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Dragonfly and Black Swan Graphene Enter into Binding Letter of Intent for Business Combination

VANCOUVER, BC – December 16, 2021 – Dragonfly Capital Corp. (“**Dragonfly**” or the “**Company**”) (NEX: DRC.H) is pleased to announce having entered into a binding letter of intent dated December , 2021 (the “**LOI**”) with Black Swan Graphene Inc. (“**Black Swan**”), a private Ontario company, pursuant to which Dragonfly and Black Swan (each, a “**Party**” and together, the “**Parties**”) have agreed to complete a business combination (the “**Transaction**”) whereby Dragonfly will acquire all of the issued and outstanding common shares of Black Swan (collectively, the “**Black Swan Shares**”). The precise terms of the Transaction, including the structure of the Transaction, will be incorporated into a definitive transaction agreement (the “**Definitive Agreement**”) to be negotiated between the Company and Black Swan. In connection with the Transaction, Black Swan intends to complete a concurrent equity financing with minimum gross proceeds of \$5,000,000 (the “**Concurrent Financing**”).

The Transaction is subject to the approval of the TSX Venture Exchange (“**TSXV**”) and is intended to constitute the Company’s Qualifying Transaction (as defined in TSXV Policy 2.4 – *Capital Pool Companies*). It is expected that the business of the Company following the closing of the Transaction (then referred to as the “**Resulting Issuer**”) will be the business of Black Swan and the Resulting Issuer will be listed on the TSXV as a Tier 2 Industrial issuer under the name “Black Swan Graphene Inc.” or such other name as mutually agreed to by the Parties.

Black Swan Graphene Inc.

Black Swan is a private graphene processing technology (the “**Graphene Technology**”) company headquartered in Toronto, Ontario. Black Swan recently purchased strategic assets related to the patented Graphene Technology from Thomas Swan & Co. Limited (“**Thomas Swan**”), a leading United Kingdom based specialty chemical company founded in 1926 exporting today to over 80 countries.

Since 2012, Thomas Swan has been developing a graphene processing technology, which has now been upscaled three times, from lab-scale, through pilot-scale to commercial-scale. The process allows for the production of high-performance graphene at a cost sufficiently low to engender rapid commercial penetration in industrial applications requiring large volumes of graphene and, in turn, requiring large volumes of graphite. The graphene resulting from the Graphene Technology has reached significant commercial achievements, having undergone thorough customer testing and qualification processes by globally recognized companies in different manufacturing sectors and electronics, notably for mobile handsets, and is expected to be widely used in “off-the-shelf” products in a near future.

In addition to the assets related to the Graphene Technology and associated know-how acquired by Black Swan Graphene, Thomas Swan contributes its exclusive production and commercialization expertise and provides access to subject matter expertise, such as access to personnel and technical support, and deliverables from its operation in Northern England. Black Swan Graphene aims to establish a large-scale commercial production facility in Québec, Canada, in order to leverage the province’s competitive and green hydroelectricity, as well as the proximity of the planned production sites of Mason Graphite Inc.

(TSXV: LLG) (“**Mason Graphite**”). These factors are key and will accelerate the production and commercialization of the graphene developed by Thomas Swan by integrating the supply chain and lowering production costs.

Graphene was first isolated in 2004 in Manchester, United Kingdom, leading to the award of the Nobel Prize in Physics to the two physicists behind the achievement. Similar to the emergence of carbon-fiber technologies of the 1990’s, the ability to produce large quantities of graphene at low cost is critical to large scale commercialization. Graphene can notably be used to strengthen polymers with obvious applications in the lightweighting of the transportation industry. The polymer additive market is approximately USD\$46 billion annually.¹ Graphene also renders plastics recyclable and is expected to play a significant role in the global effort from governments worldwide to ban single-use plastics. Graphene is also a replacement of carbon black, which has an annual market of more than USD\$17 billion.² Moreover, graphene is expected to support a breakthrough in Li-ion battery technology as it allows for a meaningful increase in the silicon content of the battery anode, hence improving battery performance.

Furthermore, graphene can be used in concrete, resulting in a stronger, significantly less permeable, and longer-lasting concrete able to achieve equivalent strength while using less volume of materials. As concrete is responsible for approximately 8% of global greenhouse gas emissions, the reduction of concrete usage is paramount in the fight against climate change. Recently, graphene resulting from the patented process owned by Black Swan, and produced by Thomas Swan & Co., was recently used in the concrete mix poured during the construction of a large (CA\$30.5M) residential development in Salisbury, 150 km west of London, England. Please see more information and related video in the press release issued by Mason Graphite on September 14, 2021.

