

DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended April 30, 2022

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This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of August 26, 2022, should be read in conjunction with the audited financial statements for the year ended April 30, 2022.

Unless otherwise noted, financial results are reported 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 TSX Venture Exchange (the "TSXV") effective at market open on February 6, 2013. The trading symbol of Dragonfly on the NEX changed from "DRC.P" to "DRC.H".

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

On January 27, 2022, the Company announced that the Company and Black Swan Graphene Inc. ("Black Swan") entered into a share exchange agreement dated effective as of January 17, 2022 (the "Share Exchange Agreement"), pursuant to which Dragonfly will acquire all of the issued and outstanding common shares of Black Swan and grant certain options of the Company in exchange for those outstanding options of Black Swan (the "Transaction"). In connection with the Transaction, the Company and Black Swan intended to complete a concurrent equity financing with minimum gross proceeds of \$5,000,000 (the "Subscription Receipt Financing").

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On March 14, 2022, the Company announced that it closed its previously announced non-brokered Subscription Receipt Financing for gross aggregate proceeds of approximately \$7,000,500.

The Company completed the Subscription Receipt Financing pursuant to the terms of a Subscription Receipt Agreement (the "Subscription Receipt Agreement") among Dragonfly, Black Swan and Endeavour Trust Corporation, as Subscription Receipt Agent, and issued an aggregate of 46,669,665 subscription receipts (each, a "Subscription Receipt") at a price of \$0.15 per Subscription Receipt. Each Subscription Receipt, subject to the fulfillment of the Escrow Release Conditions (as defined below), entitles the holder thereof to receive one common share in the capital of Dragonfly.

On August 2, 2022, the Company announced that it has closed its previously announced Qualifying Transaction (as such term is defined in TSX Venture Exchange (the "TSXV") Policy 2.4 – Capital Pool Companies) with Black Swan Graphene Inc. ("PrivCo"), a private Ontario company, pursuant to the terms of a share exchange agreement dated January 17, 2022 as amended, with PrivCo and the shareholders of PrivCo (the "Transaction"). In connection with the Transaction, the Company changed its name from "Dragonfly Capital Corp." to "Black Swan Graphene Inc." The Transaction was completed by way of share exchange whereby the Company acquired all of the outstanding common shares in the capital of PrivCo (each, a "PrivCo Share") from the shareholders of PrivCo (collectively, the "PrivCo Shareholders") in consideration for the issuance of an aggregate 210,230,343 common shares (each, a "Common Share") in the capital of the Company to the PrivCo Shareholders, at a deemed price of \$0.15 per Share.

In addition, the 1,225,000 options to purchase PrivCo Shares (each, a "PrivCo Option") which were outstanding immediately prior to closing of the Transaction were cancelled and the holders thereof were granted an aggregate of 15,175,000 options to purchase Common Shares (each, an "Option") and 7,875,000 restricted share units (each, a "RSU") of the Company, under the terms of an omnibus equity incentive plan which was adopted by the board of directors of the Company immediately after closing the Transaction.

In addition, the Company completed a non-brokered financing (the "Subscription Receipt Financing") of 46,669,665 subscription receipts (the each a "Subscription Receipt") at a price of \$0.15 per Subscription Receipt to raise gross proceeds of \$7,000,500. Each Subscription Receipt has been exchanged for one Common Share. The proceeds from the Subscription Receipt Financing are expected to be used for general working capital purposes and to fund the Company's business objectives and operations.

RESULTS OF OPERATIONS

For the year ended April 30, 2022, the Company had a net loss of \$321,085 compared to a loss of \$225,286 for the year ended April 30, 2021. The loss is mainly due expenditures on consulting fees and professional fees.

During the year ended April 2022, the Company incurred consulting fees of \$69,000 (2021: \$72,000), professional fees of \$193,349 (2021: 113,946), transfer agent and regulatory fees of \$28,127 (2021: \$13,824) and impairment loss from the note receivable of \$13,956. Professional fees included legal expenses of \$111,885 associated with the Share Exchange Agreement.

FOURTH QUARTER

For the three months ended April 30, 2022, the Company had a net loss of \$166,771 compared to a loss of \$81,185 for the three months ended April 30, 2021. The loss mainly due expenditures on consulting fees and professional fees and impairment loss from the note receivable of \$13,956. Professional fees included legal expenses of \$103,350 associated with the Share Exchange Agreement.

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SELECTED ANNUAL INFORMATION

	Year Ended April 30, 2022 \$	Year Ended April 30, 2021 \$	Year Ended April 30, 2020 \$
Total revenues	—	—	—
Net and comprehensive income (loss)	(321,085)	(225,286)	(191,252)
Total assets	26,941	100,794	170,852
Weighted average number of shares outstanding	16,311,000	16,311,000	16,311,000
Net loss per share, basic and diluted	(0.02)	(0.01)	(0.01)

SUMMARY OF QUARTERLY RESULTS

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

	April 30, 2022 \$	January 31, 2022 \$	October 31, 2021 \$	July 31, 2021 \$
Total revenues	—	—	—	—
Net loss	(152,865)	(92,005)	(38,450)	(37,765)
Net loss per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.00)

	April 30, 2021 \$	January 31, 2021 \$	October 31, 2020 \$	July 31, 2020 \$
Total revenues	—	—	—	—
Net loss	(81,185)	(54,226)	(40,803)	(49,072)
Net loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2022, the Company had cash of \$26,941 compared to cash of \$86,838 as at April 30, 2021. As at April 30, 2022, the Company had a negative working capital of \$463,174 compared to \$142,089 as at April 30, 2021.

With the completion of the transaction with Black Swan Graphene Inc. subsequent to the year end, the Company now has a cash position of approximately \$11M which is sufficient to meet the Company's current capital requirements for the 18 months.

Year ended April 30, 2022 compared to the year ended April 30, 2021:

Operating activities

For the year ended April 30, 2022, net cash used by operating activities \$59,897 compared to cash used of \$74,595 in operating activities for the year ended April 30, 2021.

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Investing activities

For the year ended April 30, 2021, the Company received \$150,000 payment from the \$150,000 loan issued as a 1-year promissory note in 2020.

Financing activities

The Company has \$Nil from issuance of common stock for the year ended April 30, 2022 and 2021.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

- (i) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
- (ii) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction; and
- (iii) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

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, 2022 as follows:

	Fair Value Measurements Using			Balance, April 30, 2022 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	26,941	—	—	26,941

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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, 2022 and have not been applied in preparing these condensed interim 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 condensed financial statements for the year ended April 30, 2022 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at April 30, 2022, the Company had 16,311,000 shares issued and outstanding.

Share Purchase Warrants

As at April 30, 2022, the Company had no share purchase warrants outstanding.

Stock Options

As at April 30, 2022, 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.

Certain statements in this MD&A 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, the Company completing the Transaction, the completion of the Subscription Receipt Financing 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

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statements, including risks related to factors beyond the control of the Company. The risks include the following: the requisite corporate approvals of the directors and shareholders of Dragonfly or Black Swan, as applicable, may not be obtained; the Company may be unable to close the Subscription Receipt Financing in full or in part; 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.

Since December 31, 2019, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.