

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): January 11, 2021

Red Cat Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction of Incorporation)

814-00175

(Commission File Number)

86-0490034

(I.R.S. Employer Identification Number)

**370 Harbour Drive
Palmas del Mar
Humacao, PR 00791**

(Address of principal executive offices) (zip code)

(833) 373-3228

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 1 – Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On January 11, 2021, Red Cat Holdings, Inc. (the "Company") and Fat Shark Holdings, Ltd., a Cayman Islands exempted company, and a wholly owned subsidiary of the Company ("Fat Shark"), entered into a one-year executive employment agreement (the "Employment Agreement") with Allan Evans ("Executive"), to serve as chief executive officer of Fat Shark. The Employment Agreement will automatically renew for successive one-year terms unless either party notifies the other party at least three months prior to the expiration of the then current term of its desire to terminate the Employment Agreement.

In consideration therefor, Executive will be paid a base salary equal to 70% percent of the salary of the Company's Chief Executive Officer in effect from time to time ("Base Salary"), in periodic installments in accordance with the Company's regular payroll practices. Base Salary may not be decreased without the written consent of Executive. Executive will also be eligible to receive an annual cash bonus of up to 100% percent of Base Salary ("Annual Bonus").

Executive also received a grant of 1,000,000 shares of the Company's common stock, par value \$0.001 per share ("Common Stock"), 250,000 of which shares vest on January 11, 2021, and the remaining 750,000 shares vest in 36 equal monthly installments commencing on February

28, 2021, subject to Executive's continued employment by Fat Shark or its parent or any subsidiary. the grant of shares will also vest: (i) immediately upon a change of control, as defined in the Company's 2019 Equity Incentive Plan (the "Plan"); (ii) as to 250,000 shares, upon the final closing price of the Common Stock for 30 consecutive days at or above \$5.00 per share; (iii) as to 125,000 shares, upon receipt of payment in full by Fat Shark from an unrelated third-party purchaser of goods or services in an amount of \$250,000 or more at a net profit margin no less than the average net profit margin of Fat Shark for similar goods or services during the preceding 12 months; and (iv) as to 125,000 shares, upon receipt of payment in full by Fat Shark from any unrelated third-party purchaser of goods or services in an amount of \$1,000,000 (exclusive of any purchase described in (iii) above) at a net profit margin no less than the average net profit margin of Fat Shark for similar goods or services during the preceding 12 months. Executive will also be eligible for additional awards under the Plan.

Upon termination of employment for any reason, the Executive shall be entitled to Base Salary and a pro-rata portion of the Annual Bonus earned through the date of termination. Upon termination by the Company for any reason other than for "cause" or by Executive for "good reason", as such terms are defined in the Employment Agreement, Executive will be entitled to all vested and unvested shares in accordance with the award vesting as if no termination occurred.

Upon termination by the Company without cause, by Executive for good reason or by Executive within 180 days of a change of control, as defined in the Employment Agreement, Executive will also be entitled to the): (i) the greater of Base Salary through the balance of the term, or 12 months of Base Salary; (ii) continued participation in Company benefit plans (including health benefits) for at least twelve months and (iii) immediate vesting of all stock options or equity awards. Fat Shark will also pay for Executive's COBRA premiums so long as Executive qualifies therefor.

During the term of employment and for three years thereafter, if there is a restatement of any financial results resulting from material non-compliance of Fat Shark with financial reporting requirements under the federal securities laws from which any metrics were determined to be achieved which were the basis of the granting and calculation of the Annual Bonus and any stock-based compensation, Executive agrees to repay any amounts which were determined by reference to any Fat Shark financial results which were later restated.

Executive is entitled to participate in all benefit plans at substantially the same levels as the Company's senior executive officers.

Executive may terminate the Employment Agreement without Good Reason and other than for a change of control upon thirty days prior written notice. Upon such termination, Fat Shark will have no further obligations or liability to Executive, except for the Base Salary and pro-rata Annual Bonus earned prior to the date of termination.

The Employment Agreement contains for customary confidentiality provisions during and after the term of employment of Executive.

The foregoing description of the Employment Agreement is qualified in its entirety by reference to the full text of such Employment Agreement, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference in its entirety.

Section 3- Securities and Trading Markets

Item 3.02 Unregistered Sales of Equity Securities

On January 11, 2021, the Company issued a ten-year option to purchase 100,000 shares of Common Stock at an exercise price of \$2.01 per share under the Plan to Joseph Freedman upon his acceptance of appointment as a director of the Company. Fifty percent of these options are vested immediately, with twenty-five percent of the options vesting on each of the first and second anniversary of the grant date.

On January 11, 2012, the Company issued 1,000,000 shares of Common Stock to Allan Evans under the Plan pursuant to the Employment Agreement as described in Item 1.01.

The above issuances did not involve any underwriters, underwriting discounts or commissions, or any public offering and we believe are exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(2) thereof.

Section 5 - Corporate Governance and Management

Item 5.02 Election of Directors; Appointment of Principal Officers.

On January 11, 2021, the Company's board of directors (the "Board") approved the increase in the size of the Board to five from four directors and appointed Joseph Freedman to the Board. On January 11, 2021 the Board established the Audit, Nominating and Governance and Compensation Committees and Mr. Freedman was appointed to each such committee. Mr. Freedman was appointed for a term of one year and until his successor is duly elected and qualified.

Mr. Freedman is an entrepreneur with experience launching and exiting companies in the legal recruitment, technology and hospitality sectors, several of which have been acquired by NYSE listed, private equity and privately held companies. Four such companies were listed on the Inc. 500/5000, 14 times, with one being listed in the top 100. In 2006, Mr. Freedman co-founded and currently serves on the board of Peachtree Tents & Events Holdings, LLC, a full-service event rental equipment company. Mr. Freedman co-founded and served as the chief executive officer of Richmond Title, LLC until its acquisition in 2006, and founded and served as chief executive officer of AMICUS Legal Staffing, Inc. until its acquisition in 1996. In 2009 Mr. Freedman co-founded and served on the board of RFX Legal, LLC, a company which used proprietary technology to automate the way corporations sourced and procured legal services, until its acquisition in 2013. Mr. Freedman also co-founded eConception, LLC, Weberize, LLC, and Acymtech LLC. Mr. Freedman currently serves as an advisor to Headsets.com and sits on numerous privately held company boards. Mr. Freedman is the past president of the Nashville Chapter of the Entrepreneurs Organization and currently serves on their Strategic Council. Mr. Freedman earned a B.S. degree in Finance from Louisiana State University.

Mr. Freedman's legal, business and financial experience provide the basis upon which the Company has appointed him to the Board.