The principal shareholders of Black Swan (together, the “**Principal Shareholders**”) are Mason Graphite, a Canadian company located in Laval, Quebec whose shares are publicly listed for trading on the TSXV under the symbol “LLG”) , Thomas Swan, an English company located in Consett, England, and Mr. Fahad Al-Tamimi, Chairman and second largest shareholder of Mason Graphite.

A summary of Black Swan’s financial information will be included in a subsequent press release once such financial information has been obtained by the Company. It is anticipated that Black Swan will provide audited financial statements in due course. For more information, please see Mason Graphite’s news releases dated July 26, September 2, September 15, September 20, and October 7, 2021 available on SEDAR.

Summary of the Transaction

The LOI sets out the general terms of the Transaction as currently contemplated by the Parties. The precise terms and conditions of the Transaction will be contained in the Definitive Agreement to be negotiated and entered into by the Parties. The Parties have agreed to negotiate in good faith to reach the Definitive Agreement on or before January 31, 2022, which, in turn, will memorialize the expected closing date of the Transaction (the “**Closing Date**”).

The Transaction will take the form of a share exchange whereby all of the outstanding Black Swan Shares will be exchanged for such number of common shares in the capital of the Company, at a deemed price

¹ <https://www.globenewswire.com/news-release/2021/06/30/2255328/0/en/The-plastic-additives-market-size-is-estimated-to-be-USD-45-6-billion-in-2021-and-is-projected-to-reach-USD-59-9-billion-by-2026-at-a-CAGR-of-5-6-between-2021-and-2026.html>.

² <https://www.grandviewresearch.com/industry-analysis/carbon-black-market>.

of \$0.15 per common share, as is equal to the number of Black Swan Shares issued and outstanding on the Closing Date (collectively, the “**Consideration Shares**”). Following the Closing, Black Swan will become a wholly-owned subsidiary of the Company and the business of the Company will be that of Black Swan. The Transaction will be completed pursuant to, and in strict accordance with, corporate law requirements and available exemptions under applicable securities legislation. The Consideration Shares will be subject to applicable resale restrictions, if any.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to: (i) the Company having had the reasonable opportunity to perform searches and other due diligence, and being satisfied with the results of such due diligence; (ii) receipt of all requisite consents, waivers and approvals for the Transaction, including the approval of the NEX Board of the TSXV, if applicable; (iii) the absence of any material adverse change in the business, affairs or operations of Black Swan; (iv) completion of the Concurrent Financing; and (v) Black Swan having received the requisite approvals from its shareholders for the Transaction, if applicable.

Assuming the completion of the Transaction, the minimum subscription of the Concurrent Financing, and that no convertible securities of Dragonfly are exercised, a minimum of 261,310,293 common shares of the Resulting Issuer (each, a “**Resulting Issuer Share**”) are expected to be issued and outstanding on the Closing Date of which approximately 6.79% Resulting Issuer Shares will be held by the current shareholders of the Company, approximately 80.45% will be held by the shareholders of Black Swan, and 12.76% will be held by the subscribers under the Concurrent Financing (see more below).

The Transaction is an arm’s length transaction and therefore will not require shareholder approval under Policy 2.4.

Concurrent Financing

In connection with the Transaction, it is anticipated that the Company will complete the Concurrent Financing to raise minimum gross proceeds of \$5,000,000 by the issuance of common shares (each, a “**Share**”) in the capital of the Company at a price of \$0.15 per Share. There may be cash commissions and/or broker warrants paid and/or issued to eligible finders in relation to the Concurrent Financing.

Directors, Officers and Insiders of the Resulting Issuer

Following the Closing, it is expected that the following individuals will be appointed as management of the Resulting Issuer:

