at the Exchange Ratio applicable to the common shares of VAC. All other terms and conditions of the Replacement Options, including the term of expiry, vesting, conditions to and manner of exercising, remained the same as the VAC Options for which they were exchanged.

(2) This represents the weighted-average exercise price of the VAC Options.

(3) On June 19, 2025, the Company entered into the A&R IQ Debenture, increasing the principal amount of the IQ Debenture to $10,500,000.

(4) On May 1, 2025, the Company issued 12,500,000 May 2025 LIFE Warrants at an exercise price of $0.30 per May LIFE Warrant Share.

(5) On May 12, 2025, the Company issued 17,640,000 Debenture Warrants at an exercise price of $0.20 per Debenture Warrant Share.

(6) On June 19, 2025, the Company issued 3,720,000 Settlement Warrants at an exercise price of $0.12 per Settlement Warrant Share.

(7) On June 27, 2025, the Company issued 12,500,00 June 2025 LIFE Warrants at an exercise price of $0.76 per June 2025 LIFE Warrant Share.

(8) On July 17, 2025, the Company issued 9,615,385 July 2025 LIFE Warrants at an exercise price of $0.76 per July 2025 LIFE Warrant Share.

(9) On August 14, 2025, the Company issued 9,288,462 August 2025 LIFE Units at a price of $0.52 per August 2025 LIFE Unit and 557,308 August 2025 Broker Warrants at an exercise price of $0.76.

ESCROWED SECURITIES AND CONTRACTUAL RESTRICTIONS ON TRANSFER

As of the date of this AIF and pursuant to the August 2025 LIFE Offering, 139,792,409 Voting Shares, 11,313,500 stock options and 5,499,996 RSUs held by certain directors and officers of the Company are subject to contractual lock-up agreements.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Voting Shares	139,792,409	22.56%(1)(4)
Stock options	11,313,500	69.04%(2)(4)
RSUs	5,499,996	55.35%(3)(4)

Notes:

(1) Based on 619,568,351 Voting Shares issued and outstanding as of the date hereof.
(2) Based on 16,385,843 stock options issued and outstanding as of the date hereof.
(3) Based on 9,936,702 RSUs issued and outstanding as of the date hereof.
(4) Pursuant to the August 2025 LIFE Offering, certain directors and officers of the Company entered into voluntary lock-up agreements in favour of the August Underwriter whereby any securities of the Company owned, directly or indirectly, by such directors and officers are locked up for a period ninety (90) days from the date of closing of the August 2025 LIFE Offering.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets forth all current directors and executive officers of the Company as at the date hereof, their principal occupations or employment, the period or periods of service, and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof. The Board currently consists of six directors, to be elected annually. The term of office of each director will be from the date of the meeting at which he or she is elected until the next annual meeting, or until his or her successor is elected or appointed.

Name, Province and Country of Residence, Position	Position Since	Number of Voting Shares Beneficially Owned(1)(2)	Principal Occupation During Past Five Years
Glen Lynch Quebec, Canada Chief Executive Officer and Director	August 30, 2024	68,654,075(3) 11.08%	Mr. Lynch is the Chief Executive Officer of the Company. Mr. Lynch is also the Chief Executive Officer of VAC and has held such position since 2020.
Abhinav Singhvi Ontario, Canada Chief Financial Officer	August 30, 2024	567,080(4) 0.09%	Mr. Singhvi is the Chief Financial Officer of the Company. Mr. Singhvi is also the Chief Financial Officer of VAC and has occupied such office since 2020.