There is no arrangement or understanding between Mr. Freedman or any other person pursuant to which he was appointed as a director of the Company, and there are no familial relationships between Mr. Freedman and any of the Company's directors or executive officers. Mr. Freedman, including his immediate family members, is not a party, directly or indirectly, to any related person transaction required to be reported pursuant to Item 404(a) of Regulation S-K.

Board Committees

On January 11, 2021, the Board established an Audit Committee, Nominating and Governance Committee and a Compensation Committee.

The Audit Committee is responsible for assisting the Board in its oversight responsibilities regarding the Company's accounting and financial reporting processes, the audits of the Company's financial statements and the independent auditors' qualifications and independence.

The Nominating and Governance Committee is responsible for, among other things, identifying qualified board candidates and nominees, and corporate officers of the Company and other matters with respect to governance of the Company.

The Compensation Committee is responsible for the approval and implementation of the executive compensation for officers and other key executives of the Company. The members of the Compensation Committee are Mr. Freedman and Liuzza.

The members of the Audit Committee, the Nominating and Governance Committee, and the Compensation Committee are Mr. Freedman and Mr. Liuzza, both of whom are "independent" directors as such term is defined for directors in the listing standards of NASDAQ.

The descriptions of the Audit Committee, the Nominating and Governance Committee and Compensation committee, are qualified in their entirety by reference to the full text of the Charter for each such Committee, a copy of which are attached hereto as Exhibit 10.2, 10.3 and 10.4, respectively.

Corporate Policies

On January 11, 2021, the Audit Committee adopted a Whistleblower Policy concerning the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the submission by employees of the Company and others, on a confidential and anonymous basis, of good faith concerns regarding such matters.

The Board has also adopted Corporate Governance Guidelines and a Corporate Communications Policy.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
Exhibit 10.1	Executive Employment Agreement, dated January 11, 2021, among the Company, Fat Shark Holdings, Ltd. and Allan Evans
Exhibit 10.2	Audit Committee Charter
Exhibit 10.3	Compensation Committee Charter
Exhibit 10.4	Nominating and Governance Committee Charter

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 13, 2021

RED CAT HOLDINGS, INC.

By: /s/ Jeffrey M. Thompson

Name: Jeffrey M. Thompson

Title: President and Chief Executive Officer

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into as of the January 11, 2021, by and between Red Cat Holdings, Inc., a Nevada corporation (“Parent”), Fat Shark Holdings, LTD., a Cayman Islands Exempted Company (“Company”) and Allan Evans, an individual (“Executive”). As used herein, the “Effective Date” of this Agreement shall mean January 11, 2021.

WITNESSETH

WHEREAS, the Executive desires to be employed by the Company as Chief Executive Officer and the Company wishes to employ the Executive in such capacity; and

WHEREAS, inasmuch as Section 16(a) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) requires the filing of certain beneficial ownership reports by certain officers who perform a policy- making function, Executive shall become obligated to file reports of beneficial ownership pursuant to Section 16(a) of the Exchange Act of Parent on and following the Effective Date; and it is further

NOW, THEREFORE, in consideration of the foregoing and their respective covenants and agreements contained in this document, Parent, the Company and the Executive hereby agree as follows:

1. **Employment and Duties.** The Company agrees to employ and the Executive agrees to serve as the Company’s Chief Executive Officer. The duties and responsibilities of the Executive shall include the duties and responsibilities as the Company’s Board of Directors (“Board”) may from time to time assign to the Executive and reasonably commensurate with those duties and responsibilities normally associated with and appropriate for someone in the position of Chief Executive Officer. As used herein, “Board” and “Compensation Committee” shall include the Board of Directors and Compensation Committee of Parent, which shall be required to approve and authorize all actions of the Board and Compensation Committees of the Company, as defined herein

The Executive shall devote all of his business time and best efforts to the performance of his duties under this Agreement and shall be subject to, and shall comply with the Company policies, practices and procedures and all codes of ethics or business conduct applicable to his position, as in effect from time to time. Notwithstanding the foregoing, the Executive shall be entitled to (i) serve as a member of the board of directors of a reasonable number of companies, subject to the advance approval of the Board, which approval shall not be unreasonably withheld, conditioned or delayed; (ii) serve on civic, charitable, educational, religious, public interest or public service boards, subject to the advance approval of the Board, which approval shall not be unreasonably withheld, and (iii) manage the Executive’s personal and family investments, in each case, to the extent such activities do not materially interfere, as determined by the Board in good faith, with the performance of the Executive’s duties and responsibilities hereunder.

2. **Term.** The term of this Agreement shall commence on the Effective Date and shall continue for a period of one (1) year following the Effective Date and shall be automatically renewed for successive one (1) year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew this Agreement at least three (3) months prior to the expiration of the initial term or any renewal term of this Agreement. “Employment Period” shall mean the initial one (1) year term plus renewals, if any.

3. **Place of Employment.** The Executive’s services shall be performed at the Company’s offices located at Cayman Enterprise City, 90 North Church Street, George Town, Grand Cayman, Cayman Islands, P.O. Box CEC 30 Grand Cayman, KY1-9012, or such other location(s) as mutually agreed upon in writing between the Company and the Executive.

4. **Base Salary.** The Company agrees to pay the Executive a base salary (“Base Salary”) equal to the greater of: (A) the salary paid to Executive immediately prior to the Effective date and (B) seventy (70%) percent of the salary of the Parent’s Chief Executive Officer then in effect. The Base Salary shall be paid in periodic installments in accordance with the Company’s regular payroll practices. The Base Salary may only be increased but not decreased without the written consent of the Executive.

(a) **Annual Bonus.** The Executive shall be eligible to receive an annual bonus the (“Annual Bonus”) of up to one-hundred (100%) percent of the Base Salary, to be paid in cash, as reasonably determined by the Compensation Committee and/or the Board of Directors of the Company (the “Compensation Committee”). The Annual Bonus shall be paid by the Company to the Executive promptly after determination that the relevant targets, if any, have been met, it being understood that the attainment of any financial targets associated with any bonus shall not be determined until following the completion of the Company’s annual audit and public announcement of such results and shall be paid promptly following the Company’s announcement of earnings, subject to cash availability. In the event that the Compensation Committee is unable to act or if there shall be no such Compensation Committee, then all references herein to the Compensation Committee (except in the proviso to this sentence) shall be deemed to be references to the Board. Upon his termination from employment, the Executive shall be entitled to receive a pro-rata portion of the Annual Bonus calculated based upon the last day of the fiscal quarter in which his employment is terminated, regardless of whether he is employed by the Company through the conclusion of the fiscal quarter or year, as the case may be, on which the Annual Bonus is based. The Annual Bonus shall be paid no later than one-hundred and eighty (180) days following the end of the fiscal year of Parent in which the Annual Bonus is earned, subject to cash availability. Executive and the Compensation Committee will work to define a set of goals and objectives for the term of the Agreement as a basis for determining a bonus award(s). Such goals will be quantitative as well as qualitative in nature.

