

**51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Dragonfly Capital Corp. (the “**Company**” or “**Dragonfly**”)  
2380 – 1055 West Hastings Street  
Vancouver, BC, V6E 2E9

**Item 2 Date of Material Change**

December 13, 2021

**Item 3 News Release**

The news release was disseminated on December 16, 2021 through Newsfile Corp.

**Item 4 Summary of Material Change**

The Company announced that it entered into a binding letter of intent dated December 13, 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 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* (“**Policy 2.4**”). 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**”).

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

On December 16, 2021, the Company announced that it entered into a the LOI with Black Swan, pursuant to which Dragonfly and Black Swan have agreed to complete the Transaction. The LOI sets out the general terms of the Transaction as currently contemplated by the Parties. 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. 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 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 Transaction is subject to the approval of the TSXV and is intended to constitute the Company's Qualifying Transaction (as defined in Policy 2.4). 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.

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

Greg Duras, Chief Financial Officer

#### ***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, Michael Edwards, David Deak, Roy McDowall and Peter Damouni, Executive Director.

See the Company's news release dated December 16, 2021 filed under its profile on SEDAR for biographies for each of the anticipated directors and officers of the Resulting Issuer named above.

### **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.

#### *5.2 Disclosure for Restructuring Transactions*

N/A

#### **Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

#### **Item 7 Omitted Information**

None

#### **Item 8 Executive Officer**

Contact: Kent Deuters, President & CEO  
Telephone: 416.818.5116

#### **Item 9 Date of Report**

December 17, 2021