Luc Massé Quebec, Canada Chief Compliance Officer & Corporate Secretary	August 30, 2024	498,511[5] 0.08%	Mr. Massé is the Chief Compliance Officer and Corporate Secretary of the Company. Mr. Massé is also the Vice President of VAC and has occupied such office since 2020. From 2019 until present, Mr. Massé is also the Chief Executive Officer and President of Partner Jet Inc.
Robert Walker Manitoba, Canada Chief Commercial Officer	August 30, 2024	411,922[6] 0.07%	Mr. Walker is the Chief Commercial Officer of the Company. Mr. Walker has occupied such office since 2020.
Greg Colacitti Ontario, Canada Chief Operations Officer	November 7, 2024	333[7] 0.00005%	Mr. Colacitti is the Chief Operations Officer of the Company. Mr. Colacitti has occupied various executive operational roles at the Company since its founding in 2011
Ian McDougall[13] Ontario, Canada Director	August 30, 2024	69,645,821[8][14] 11.24%	Mr. McDougall is a director and chairman of the Company, positions he has held since August 30, 2024. Prior to this Mr. McDougall was a director and chairman of Volatus Aerospace Corp since 2020.
Andrew Leslie[13] Ontario, Canada Director	August 30, 2024	Nil[9] 0%	Lt. General (ret'd) the Honourable Andrew Leslie PC, CMM, MSC, MSM, CD, RCA., has been an independent consultant under his company Gripfast Solutions Inc. for the past five years. He is a board member of two TSX Venture Exchange listed companies (the Company and Liberty Stream Infrastructure LIB.V). He has been associated over the past five years with several private and charitable companies. He has also been engaged in public and media speaking events.
Kevin Sherkin Ontario, Canada Director	February 25, 2019	15,000[10] 0.002%	Mr. Sherkin is a partner at Miller Thomson LLP, a Canadian national law firm. Prior thereto, he was a founding member and managing director of Levine Sherkin Boussidan Professional Corporation, a law firm.
Larry Taylor Ontario, Canada Director	November 9, 2020	Nil[11] 0%	Mr. Taylor has been CEO Group Leader of CEO Global Network since 2011 and President of Taylor Made Solutions since 2009. He currently sits as a board member for Dillion Consulting Inc. Mr. Taylor is Board Chair of VIQ Solutions Inc (TSX and Nasdaq: VQS). Mr. Taylor is a Chartered Professional Accountant and a Certified Management Consultant. Mr. Taylor has previously held key senior executive positions with several companies including Travelex Americas and Cap Gemini Ernst & Young Canada Inc. Mr. Taylor has experience working with private equity firms to identify, acquire and combine companies to create shareholder value.
Omar Mourad[13] Quebec, Canada	November 7, 2024	Nil[12] 0%	Mr. Mourad is the Director, Private Equity – Manufacturing & Diversified Products at Investissement Quebec, and has held such position since January 2022. Prior to that, Mr. Mourad was a Senior Associate, Private Equity – Deal Structuring & Analysis at Investissement

Director			Quebec from April 2021 to January 2022. From January 2018 until April 2021, Mr. Mourad was an Analyst at Ernst & Young LLP.

Notes:

(1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective director and or executive officer individually.
(2) Based on 619,568,351 Voting Shares issued and outstanding as of the date hereof.
(3) Mr. Lynch also holds 2,677,500 stock options of the Company.
(4) Mr. Singhvi also holds 1,785,000 stock options of the Company and 2,750,000 RSUs of the Company.
(5) Mr. Massé also holds 1,428,000 stock options of the Company and 1,050,000 RSUs of the Company.
(6) Mr. Walker also holds 1,160,250 stock options of the Company and 950,948 RSUs of the Company.
(7) Mr. Colacitti also holds 250,000 stock options of the Company and 750,000 RSUs of the Company.
(8) Mr. McDougall also holds 2,277,000 stock options of the Company.
(9) Mr. Leslie holds 759,000 stock options of the Company.
(10) Mr. Sherkin also holds 445,000 stock options of the Company.
(11) Mr. Taylor holds 495,000 stock options of the Company.
(12) Mr. Mourad holds 45,000 stock options of the Company.
(13) Member of the Audit Committee (Ian McDougall, Chair).
(14) Held by Delta-Mike Inc., a company controlled by Mr. McDougall.
(15) The directors and executive officers of the Company, as a group, collectively beneficially own, or control or direct, directly or indirectly, 139,792,742 Voting Shares representing 22.56% of the number of Voting Shares outstanding as of the date hereof.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

For the purposes of this section "Order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) 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.