Simon Marcotte, Chief Executive Officer

Mr. Marcotte is a chartered financial analyst (“**CFA**”) with over 20 years of experience with a focus on commodities, including more than 10 years in executive positions for junior mining companies. Mr. Marcotte co-founded Mason Graphite in 2012 and held the position of vice-president of corporate development until February 2018. Under his leadership, Mason Graphite was awarded the TSXV’s recognition as top 10 performing stock in 2013, the best 50 OTCQX in 2016 and 2017, and was nominated for best investors relations in both 2016 and 2017. At the end of 2017, Mason Graphite reached a peak market capitalization of \$365 million, with approximately 35 institutional shareholders, uncommon for a junior mining company. Prior to 2012, Mr. Marcotte joined Verena Minerals Corp. in 2010, which was then renamed Belo Sun Mining Corp., as vice-president corporate development, working alongside the president and chief executive officer on all decision-making processes and helped develop and implement

the company's turnaround strategy. Mr. Marcotte has also been involved with several other mining companies, either as an officer or a director, including with Alderon Iron Ore Corp. between 2010 and 2013. Prior to his corporate involvement, Mr. Marcotte was working in senior positions in capital markets with CIBC World Markets, from 1998 to 2006, and with Sprott Securities Inc. and Cormark Securities Inc., from 2006 to 2010, where he also was a member of the board of directors. Mr. Marcotte currently acts as an independent consultant and is actively involved in merchant banking activities in the junior mining industry. Mr. Marcotte is currently a director of Freeman Gold Corp., which is advancing the Lemhi gold project in Idaho, United States, and CEO of Royal Fox Gold Inc., which is advancing the Philibert Gold Project near Chibougamau, Quebec. Mr. Marcotte is a CFA Chartholder and is a graduate from the University of Sherbrooke.

Greg Duras, Chief Financial Officer

Mr. Duras is a senior executive with over 20 years of experience in the resource sector in corporate development, financial management and cost control positions. Mr. Duras has held the position of Chief Financial Officer ("CFO") at several publicly traded companies, including Savary Gold Corp, Nordic Gold Corp., Avion Gold Corp., and Red Pine Exploration. Mr. Duras is currently the CFO of Nobel Resources Corp. He is a Certified General Accountant and a Certified Professional Accountant and holds a Bachelor of Administration from Lakehead University.

Board of Directors

In connection with the Transaction, it is expected that the directors of the Company will resign and be replaced by six (6) nominees to be determined by Black Swan, which are expected to be Mr. Simon Marcotte, CEO, as well as Messrs.:

Harry Swan, Chairman of the Board

Mr. Swan is the CEO of Thomas Swan & Co. Ltd. and represents the fourth generation of the Swan family to lead the company. Mr. Swan joined Thomas Swan in 2002 in order to launch a new Carbon Nanomaterials business. He took over as Managing Director in 2006 and became CEO in 2018. In addition to his responsibilities at Thomas Swan, he is the Chairman of the Board of Trustees of the Society of Chemical Industry, a Council Member of the Chemical Industries Association, and a founding member of the UK Chemistry Council. He also chairs the Advisory Board of the Centre for Education Collaboration at York University.

Michael Edwards

Mr. Edwards has more than 30 years of manufacturing and business experience. He is currently Business Director, Advanced Materials for Thomas Swan & Co. Ltd. He has a BSc(hons) in Electronics (Wales University) and an MBA. Previous experience includes microprocessor and computer systems design at Ferranti, 15 years as General Manager of Toshiba Electronics Europe in Düsseldorf where he introduced flash memory into Europe and presided over Toshiba's dominant DRAM position as Windows was launched into the PC market. Subsequently worked in a number of start-up companies mainly in global sales, marketing and business development roles, including 3 years as Global Commercial Director at Oxford Advanced Surfaces. His most recent position was global sales and marketing director at Cambridge Nanotherm, responsible for taking advanced materials to global LED market.

David Deak

Dr. David Deak is President of Marbex LLC, running a portfolio of projects at the interface between mining, energy, and technology domains – with a special focus on lithium and related battery materials. Dr. Deak has built his career advancing initiatives in lithium mining, renewable energy, energy storage, and electric vehicles. He was recently the Chief Technology Officer and Senior Vice-President of Lithium Americas Corp., where he spearheaded technical, project, and marketing developments of two major lithium assets, in Nevada and Argentina. Before Lithium Americas, Dr. Deak led special supply chain projects and battery engineering programs for Gigafactory 1 at Tesla Inc. Prior to working in the electric vehicles business, he managed product and process development programs for Ambri Inc., a Bill Gates-backed energy-storage start-up spun out of the Massachusetts Institute of Technology. Dr. Deak has also acted as a consultant for multinational engineering conglomerates, start-ups, government entities and institutional investors, involving projects from technology scouting to materials supply chain analysis. His professional career started in the Chief Technology Officer's office at Siemens Wind Power in Denmark, where he focused on supplier technology development and component warranty cases. Dr. Deak holds a D.Phil. in Materials Science from Oxford University and a B.A.Sc. in Engineering Science from the University of Toronto.