(b) **Equity Awards.** Executive shall receive an initial award (the “Initial Award”) and be eligible for such grants of awards under the Parent’s 2019 Equity Incentive Plan (or any successor or replacement plan adopted by the Board and approved by the stockholders of the Company) (the “Plan”) as the Compensation Committee or Board may from time to time determine (the “Share Awards”). The Initial Award shall be as set forth on Exhibit A annexed hereto vesting as set forth (the “Executive Vesting Schedule”). Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award, Board resolution or certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Plan.

6. Severance Compensation.

(a) Upon termination of employment for any reason, the Executive shall be entitled to: (A) all Base Salary earned through the date of termination to be paid according to Section 4; (B) any Annual Bonuses, pro-rated, to be paid in accordance with Section 5(a) above.; (C) all accrued but unused vacation time, and (d) reimbursement of all reasonable expenses as set forth in Section 8.

(b) Upon termination of employment by Company for any reason other than for cause (“Cause”) as defined in Section 11(c), or upon termination of employment by Executive for good reason (“Good Reason”) as defined in Section 11(d)(1), Executive shall be entitled to receipt of all vested and unvested shares contemplated in the Executive Award in accord with the Executive Vesting Schedule as if no termination occurred.

(c) In the event of a termination by the Company without Cause, by the Executive for Good Reason or by the Executive within one hundred eighty days (180) days of the occurrence of a Change of Control (as defined below) and subject to the additional provisions of Section 11(d)(3), then in addition to the severance compensation set forth in Section 6(a) and 6(b), Executive shall also be entitled to the following enhanced separation benefits (“Enhanced Separation Benefits”): (i) the greater of Executive’s continued Base Salary through the balance of the Employment Period, as renewed, or twelve (12) months of Executive’s then Base Salary; (ii) continued participation in Company welfare benefit plans (including health benefits) on the same terms as immediately prior to termination and to be paid in full by the Company for the period of time set forth in this Section 6(c) (not to be less than twelve (12) months of continuation of benefits) and (iii) immediate vesting of all stock options/equity awards.

(d) Upon termination of Executive's continued benefits (either pursuant to Section 6(a), 6(b) or 6(c) as the case may be), the Executive may continue coverage with respect to the Company's group health plans as permitted by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for himself and each of his "Qualified Beneficiaries" as defined by COBRA ("COBRA Coverage"). The Company shall reimburse the amount of any COBRA premium paid for COBRA Coverage timely elected by and for the Executive and any Qualified Beneficiary of the Executive, and not otherwise reimbursed, during the period that ends on the earliest of (x) the date the Executive or the Qualified Beneficiary, as the case may be, ceases to be eligible for COBRA Coverage, (y) the last day of the consecutive eighteen (18) month period following the date of the Executive's termination of employment and (z) the date the Executive or the Qualified Beneficiary, as the case may be, is covered by another group health plan. To reimburse any COBRA premium payment under this paragraph, the Company must receive documentation of the COBRA premium payment within ninety (90) days of its payment.

7. Clawback Rights. The Annual Bonus, and any and all stock based compensation (such as options and equity awards) (collectively, the "Clawback Benefits") shall be subject to "Clawback Rights" as follows: during the period that the Executive is employed by the Company and upon the termination of the Executive's employment and for a period of three (3) years thereafter, if there is a restatement of any financial results from which any metrics were determined to be achieved which were the basis of the granting and calculation of such Clawback Benefits to the Executive, the Executive agrees to repay any amounts which were determined by reference to any Company financial results which were later restated (as defined below), to the extent the Clawback Benefits amounts paid exceed the Clawback Benefits amounts that would have been paid, based on the restatement of the Company's financial information. All Clawback Benefits amounts resulting from such restated financial results shall be retroactively adjusted by the Compensation Committee to take into account the restated results, and any excess portion of the Clawback Benefits resulting from such restated results shall be immediately surrendered to the Company and if not so surrendered within ninety (90) days of the revised calculation being provided to the Executive by the Compensation Committee following a publicly announced restatement, the Company shall have the right to take any and all action to effectuate such adjustment. The calculation of the revised Clawback Benefits amount shall be determined by the Compensation Committee in good faith and in accordance with applicable law, rules and regulations. All determinations by the Compensation Committee with respect to the Clawback Rights shall be final and binding on the Company and the Executive. The Clawback Rights shall terminate following a Change of Control as defined in Section 11(f), subject to applicable law, rules and regulations. For purposes of this Section 7, a restatement of financial results that requires a repayment of a portion of the Clawback Benefits amounts shall mean a restatement resulting from material non-compliance of the Company with any financial reporting requirement under the federal securities laws and shall not include a restatement of financial results resulting from subsequent changes in accounting pronouncements or requirements which were not in effect on the date the financial statements were originally prepared ("Restatements"). The parties acknowledge it is their intention that the foregoing Clawback Rights as relates to Restatements conform in all respects to the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") and require recovery of all "incentive-based" compensation, pursuant to the provisions of the Dodd-Frank Act and any and all rules and regulations promulgated thereunder from time to time in effect. Accordingly, the terms and provisions of this Agreement shall be deemed automatically amended from time to time to assure compliance with the Dodd-Frank Act and such rules and regulations as hereafter may be adopted and in effect.

8. Expenses. The Executive shall be entitled to prompt reimbursement by the Company for all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive while employed (in accordance with the policies and procedures established by the Company for its senior executive officers) in the performance of his duties and responsibilities under this Agreement; provided, that the Executive shall properly account for such expenses in accordance with Company policies and procedures. Reimbursement of such expenses shall be paid out even after Executive's termination for any reason, so long as the expenses were incurred during Executive's employment with the Company.

9. Other Benefits. During the term of this Agreement, the Executive shall be eligible to participate in incentive, stock purchase, savings, retirement (401(k)), and welfare benefit plans, including, without limitation, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Parent makes such opportunities available to the Parent's managerial or salaried executive employees and/or its senior executive officers.

10. Vacation. During the term of this Agreement, the Executive shall be entitled to accrue, on a pro rata basis, thirty (30) paid vacation days per year. Vacation shall be taken at such times as are mutually convenient to the Executive and the Company and no more than fifteen (15) consecutive days shall be taken at any one time without Company approval in advance.