Other than as set out below, none of the directors or executive officers of the Company or any shareholder holding a sufficient number of securities of the Company to materially affect control of the Company:

(a) is, as of the date of this AIF, or has been, within 10 years before the date of this AIF, a director or executive officer of any company that:

(i) was the subject of an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;

(ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, 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 the assets of the proposed director.

On May 7, 2024, a cease trade order was issued against VAC by the Ontario Securities Commission (the "**CTO**") for failure to file: (a) audited annual financial statements of the company for the year ended December 31, 2023; (b) management's discussion and analysis relating to the audited annual financial statements of the company 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 and Leslie were directors of VAC at the time of the CTO. The CTO was revoked by the Ontario Securities Commission on May 13, 2024 and trading of VAC's shares on the TSXV resumed on May 16, 2024.

None of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last 10 years, been subject to: (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered a settlement agreement with a Canadian securities regulatory authority; or (ii) 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.

CONFLICTS OF INTEREST

There are no known existing or potential material conflicts of interest among the Company, its subsidiaries and the directors and officers of the Company as a result of their outside business interests except that certain of the directors and officers may serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director and officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company have been advised of the existence of laws governing accountability of directors and officers regarding corporate opportunity and requiring disclosures by directors of conflicts of interest, and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of the directors or officers. All such conflicts shall be disclosed by such directors or officers and treated in accordance with the applicable federal laws of Canada and the Company's constating documents.

PROMOTERS

Each of Mr. McDougall, a director of the Company, and Mr. Lynch, the Chief Executive Officer and a director of the Company, were promoters of VAC, a subsidiary of the Company, within the two years immediately preceding the date of this AIF. As of the date of this AIF: (i) Mr. McDougall beneficially owns, controls or directs, directly or indirectly, a total of 69,645,821 Voting Shares and 2,277,000 stock options, representing approximately 11.61% of the equity of the Company on a fully diluted basis and 206,188 preferred shares of VAC, representing all of the issued and outstanding preferred shares of VAC; and (ii) Mr. Lynch beneficially owns, controls or directs, directly or indirectly, a total of 68,654,075 Voting Shares and 2,677,500 stock options, representing approximately 11.51% of the equity of the Company on a fully diluted basis. No person who was a promoter of the Company:

- received anything of value directly or indirectly from the Company or a subsidiary within the last two years;
- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the directors and officers of the Company, the Company or its property was not subject to any material legal proceedings during its most recently completed financial year, nor is the Company or any of its property a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business from time to time.

To the knowledge of the directors and officers of the Company, there were no penalties or sanctions imposed against the Company 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 the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT IN MATERIAL TRANSACTIONS

To the knowledge of the management of the Company, except as disclosed below, no director or executive officer of the Company, person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Voting Shares, or any associate or affiliate of any such persons, has or had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries other than as set out herein.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Voting Shares of the Company is Computershare Investor Services Inc., located in Vancouver, British Columbia.

MATERIAL CONTRACTS

Other than those listed below and those entered into in the ordinary course of the Company's business, the Company did not enter into any material contracts during the year ended December 31, 2024, or before the year ended December 31, 2024, that is still in effect as at the date of this AIF:

- The Business Combination Agreement; and
- The 2024 Warrant Indenture.

Subsequent to the year ended December 31, 2024, and at the time this AIF is filed, the Company entered into the following material contracts:

- The Third Supplemental Debenture Indenture;
- The Convertible Debt Settlement Warrant Indenture; and
- The August 2025 Warrant Indenture.

EXPERTS AND INTERESTS OF EXPERTS

The auditor of the Company, BDO Canada LLP informed the Company that it is independent with respect to the Company within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The directors of the Company have adopted a charter (the "**Charter**") for the audit committee (the "**Audit Committee**"), which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Charter is attached hereto as Appendix "A" to this AIF.