Roy McDowall

Mr. McDowall, a Director of Mason Graphite Inc., is a capital markets professional with over 25 years of experience with Canadian-based boutique and bank owned investment firms, and most recently served as Managing Director, Head of Equity Sales for Macquarie Capital Markets Canada. He also held similar positions with Credit Suisse Securities (Canada) Inc., CIBC World Markets Inc., and National Bank Financial Inc. Mr. McDowall is currently a Senior Officer of Turquoise Hill Resources Inc., a Montreal-based mining company of approximately \$2 billion of market capitalization listed on both the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange. The company is focused on operating and further developing, in the South Gobi region of Mongolia, the Oyu Tolgoi copper-gold mine, which is jointly owned with the Government of Mongolia and expected to be the world's fourth largest copper producer by 2025. Over his career, Mr. McDowall has played an instrumental role in over 500 financings for companies globally with a focus on the mining industry, leveraging self-established relationships with Canadian and international institutional investors. He has also founded several successful start-ups in the education sector and holds a Bachelor of Commerce degree from the Simon Fraser University in British Columbia.

Peter Damouni, Executive Director

Mr. Peter Damouni is currently an Executive Director of Mason Graphite Inc. and has over 18 years of experience in investment banking and capital markets, with expertise in mining and oil and gas. Throughout his career, Mr. Damouni has worked on and led equity and debt financings valued over \$5 billion. He has comprehensive experience in equity financing, restructuring, corporate valuations and advisory assignments. Mr. Damouni is a graduate of McGill University. He is a Canadian and British citizen, residing in the United Kingdom. Mr. Damouni is a director of a number of companies listed on the TSX and the TSXV.

Sponsorship

Sponsorship of a Qualifying Transaction of a Capital Pool Company is required by the TSXV unless an exemption from the sponsorship requirement is available. The Company intends to apply for a waiver from the sponsorship requirements. There is no assurance that the Company will be able to obtain such a waiver.

Finder's Fee

In connection with the Transaction, the Parties agree that finder's fees may be paid concurrently with the Closing to eligible finders who are not Related Parties to either Black Swan or Dragonfly, as defined by the policies of the TSXV, up to the maximum amount permitted by applicable securities laws and the policies of the TSXV, as applicable.

About Dragonfly Capital Corp.

Dragonfly Capital Corp. is a Capital Pool Company as defined by the policies of the TSXV. The Company's principal business activity is to identify and evaluate opportunities for acquisition of assets or business. The Company is headquartered in Vancouver, British Columbia.

About Black Swan Graphene Inc.

Black Swan Graphene Inc. is a Canadian private company focusing on the large-scale production and commercialization of patented high-performance and low-cost graphene products aimed at several industrial sectors, including concrete, polymers, Li-ion batteries, and others, which are expected to require large volumes of graphene and, in turn, require large volumes of graphite. Black Swan aims to leverage the low cost and green hydroelectricity of the province of Quebec as well as the proximity of the eventual production sites of Mason Graphite in order to establish a fully integrated supply chain, reduce overall costs, and accelerate the deployment of graphene usage.

Additional Information

A comprehensive press release with further particulars relating to the Transaction, including further particulars of the Resulting Issuer and the Concurrent Financing, will follow in accordance with the policies of the **TSXV**. In addition, a summary of Black Swan' financial information will be included in a subsequent press release.

All information contained in this press release with respect to the Company and Black Swan was supplied, for inclusion herein, by the respective Parties and each Party and its directors and officers have relied on the other Party for any information concerning the other Party.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV Requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

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Disclaimer for Forward-Looking Information

Certain statements in this press release are forward-looking statements, which reflect the expectations of management regarding the Company's completion of the Transaction and related transactions. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future, including but not limited to, statements regarding Black Swan's Graphene Technology and any perceived benefits therefrom, the Company completing the Transaction, the Company entering into the Definitive Agreement, the completion of the Concurrent Financing, the proposed officers and directors of the Resulting Issuer, and the conditions to be satisfied for completion of the Transaction. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including risks related to factors beyond the control of the Company. The risks include the following: that any perceived benefits from the Black Swan's Graphene Technology may not come to fruition; that the Parties may not enter into the Definitive Agreement; the requisite corporate approvals of the directors and shareholders of the Parties may not be obtained; the TSXV may not approve the Transaction; and other risks that are customary to transactions of this nature. The novel strain of coronavirus, COVID-19, also poses new risks that are currently indescribable and immeasurable. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.