11. Termination of Employment

(a) Death. If the Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company's obligations to the Executive's estate and to the Executive's Qualified Beneficiaries shall be those set forth in Section 6(a) and 6(d) regarding severance compensation.

(b) Disability. In the event that, during the term of this Agreement the Executive shall be prevented from performing his essential functions hereunder to the full extent required by the Company by reason of Disability (as defined below), this Agreement and the Executive's employment with the Company shall automatically terminate. The Company's obligation to the Executive under such circumstances shall be those set forth in Section 6(a) and 6(d) regarding severance compensation. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of his essential functions hereunder for an aggregate of ninety (90) days or longer during any twelve (12) consecutive months. The determination of the Executive's Disability shall be made by an independent physician who is reasonably acceptable to the Company and the Executive (or his representative), be final and binding on the parties hereto and be made taking into account such competent medical evidence as shall be presented to such independent physician by the Executive and/or the Company or by any physician or group of physicians or other competent medical experts employed by the Executive and/or the Company to advise such independent physician.

(c) Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (a) the willful and continued failure of the Executive to perform substantially his material duties and responsibilities for the Company or Parent (other than any such failure resulting from the Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days following his receipt of such written demand; (b) the conviction of, or plea of guilty or *nolo contendere* to, a felony, or (c) fraud, dishonesty or gross misconduct which is materially and demonstratively injurious to the Company or Parent. Termination under clauses (b) or (c) of this Section 11(c)(1) shall not be subject to cure.

(2) For purposes of this Section 11(c), no act, or failure to act, on the part of the Executive shall be considered "willful" unless done, or omitted to be done, by him in bad faith and without reasonable belief that his action or omission was in, or not opposed to, the best interest of the Company or Parent. Between the time the Executive receives written demand regarding substantial performance, as set forth in subparagraph (1) above, and prior to an actual termination for Cause, the Executive will be entitled to appear (with counsel) before the full Board to present information regarding his views on the Cause event. Under no circumstances shall Executive be terminated under Section 11(c)(1)(a) before the expiration of the 30 day cure period. After such hearing, termination for Cause must be approved by a majority vote of the full Board (other than the Executive). For terminations pursuant to Sections 11(c)(1)(b) and (c), the Board may suspend the Executive with full pay and benefits until a final determination by the full Board has been made.

(3) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive pursuant to Section 6(a). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(d) For Good Reason or a Change of Control or Without Cause.

(1) At any time during the term of this Agreement and subject to the conditions set forth in Section 11(d)(2) below, the Executive may terminate this Agreement and the Executive's employment with the Company for "Good Reason" or on account of a "Change of Control" (as defined in Section 11(f)). For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without Executive's consent: (A) the assignment to the Executive of duties that are significantly different from, and/or that result in a substantial diminution of, the duties that he assumed on the Effective Date (including reporting to anyone other than solely and directly to the Board); (B) the assignment to the Executive of a title that is different from and subordinate to the Chief Executive Officer of the Company, provided, however, for the absence of doubt following a Change of Control, should the Executive be required to serve in a diminished capacity in a division or unit of another entity (including the acquiring entity), such event shall constitute Good Reason regardless of the title of the Executive in such acquiring company, division or unit; (C) material breach by the Company or Parent of this Agreement, or (D) a required relocation of the Executive's place of employment (as defined in Section 3) by more than a 50 mile radius.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company within ninety (90) days of the date upon which the facts giving rise to Good Reason occurred of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. In the event the Executive elects to terminate this Agreement for Good Reason in accordance with Section 11(d)(1), such election must be made within the eighty (80) days following the initial existence of one or more of the conditions constituting Good Reason as provided in Section 11(d)(1). In the event the Executive elects to terminate this Agreement for a Change in Control in accordance with Section 11(d)(1), such election must be made within one hundred eighty (180) days of the occurrence of the Change of Control.

(3) In the event that the Executive terminates this Agreement and his employment with the Company for Good Reason or within one hundred eighty (180) days of the occurrence of a Change of Control, or the Company terminates this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors) the Enhanced Separation Benefits set forth in Sections 6(c) and 6(d); provided, that the Executive executes an agreement releasing Company and its affiliates from any liability associated with this Agreement (excepting any payment obligations) and such release is irrevocable at the time the separation payment is first payable under this Section 11 and the Executive complies with his other obligations under Sections 12 and 13 of this Agreement. Subject to the terms hereof, one-half (1/2) of the compensation of the Enhanced Separation Benefits payment shall be paid within thirty (30) days of the Executive's termination of employment ("Initial Payment"), provided that the Executive has executed a release (excepting payment obligations) and that if the release execution period begins in one taxable year and ends in another taxable year, the Initial Payment shall not be made until the beginning of the taxable year immediately following termination. The balance of the compensation of the Enhanced Separation Benefits shall be paid in substantially equal installments on the Company's regular payroll dates beginning with the first payroll date coincident with or immediately following the Initial Payment and ending on the payroll date coincident with or immediately following the twelve (12) month anniversary of the Initial Payment. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(4) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 11(d) by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 11(d) be reduced by any compensation earned by the Executive as the result of employment by another employer or business or by profits earned by the Executive from any other source at any time before and after the termination date. The Company's obligation to make any payment pursuant to, and otherwise to perform its obligations under, this Agreement shall not be affected by any offset, counterclaim or other right that the Company may have against the Executive for any reason.

(e) Without "Good Reason" by the Executive. At any time during the term of this Agreement, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason and other than for a Change of Control by providing prior written notice of at least thirty (30) days to the Company. Upon termination by the Executive of this Agreement or the Executive's employment with the Company without Good Reason and other than for a Change of Control, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligations set forth in Sections 6(a). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(f) Change of Control. For purposes of this Agreement, "Change of Control" shall mean the occurrence of any one or more of the following: (i) the accumulation (if over time, in any consecutive twelve (12) month period), whether directly, indirectly, beneficially or of record, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of more than fifty percent (50%) or more of the shares of the outstanding Common Stock of the Company or Parent, whether by merger, consolidation, sale or other transfer of shares of Common Stock (other than a merger or consolidation where the stockholders of the Company or Parent prior to the merger or consolidation are the holders of a majority of the voting securities of the entity that survives such merger or consolidation) for purposes of clarity the Company or Parent expects to sell a number of shares and/or convert outstanding senior debt and/or preferred stock to either preferred or common stock not limited to the period of this contract to raise funds and stabilize its balance sheet and any such sales shall not constitute a change of control for purposes of this section or Agreement, (ii) a sale of all or substantially all of the assets of the Company or Parent or (iii) during any period of twelve (12) consecutive months, the individuals who, at the beginning of such period, constitute the Parent, and any new director whose election by the Board or nomination for election by the Company's or Parent's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the twelve (12) month period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board.