Composition of the Audit Committee

The members of the Audit Committee are Ian McDougall (Chair), Andrew Leslie and Omar Mourad, all of whom are considered to be independent (as defined in NI 52-110) and financially literate (as defined in NI 52-110).

Name of Member	Independent (1)	Financially Literate (2)
Ian McDougall (Chair)	Yes	Yes
Andrew Leslie	Yes	Yes
Omar Mourad	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the board of directors of the Company, be reasonably expected to interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate. a member of the 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 the Company's financial statements.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an 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 the Company 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 the Company'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.

<u>Ian McDougall – Director and Chair of the Audit Committee</u>

Ian McDougall has over 40 years' experience in the aviation industry. Mr. McDougall studied at Harvard Law School, Osgoode Hall Law School, and Simon Fraser University. He was the director of the joint Osgoode-Schulich JD/MBA Program from 1994-2006 and was a lecturer on the Law of Corporate Governance and Advanced Corporate Finance from 1986-2004. Mr. McDougall has held the positions of Chief Executive Officer and various other executive office positions in three different Toronto based commercial aircraft operating companies. Mr. McDougall has been a director and chairman of the Company and its wholly owned subsidiary, VAC, for the past five years.

Andrew Leslie – Director

Lt-General (ret'd) the Honourable Andrew Leslie PC, CMM, MSC, MSM, CD, RCA, BA, MA, D.Mil.Sci.(hc) was a Canadian Army officer and led 57,000 members of the Canadian Army across various mandates including fires, floods, earthquakes, security missions, peacekeeping and war. Mr. Leslie has been awarded national and international honours and decorations. He has also served as the Senior Vice President of a very large multinational corporation, a Federal Member of Parliament, the Chief Government Whip, the Parliamentary Secretary focused on Canada-US Relations and Trade during the time of the last NAFTA negotiations (interacting with various senior military colleagues and US State Governors) and was included on various Federal cabinet committees.

Mr. Leslie now sits on several corporate and charitable boards and engages in public speaking on leadership under difficult circumstances, the impact of totalitarian regimes on trade patterns, and the looming specter of superpower confrontation and what it might mean for Canada. Mr. Leslie was educated at Ottawa University (B.A.), the Royal Military College (M.A.) where he was also conferred a Doctorate, various Military Staff Colleges, and both Harvard Business School and the Board Directors course at the Rotman School of Business. Mr. Leslie is bilingual in French and English.

Omar Mourad – Director

Mr. Omar Mourad has a bachelor's degree with a major in Finance and minor in Economics from Concordia University. Mr. Mourad is also a Chartered Financial Analyst charterholder. He is currently the Director, Private Equity – Manufacturing & Diversified Products at Investment Quebec. Prior to this, Mr. Mourad was an M&A analyst at Ernst & Young LLP. Mr. Mourad was appointed to the board of directors of the Company on November 7, 2024 and sits as member or observer on the board of multiple companies (Novatech, EBC, Lou-Tec, Innotex and others).

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);

2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);

3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee

member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);

4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); 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.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company 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 Audit Committee's charter provides that that Audit Committee must approve all non-audit services to be provided by the Company's external auditor to the Company or a subsidiary of the Company.

External Auditor Services Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two completed financial years:

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2024	$402,560	Nil	$52,333	Nil
December 31, 2023	$89,900	Nil	$3,975	Nil

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 the Company'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.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found through a database search at SEDAR+ at www.sedarplus.ca.

Additional information on the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issue under equity compensation plans is contained in the Company's management information circular for the Company's most recent annual and special meeting of securityholders, which may be found on SEDAR+.

Additional financial information regarding the Company is provided in the Company's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2024, which may be found on SEDAR+.

APPENDIX A

AUDIT COMMITTEE CHARTER VOLATUS AEROSPACE INC.

I. 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 I

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.

1.1 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 Volatus Aerospace Inc.

"**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 Company 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.