

DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended April 30, 2018

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This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of August 27, 2018, should be read in conjunction with the financial statements and the notes thereto for the year ended April 30, 2018 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on March 19, 2010.

The Company is a Capital Pool Company as its principal business is the identification and evaluation of companies, assets or business with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange"). Such a transaction will be subject to shareholder and regulatory approval.

On October 14, 2010, the Company completed its initial public offering consisting of a new issue of 2,000,000 common shares priced at \$0.10 per share, for gross proceeds of \$200,000. The Company's common shares commenced trading on the TSX Venture Exchange under the symbol "DRC.P" at market opening on October 15, 2010. The Company's prospectus dated July 12, 2010 was accepted effective July 14, 2010 by the regulatory authorities of British Columbia and Alberta and constituted an offering to the public of 2,000,000 common shares of the Company at \$0.10 per share for gross proceeds of \$200,000. The agent received a commission of 10% of the gross proceeds of the offering or \$0.01 per share and an administration fee of \$10,000. The Company also granted the agent warrants to acquire up to 200,000 common shares at an exercise price of \$0.10 per common share exercisable for a period of 24 months from the date the Company's common shares are listed for trading on the Exchange. The agent was also reimbursed by the Company for other agent's expenses incurred pursuant to the offering.

On February 5, 2013, the Company announced the transfer of its listing to the NEX board ("NEX") of the TSXV effective at market open on February 6, 2013. The trading symbol of Dragonfly changed from "DRC.P" to "DRC.H", however, trading in the common shares of Dragonfly ("Common Shares") will remain suspended, pending completion of a Qualifying Transaction.

On March 21, 2018, the Company issued 10,000,000 common shares at \$0.075 per share for proceeds of \$750,000.

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SELECTED ANNUAL INFORMATION

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended April 30:

	2018 \$	2017 \$	2016 \$
Total assets	525,920	126	374
Net income (loss)	70,611	(58,026)	(189,106)
Earning (loss) per share, basic and diluted	0.01	(0.01)	(0.03)

The Company had net income for fiscal 2018 due to a gain of forgiveness of debt of \$132,572 and a recovery of expenses of \$14,725. Fiscal 2016 had a higher net loss due to management fees and lower rent and administrative costs and travel related to the proposed acquisition this fiscal year.

RESULTS OF OPERATIONS

For the year ended April 30, 2018, the Company had a net income of \$70,611 compared to a net loss of \$58,026 for the year ended April 30, 2017. The net income is mainly due to a gain on debt forgiveness and a recovery of expenses offset by an increase in professional fees.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters.

	April 30, 2018 \$	January 31, 2018 \$	October 31, 2017 \$	July 31, 2017 \$
Total revenues	—	—	—	—
Net income (loss)	18,147	(22,675)	92,806	(17,667)
Earnings (loss) per share, basic and diluted	(0.00)	(0.00)	0.01	(0.00)

	April 30, 2017 \$	January 31, 2017 \$	October 31, 2016 \$	July 31, 2016 \$
Total revenues	—	—	—	—
Net loss	(17,965)	(12,893)	(13,834)	(13,334)
Net loss per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2018, the Company had cash of \$525,920 compared to cash of \$126 as at April 30, 2017. As at April 30, 2018, the Company had working capital of \$520,495 compared to a working capital deficit of \$300,116 as at April 30, 2017.

Year ended April 30, 2018 compared to the year ended April 30, 2017:

Operating activities

For the year ended April 30, 2018, the Company's operating activities used cash of \$240,006 compared to \$42,248 for the year ended April 30, 2017.

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Financing activities

For the year ended April 30, 2018, the Company was provided cash of \$765,800 from financing activities that included proceeds from the issuance of common stock and advances from related parties offset by repayments to related parties, compared to \$42,000 from net advances from related parties for the year ended April 30, 2017.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2017.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

As at April 30, 2018, the Company owed \$nil (2017 - \$56,350) to a company controlled by the former President and a former director of the Company, which was non-interest bearing, unsecured, and due on demand.

As at April 30, 2018, the Company owed \$nil (2017 - \$56,900) to a company controlled by the former President of the Company, which was non-interest bearing, unsecured, and due on demand. During the year ended April 30, 2018, a company controlled by the former President of the Company forgave \$57,700 (2017 - \$nil) owed by the Company.

As at April 30, 2018, the Company owed \$nil (2017 - \$95,750) to the spouse of the former President of the Company, which was non-interest bearing, unsecured, and due on demand. During the year ended April 30, 2018, the spouse of the former President of the Company forgave \$41,525 (2017 - \$nil) owed by the Company.

As at April 30, 2018, the Company owed \$nil (2017 - \$1,857) to the former President of the Company, which was non-interest bearing, unsecured, and due on demand.

For the year ended April 30, 2018, the Company incurred rent and administrative fees of \$14,175 (2017 - \$18,900) to a company controlled by two former directors of the Company.

For the year ended April 30, 2018, the Company recovered consulting fees of \$14,725 (2017 - \$nil) from a company with common officers and directors.

FOURTH QUARTER

See summary of quarterly results.

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FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at April 30, 2018 as follows:

	Fair Value Measurements Using			Balance, April 30, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	525,920	–	–	525,920

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended April 30, 2018 to which this MD&A relates.

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DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at August 27, 2018, the Company had 16,311,000 shares issued and outstanding.

Share Purchase Warrants

As at August 27, 2018, the Company had no share purchase warrants outstanding.

Stock Options

As at August 2, 2018, the Company had no stock options outstanding.

OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.