(g) Any termination of the Executive's employment by the Company or by the Executive (other than termination by reason of the Executive's death) shall be communicated by written Notice of Termination to the other party of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, provided, however, failure to provide timely notification shall not affect the employment status of the Executive.

12. Confidential Information.

(a) Disclosure of Confidential Information. The Executive recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding the Company and Parent, its subsidiaries and their respective businesses ("Confidential Information"), including but not limited to, its products, methods, formulas, software code, patents, sources of supply, customer dealings, data, know-how, trade secrets and business plans, provided such information is not in or does not hereafter become part of the public domain, or become known to others through no fault of the Executive. The Executive acknowledges that such information is of great value to the Company and Parent, is the sole property of the Company and Parent, and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by the Company herein, the Executive will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any information acquired by the Executive during the course of his employment, which is treated as confidential by the Company or Parent, and not otherwise in the public domain. The provisions of this Section 12 shall survive the termination of the Executive's employment hereunder.

(b) The Executive affirms that he does not possess and will not rely upon the protected trade secrets or confidential or proprietary information of any prior employer(s) in providing services to the Company or its subsidiaries.

(c) In the event that the Executive's employment with the Company terminates for any reason, the Executive shall deliver forthwith to the Company any and all originals and copies, including those in electronic or digital formats, of Confidential Information; provided, however, the Executive shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Company.

13. Section 409A.

The provisions of this Agreement are intended to comply with or are exempt from Section 409A of the Code ("Section 409A") and the related Treasury

Regulations and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and the Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions necessary, appropriate or desirable to avoid imposition of any additional tax under Section 409A or income recognition prior to actual payment to the Executive under this Agreement.

It is intended that any expense reimbursement made under this Agreement shall be exempt from Section 409A. Notwithstanding the foregoing, if any expense reimbursement made under this Agreement shall be determined to be “deferred compensation” subject to Section 409A (“Deferred Compensation”), then (a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year (provided that this clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect) and (c) such payments shall be made on or before the last day of the taxable year following the taxable year in which the expense was incurred.

With respect to the time of payments of any amount under this Agreement that is Deferred Compensation, references in the Agreement to “termination of employment” and substantially similar phrases, including a termination of employment due to the Executive’s Disability, shall mean “Separation from Service” from the Company within the meaning of Section 409A (determined after applying the presumptions set forth in Treasury Regulation Section 1.409A-1(h)(1)). Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the “short-term deferral” rule. Each other payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Code Section 409A being subject to Code Section 409A.

Notwithstanding anything to the contrary in this Agreement, if the Executive is a “specified employee” within the meaning of Section 409A at the time of the Executive’s termination, then only that portion of the severance and benefits payable to the Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered Deferred Compensation (together, the “Deferred Separation Benefits”), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following the Executive’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Separation Benefits in excess of the Section 409A Limit otherwise due to the Executive on or within the six (6) month period following the Executive’s termination will accrue during such six (6) month period and will become payable in one lump sum cash payment on the date six (6) months and one (1) day following the date of the Executive’s termination of employment. All subsequent Deferred Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Executive dies following termination but prior to the six (6) month anniversary of the Executive’s termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of the Executive’s death and all other Deferred Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

For purposes of this Agreement, “Section 409A Limit” shall mean a sum equal to (x) the amounts payable within the terms of the “short-term deferral” rule under Treasury Regulation Section 1.409A-1(b)(4) plus (y) the amount payable as “separation pay due to involuntary separation from service” under Treasury Regulation Section 1.409A-1(b)(9)(iii) equal to the lesser of two (2) times: (i) the Executive’s annualized compensation from the Company based upon his annual rate of pay during the Executive’s taxable year preceding his taxable year when his employment terminated, as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1); and (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive’s employment is terminated.

14. Miscellaneous.

(a) Neither the Executive nor the Company may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other; provided, however, that the Company shall have the right to delegate its obligation of payment of all sums due to the Executive hereunder, provided that such delegation shall not relieve the Company of any of its obligations hereunder.

(b) During the term of this Agreement, the Company (i) shall indemnify and hold harmless the Executive and his heirs and representatives to the maximum extent provided by the laws of the Cayman Islands and by the Company’s bylaws and (ii) shall cover the Executive under the Company’s directors’ and officers’ liability insurance on the same basis as it covers other senior executive officers and directors of the Company.

(c) This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive’s employment by the Company, supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(e) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g., Federal Express) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(g) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, and each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of Delaware for any disputes arising out of this Agreement, or the Executive’s employment with the Company. The prevailing party in any dispute arising out of this Agreement shall be entitled to his or its reasonable attorney’s fees and costs.

(h) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(i) The Executive represents and warrants to the Company, that he has the full power and authority to enter into this Agreement and to perform his obligations hereunder and that the execution and delivery of this Agreement and the performance of his obligations hereunder will not conflict with any agreement to which the Executive is a party.

(j) The Company represents and warrants to the Executive that it has the full power and authority to enter into this Agreement and to perform its obligations hereunder and that the execution and delivery of this Agreement and the performance of its obligations hereunder will not conflict with any agreement to which the Company is a party.

[Signature page follows immediately]

IN WITNESS WHEREOF, the Executive, Parent and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

COMPANY:

FAT SHARK HOLDINGS, INC.

By: Jeffrey Thompson

Name: Jeffrey Thompson

Title: Duly Authorized Officer

Date: 1/11/2021

EXECUTIVE:

ALLAN EVANS

Allan Evans

Date: 1/11/2021

AGREED AND ACCEPTED:

RED CAT HOLDINGS, INC.

By: Jeffrey Thompson

Name: Jeffrey Thompson

Title: Chief Executive Officer

**EXHIBIT A
INITIAL EQUITY AWARD**

1,000,000 shares of Restricted Common Stock of the Parent under the Plan vesting as follows:

- 250,000 shares on the Effective Date;
- 750,000 shares 1/36 per month commencing on the last calendar day of the first full calendar month following the Effective Date, for so long as Executive remains employed by the Company or any parent of subsidiary.

Acceleration of Vesting:

- Upon a Change of Control, as defined in the Plan, 100% of all unvested shares shall immediately vest;
- Upon the final closing price of the Parent's common stock for 30 consecutive days at or above \$5.00 per share, 250,000 shares shall immediately vest; and
- Upon receipt of payment in full by Company for any unrelated third-party purchaser of goods or services in an amount of \$250,000 or more at a net profit margin no less than the average net profit margin of the Company for similar goods or services during the preceding 12 months, 125,000 shares shall immediately vest; and
- Upon receipt of payment in full by Company for any unrelated third-party purchaser of goods or services in an amount of \$1,000,000 (exclusive of any purchase described above) at a net profit margin no less than the average net profit margin of the Company for similar goods or services during the preceding 12 months 125,000 shares shall immediately vest.

Effective January 11, 2021

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
RED CAT HOLDINGS, INC.**

This Charter outlines the purpose, composition and responsibilities of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Red Cat Holdings, Inc., a Nevada corporation (the “**Company**”).

I. PURPOSE

The Committee has been established to: (a) represent and assist the Board in its oversight responsibilities regarding the Company’s accounting and financial reporting processes, the audits of the Company’s financial statements, including the integrity of the financial statements, and the independent auditors’ qualifications and independence; (b) oversee the preparation of the report required by Securities and Exchange Commission (“**SEC**”) rules for inclusion in the Company’s annual proxy statement; (c) retain and terminate the Company’s independent auditors; (d) approve in advance all audit and permissible non-audit services to be performed by the independent auditors; (e) approve related person transactions; and (f) perform such other functions as the Board may from time to time assign to the Committee.

II. COMPOSITION

The Committee shall be composed of at least three members (including a Chairperson), all of whom shall be “independent,” as such term is defined for directors and audit committee members in the rules and regulations of the SEC and the listing standards of the NASDAQ Stock Market LLC, as determined by the Board. The members of the Committee and the Chairperson shall be selected annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. All members of the Committee shall be able to read and understand financial statements at the time of their appointment and at least one member of the Committee shall qualify as an “audit committee financial expert” as such term is defined in the rules and regulations of the SEC, as determined by the Board. In addition, no Committee member may have participated in the preparation of the financial statements of the Company or any of the Company’s current subsidiaries at any time during the past three years. The Chairperson shall maintain regular communication with the Company’s Chief Executive Officer, Chief Financial Officer and the lead partner of the independent auditors. The Committee shall have authority to delegate responsibilities listed herein to subcommittees of the Committee if the Committee determines such delegation would be in the best interest of the Company.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary to enable it to fulfill its responsibilities but at least quarterly. A majority of the members, but not less than two members, shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members.

The Committee may ask members of management, employees, outside counsel, the independent auditors, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments, reporting on the Committee’s activities to the Board and being the lead liaison between the Committee and the Company’s management and independent auditors.

As part of its responsibility to foster free and open communication, the Committee shall meet periodically in separate executive sessions with the independent auditors, and may also meet in separate executive sessions with such other individuals as the Committee chooses, including the principal internal auditor and/or a senior attorney within the office of the General Counsel.

IV. COMMITTEE RESPONSIBILITIES

In carrying out its oversight responsibilities, the Committee’s policies and procedures should remain flexible to enable the Committee to react to changes in circumstances. In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Oversight of the Financial Reporting Processes

1. Review and discuss with the independent auditors the matters required to be discussed by the independent auditors under Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board (“**PCAOB**”) and amended from time to time, or any successor standard, rule or regulation.
2. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies and other areas that may materially impact the Company’s financial statements or accounting policies.
3. Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, on the Company’s financial statements.

B. Review of Documents and Reports

1. Review and discuss with management and the independent auditors the Company's annual audited financial statements and quarterly financial statements (including disclosures under the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations and any report by the independent auditors related to the financial statements. Based on the review, the
2. Committee shall make its recommendation to the Board as to the inclusion of the Company's audited consolidated financial statements in the Company's annual report on Form 10-K.
3. Review and discuss earnings press releases with management and the independent auditors.
4. Oversee the preparation of the report required by the rules of the SEC to be included in the Company's annual proxy statement.

C. Independent Auditors Matters

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors. In this regard, the Committee shall appoint and retain, and submit for ratification by the Company's stockholders, compensate, and evaluate the independent auditors and terminate the independent auditors when circumstances warrant. The independent auditors shall report directly to the Committee.
2. Evaluate, on an annual basis, the independent auditors' qualifications, performance and independence, including the experience and qualifications of the senior members of the audit team. In doing its evaluation, the Committee shall consider all professional services rendered by the independent auditors and its affiliates. Consistent with the rules of the PCAOB, the Committee shall obtain and review a report by the independent auditors describing any relationships between the independent auditors, and the Company or individuals in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the independent auditors' independence and discuss with the independent auditors the potential effects of any such relationships on independence.
3. Approve, in advance, all audit and permissible non-audit services to be provided by the independent auditors, and establish policies and procedures for the preapproval of audit and permissible non-audit services to be provided by the independent auditors.
4. The Committee shall oversee the regular rotation of the lead audit partner and audit review partner as required by law and consider whether there should be a periodic rotation of the Company's independent auditors.
5. As appropriate, review and approve the hiring of employees or former employees of the independent auditors.

D. Internal Controls and Disclosure Controls

1. Review and discuss the adequacy and effectiveness of the Company's internal controls, including periodically receiving reports from the Company's independent auditors and Chief Executive Officer and Chief Financial Officer regarding the Company's system of internal controls.
2. Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures, including periodically receiving reports from management regarding the Company's disclosure controls and procedures.
3. Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

E. Internal Audit (if applicable)

1. Review and discuss with the principal internal auditor of the Company the results of the internal audit.
2. Annually review and discuss with the principal internal auditor of the Company the annual internal audit plan and the adequacy of internal audit resources, and the performance and effectiveness of the internal audit function.
3. Review and concur in the appointment, and dismissal when appropriate, of the principal internal auditor, and the compensation of the principal internal auditor.

F. Other Responsibilities

1. Review and approve "related person transactions" as such term is defined in the rules and regulations of the SEC.
2. Review and discuss the Company's practices with respect to risk assessment and risk management.
3. Annually evaluate the adequacy of the Committee's charter.

4. To the extent the Company plans to rely on “end-user exception” regulations established by the Commodity Futures Trading Commission, at least annually, review and approve on behalf of the Company and any applicable subsidiaries, the Company’s decision to enter into swaps that are exempt from exchange- execution and clearing under the end-user exception, and review and discuss with management applicable Company policies governing the Company’s use of swaps subject to the end-user exception.

V. ADVISORS TO THE COMMITTEE

The Committee may retain, at the Company’s expense, legal, accounting or other advisors, as it deems necessary to carry out its duties, and shall receive appropriate funding, as determined by the Committee, from the Company for payment of compensation to any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee’s duties. The Committee shall have sole authority to retain and terminate any such advisors, including the sole authority to negotiate and approve reasonable fees and retention terms of such advisors. The Committee shall comply with the Company’s then-current level review of contracts and budget procedures.

Effective January 11, 2021

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
RED CAT HOLDINGS, INC.**

The Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Red Cat Holdings, Inc. (the “**Company**”) is responsible for the overall design, approval and implementation of the executive compensation plans, policies and programs for officers and other key executives of the Company. This Charter outlines the purpose, composition and responsibilities of the Committee.

I. PURPOSE

The Committee has been established to: (a) assist the Board in seeing that a proper system of long-term and short-term compensation is in place to provide performance oriented incentives to attract and retain management, and that compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and the Company; (b) assist the Board in discharging its responsibilities relating to compensation of the Company’s executive officers; (c) evaluate the Company’s Chief Executive Officer and set his or her remuneration package; (d) make recommendations to the Board with respect to incentive- compensation plans and equity-based plans; and (e) perform such other functions as the Board may from time to time assign to the Committee.

II. COMPOSITION

The Committee shall be composed of at least three, but not more than five, members (including a Chairperson), all of whom shall be “independent,” as such term is defined for directors and compensation committee members in the listing standards of the NASDAQ Stock Market LLC (“**NASDAQ**”), as determined by the Board. Additionally, members of the Committee shall qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code (“**Section 162(m)**”). The members of the Committee and the Chairperson shall be selected annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. The Committee shall have authority to delegate responsibilities listed herein to subcommittees of the Committee if the Committee determines such delegation would be in the best interest of the Company.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary to enable it to fulfill its responsibilities, but at least twice each year. The Committee shall meet at the call of the Chairperson. The Committee may meet by telephone conference call or by any other means permitted by law or the Company’s Bylaws. A majority of the members, but not less than two members, shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members.

The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments, reporting on the Committee’s activities to the Board and being the lead liaison between the Committee and the Company’s management and compensation consultants.

IV. COMMITTEE RESPONSIBILITIES

In carrying out its oversight responsibilities, the Committee’s policies and procedures should remain flexible to enable the Committee to react to changes in circumstances. In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Compensation Policies

1. To review and make periodic recommendations to the Board as to the general compensation and benefits policies and practices of the Company;
2. To oversee the assessment of the incentives and risks arising from or related to the Company’s compensation policies and practices, including but not limited to those applicable to executive officers, and to evaluate whether the incentives and risks are appropriate;
3. To establish an overall compensation policy applicable to executive officers and periodically review that policy; and
4. To assess the results of the Company’s most recent advisory vote on executive compensation.

B. Chief Executive Officer Evaluation and Compensation

1. To (a) review and approve goals and objectives relevant to the Chief Executive Officer's compensation package, (b) establish a procedure for evaluating the Chief Executive Officer's performance, (c) annually evaluate the performance of the Chief Executive Officer in conjunction with the Nominating and Governance Committee in light of the goals and objectives established, and (d) review with the Chief Executive Officer the results of the Committee's performance evaluation. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation; and
2. To review, at least annually, and set the base salary and annual and long-term incentive compensation of the Chief Executive Officer, after taking into account the annual evaluation of the Chief Executive Officer.

C. Other Executive Officers' Compensation and Evaluations

1. To (a) review and approve goals and objectives relevant to the other executive officers' compensation packages, (b) establish a procedure for evaluating such executive officers' performance, (c) annually evaluate such performance in light of the goals and objectives established, and (d) if requested by the Chief Executive Officer, have the Committee Chairperson review, after completion of the annual evaluation, with each executive officer the results of the Committee's evaluation of such executive officer's performance; and
2. To review, at least annually, and set the base salary and annual and long-term incentive compensation of the other executive officers, after taking into account the annual evaluation of each such executive officer referred to in the preceding paragraph and the input of the Chief Executive Officer.

D. Incentive-Compensation and Equity-Based Plans

1. To review and to make periodic recommendations to the Board as to the Company's incentive-compensation plans and equity-based plans;
2. To administer the Company's equity incentive plan, share tracking awards plans, employee stock purchase plan, supplemental executive retirement plan, change of control severance plan and any similar plans in accordance with their respective plan documents;
3. To review and approve or recommend to the Board, as applicable, (and for stockholder approval where required by applicable law, the Certificate of Incorporation, Bylaws or other policies) compensation and benefits policies, plans and programs and amendments thereto, and to determine eligible employees and the type, amount and timing of such compensation and benefits; and
4. To oversee the administration of such policies, plans and programs and, on an ongoing basis, to monitor them to assess whether they remain competitive and within the Board's compensation objectives for executive officers and other members of senior management.

E. Other Duties

1. To review and discuss with management the Company's *Compensation Discussion and Analysis* section ("CD&A") and related disclosures that Securities and Exchange Commission ("SEC") rules require be included in the Company's annual report and proxy statement, recommend to the Board based on the review and discussions whether the CD&A should be included in the annual report and proxy statement, and oversee the preparation of the compensation committee report required by SEC rules for inclusion in the Company's annual report and proxy statement;
2. To review and recommend employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements;
3. To review and consider recommendations from the Nominating and Corporate Governance Committee with respect to the compensation and benefits of non-employee directors and to recommend any changes to the Board that the Committee deems appropriate;
4. To review the impact of executive compensation that is not deductible under Section 162(m) and to determine the Company's policy with respect to the application of Section 162(m); and
5. To assess, at least annually, whether the work of compensation consultants involved in determining or recommending executive or director compensation has raised any conflict of interest that is required to be disclosed in the Company's annual report and proxy statement.
6. To annually evaluate and the adequacy of the Committee's charter.

V. **ADVISORS TO THE COMMITTEE**

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of such outside counsel, experts, and other advisors, as it deems necessary to carry out its duties, including any compensation consultant used to assist the Committee in the evaluation of director, Chief Executive Officer or executive compensation. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any outside counsel, experts, and other advisors retained by the Committee, and will receive appropriate funding,

as determined by the Committee, from the Company to pay for such advisor's services. The Committee shall assess the independence of outside counsel, experts, and other advisors (whether retained by the Committee or management) that provide advice to the Committee, in accordance with NASDAQ listing standards. The Committee shall comply with the Company's then-current level review of contracts and budget procedures.

Effective January 11, 2020

**CHARTER OF THE NOMINATING AND GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS OF
RED CAT HOLDINGS, INC.**

This Charter outlines the purpose, composition and responsibilities of the Nominating and Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Red Cat Holdings, Inc., a Nevada corporation (the “**Company**”).

I. PURPOSE

The Committee is responsible for: (a) assisting the Board in determining the desired experience, mix of skills and other qualities to provide for appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board; (b) identifying qualified individuals meeting those criteria to serve on the Board; (c) proposing to the Board the Company’s slate of director nominees for election by the shareholders at the Annual Meeting of Shareholders and nominees to fill vacancies and newly created directorships; (d) reviewing candidates recommended by shareholders for election to the Board and shareholder proposals submitted for inclusion in the Company’s proxy materials; (e) advising the Board regarding the size and composition of the Board and its committees; (f) proposing to the Board directors to serve as chairpersons and members on committees of the Board; (g) coordinating matters among committees of the Board; (h) proposing to the Board the slate of corporate officers of the Company and reviewing the succession plans for the executive officers; (i) recommending to the Board and monitoring matters with respect to governance of the Company; (j) overseeing the Company’s compliance program; and (k) such other functions as the Board may from time to time assign to the Committee.

II. COMPOSITION

The Committee shall be composed of at least three, but not more than five, members (including a Chairperson), all of whom shall be “independent” as such term is defined for directors in the listing standards of the NASDAQ Stock Market LLC (“**NASDAQ**”), as determined by the Board. The members of the Committee and the Chairperson shall be selected annually by the Board and shall serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. The Committee shall have authority to delegate responsibilities listed herein to subcommittees of the Committee if the Committee determines such delegation would be in the best interest of the Company.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary to enable it to fulfill its responsibilities, but at least once each year. The Committee shall meet at the call of the Chairperson. The Committee may meet by telephone conference call or by any other means permitted by law or the Company’s Bylaws. A majority of the members, but not less than two members, shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members.

The Committee may ask members of management, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments, reporting on the Committee’s activities to the Board and being the lead liaison between the Committee and the Company’s management. In addition, the Chairperson of the Committee shall convene regular meetings of the independent directors of the Company, no less than three per year, usually in conjunction with the regular Board meetings.

IV. COMMITTEE RESPONSIBILITIES

In carrying out its oversight responsibilities, the Committee’s policies and procedures should remain flexible to enable the Committee to react to changes in circumstances. In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Board Candidates and Nominees

1. To identify, evaluate, and recommend to the Board for nomination the Company’s candidates for election or reelection as directors at the Annual Meeting of Shareholders or by appointment by the Board in the event of a vacancy or newly- created directorship, including consideration of prospective candidates proposed for the Committee’s consideration by any shareholder;
2. To review the desired experience, mix of skills and other qualities to provide for appropriate Board composition, taking into account the current Board members, the specific needs of the Company and the Board, the rules and regulations of the Securities and Exchange Commission (“**SEC**”) and NASDAQ listing standards;
3. To conduct candidate searches, interview prospective candidates and conduct programs to introduce candidates to the Company, its management and operations, and confirm the appropriate level of interest of such candidates;
4. To conduct appropriate inquiries into the background and qualifications of potential nominees; and

5. To recommend to the Board qualified candidates for the Board who bring the background, knowledge, experience, skill sets and expertise that would strengthen and increase the diversity of the Board.

B. Board of Directors

1. To assess and make recommendations to the Board regarding the size and composition of the Board in light of the operating and regulatory requirements of the Company and a consideration of appropriate areas of expertise to be represented on the Board;
2. To recommend to the Board policies pertaining to the roles, responsibilities, retirement age, tenure and removal of directors;
3. To review the Directors and Officers questionnaires prepared annually by the Company's directors;
4. To assist the Board in assessing whether directors and prospective directors are "independent" within the meaning of the rules and regulations of the SEC and NASDAQ listing standards;
5. To review the suitability for continued service as a director of each Board member when he or she has a significant change in status, such as an employment change, and to recommend whether or not such director should be re-nominated; and
6. In conjunction with the Compensation Committee, to consider the appropriateness of the non-employee director compensation program, and make recommendations to the Board regarding director compensation.

C. Committees of the Board

1. To assess and make recommendations to the Board regarding the size, composition, scope of authority, responsibilities, and reporting obligations of each committee of the Board;
2. To annually propose to the Board directors to serve as chairpersons and members of each committee of the Board, and to review and recommend additional committee members as needed;
3. To coordinate matters between the committees of the Board and review and coordinate proposed revisions to committee charters; and
4. To recommend that the Board establish such special committees as may be necessary or appropriate to address ethical, legal or other matters that may arise.

D. Evaluations and Management Development

1. To oversee the performance of the Board and its Committees;
2. To work with the Company's senior management to consider, adopt and oversee director orientation and continuing education programs;
3. To recommend to the Board candidates for election as corporate officers of the Company as the Committee may from time to time deem appropriate;
4. In conjunction with the Compensation Committee, to conduct an annual review of the performance of the Chief Executive Officer;
5. To periodically review executive officer succession plans, including receiving and considering recommendations from the Company's Chief Executive Officer regarding succession at the Chief Executive Officer and other executive officer levels; and
6. To review the Directors and Officers questionnaires prepared annually by the Company's executive officers.

E. Corporate Governance

1. To develop, evaluate and oversee issues and developments with respect to governance of the Company;
2. To oversee the Company's compliance program, including the Company's codes of conduct and the Company's policies and procedures for monitoring compliance; and at least annually, endeavor to meet to review the implementation and effectiveness of the Company's compliance program with the chief compliance officer, if any, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of law or the Company's codes of conduct, including any matters involving criminal or potential criminal conduct.
3. To periodically review the Company's Corporate Governance Guidelines and recommend changes to the Board as appropriate;
4. To periodically review and recommend changes to Company policies approved by the Board from time to time;

5. To periodically review and recommend changes to the Company's Certificate of Incorporation and Bylaws; and
6. To periodically review and make recommendations to the Board regarding the appropriateness of the Company's Shareholder Rights Plan, if any, as a whole and its specific terms, and other modifications to the Company's takeover and structural defenses.

F. Miscellaneous

1. To evaluate shareholder proposals submitted for inclusion in the Company's proxy materials and recommend to the Board whether the Company shall support or oppose the proposal;
2. To recommend ways to enhance services to and improve communications and relations with the Company's shareholders; and
3. To annually evaluate the adequacy of the Committee's charter.

V. **ADVISORS TO THE COMMITTEE**

The Committee may retain, at the Company's expense, legal, accounting or other advisors as it deems necessary to carry out its duties, and shall receive appropriate funding, as determined by the Committee, from the Company for payment of compensation to any such advisors. The Committee shall have sole authority to retain and terminate any such advisors, including the sole authority to negotiate and approve reasonable fees and retention terms of such advisors. The Committee shall comply with the Company's then-current level review of contracts and budget procedures.