

DRAGONFLY CAPITAL CORP.

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DRAGONFLY CAPITAL CORP. ENTERS INTO A NEW LETTER OF INTENT TO ACQUIRE OLEAVICIN, LLC

Dragonfly Capital Corp. (the “**Company**” or “**Dragonfly**”) (listed on the NEX Board of the TSX Venture Exchange (“**NEX**”)) announces that on March 22, 2017, it has entered into a new Letter of Intent (the “**New LOI**”) to acquire all of the membership interests in Oleavicin, LLC (“**Oleavicin**”), a privately-held California-based manufacturer and distributor of 100% all natural treatments for skin ailments, including cold sores, canker sores, fever blisters, psoriasis, shingles and dry itchy skin (the “**Transaction**”). The New LOI supersedes and replaces the letter of intent entered into in respect of the Transaction on July 1, 2015 (the “**Initial LOI**”).

Dragonfly’s proposed acquisition of Oleavicin is intended to serve as the basis for Dragonfly’s “Qualifying Transaction” under the policies of the TSX Venture Exchange (the “**TSXV**” or the “**Exchange**”) and is subject to TSXV acceptance. The resulting issuer will be classified as a Tier 2 Issuer in accordance with TSXV policies, in the biotech/pharmaceutical sector.

There are currently 970,000 membership units issued in Oleavicin, of which Craig and Cindy Makela (the founders of Oleavicin), through The Makela Living Trust, a US resident trust, control 460,530 membership units, representing 47.48% of the issued membership units in Oleavicin. Since the date of the Initial LOI, Harry Chew, the President, CEO, CFO and a director of Dragonfly, has acquired 307,020 membership units through private agreements, representing 31.65% of the issued membership units in Oleavicin. All other holders of Oleavicin membership units are residents of the United States. Given Mr. Chew’s holdings of membership units, the Transaction is now a Non-Arm’s Length Qualifying Transaction and will require majority of the minority shareholder approval in accordance with the policies of the TSXV.

About Oleavicin

Oleavicin’s business was founded in 2012 by Craig and Cindy Makela and is headquartered in Goleta, California. Oleavicin is the first brand to deliver a 100 percent all-natural olive leaf botanical gel in a patented proprietary formula to instantly treat cold sores, canker sores, fever blisters and a variety of other painful and unsightly skin conditions. Since the date of the Initial LOI, Oleavicin has added a medicinal lip balm and plans on extending its product line to include caplets, shingles kit, eczema cream, shampoos and conditioner and other related products incorporating its patented formula. Oleavicin has received FDA approval to sell its product in the United States and has recently received its NPN license number to sell its product in Canada. The gel and lip balm are currently available for purchase online and in approximately 1,000 grocery, natural products and independent stores in the United States.

When the Company first entered into the Initial LOI in July, 2015, Oleavicin was in the initial marketing stage with distribution of its products in only 100 stores. Since then, Oleavicin has now increased its national distribution to over 1,000 locations with 2 product lines currently available. More products are currently being developed and Oleavicin expects new products to be ready for distribution before the end of 2017.

Given these developments, the parties are of the view that Oleavicin’s enterprise value has significantly increased from the date of the Initial LOI, and therefore the parties have agreed to amend the terms of the Transaction.

Amended Terms of the Transaction

The amended terms of the Transaction, as set out in the New LOI, are as follows:

1. Dragonfly is to issue to Oleavicin's members an aggregate of 25,000,000 common shares (increased from 15,000,000) of Dragonfly (the "**Exchanged Shares**") in exchange for all of the membership interests of Oleavicin;
2. Dragonfly is to raise additional funds by way of a private placement of a minimum of 4,000,000 units (the "**Units**") of the Company, and a maximum of 7,000,000 Units, at a price of \$0.15 per Unit (the "**Concurrent Financing**"), each Unit consisting of one common share of Dragonfly and one share purchase warrant (a "**Warrant**"). Each Warrant is to entitle the holder to purchase an additional common share of Dragonfly at a price of \$0.20 per common share for a period of two years from the date of issuance. The Concurrent Financing will close concurrently with the closing of the Transaction (the "**Closing**"). On Closing, the members of Oleavicin will together hold approximately 71% of the total issued and outstanding common shares of Dragonfly assuming completion of the minimum amount of the Concurrent Financing.
3. Upon completion of the Transaction the new five person Board of Directors of Dragonfly is to be comprised of Harry Chew, Sonny Chew, Trent Hunter, Craig Makela and Cindy Makela. Before co-founding Oleavicin, Craig and Cindy Makela started Santa Barbara Olive Company and ran the business for 28 years from a local startup to a world recognized national brand, when it was eventually sold to a large international food company in 2009. Craig Makela has held a number of high profile leadership positions within the specialty food and natural products marketplace including founder of the California Specialty Food Group, founder and board member of the South California Culinary Guild, and committee member with the American Institute of Wine and Food. Cindy Makela was a founder of the Bank of Santa Barbara and the California Specialty Trade Association. Cindy's deep knowledge and passion for natural and gourmet products led her to the role of founder of the Santa Barbara Vintners' Association and as one of the first members of the American Institute of Wine and Food. The parties intend that the senior officers of Dragonfly upon completion of the Transaction will be Craig Makela, President and CEO; Harry Chew, CFO; Cindy Makela, Vice-President, Marketing; and Sonny Chew, Secretary.

Harry Chew and Pacific Paragon, a private company controlled by Mr. Chew (collectively "**Paragon**") have loaned the sum of US\$150,000 to Oleavicin in connection with the Transaction. Paragon intends to seek repayment of the loan from the proceeds the Concurrent Financing or through the conversion of the outstanding loan amount into common shares of the resulting issuer.

The Transaction is subject to the approval ("**Regulatory Approval**") of the TSXV. The parties are to negotiate a definitive share exchange agreement to reflect the terms of the New LOI (the "**Share Exchange Agreement**").

Conditions for Closing

The closing of the Transaction with Oleavicin will be subject to a number of conditions, including but not limited to the following:

- (a) completion by Dragonfly of its due diligence reviews of Oleavicin prior to April 30, 2017;
- (b) receipt of historical audited financial statements of Oleavicin and such other valuations or assessments reasonably required to establish the value of the Oleavicin interests, and the number of Exchanged Shares to be issued in exchange therefore, all in a form satisfactory to Dragonfly;
- (c) execution of the Share Exchange Agreement;
- (d) receipt of Regulatory Approval, including acceptance of the Share Exchange Agreement by the NEX and TSXV and Dragonfly establishing to the TSXV that it will meet all required minimum listing requirements of the TSXV as a Tier 2 issuer, post-Closing;
- (e) shareholder approval of Dragonfly, if required by the TSXV;
- (f) closing of the Concurrent Financing of a minimum of \$600,000; and
- (g) the entering into employment and management agreements, including non-competition terms, with Craig Makela, Cindy Makela and Harry Chew.

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. Dragonfly intends to either engage a member firm to act as the sponsor for this Qualifying Transaction or rely upon an exemption from the sponsorship requirement, if available.

Trading Halt

As required by the policies of the TSXV and NEX, trading of Dragonfly's common shares has been halted in connection with the announcement of the Qualifying Transaction. Trading will remain halted pending the satisfaction of the TSXV's initial filing requirements in respect of the Qualifying Transaction and the TSXV's initial assessment of the Transaction and related matters. Shareholders are advised that trading may remain halted until the TSXV provides its final acceptance to the Qualifying Transaction.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange 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.

For further information, please contact:

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ON BEHALF OF THE BOARD OF DIRECTORS

“Harry Chew”

Harry Chew
President, CEO and CFO

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Forward-looking Information

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking information under applicable Canadian securities laws (“forward-looking statements”). These forward-looking statements are based upon assumptions and subject to a number of conditions, including, without limitation: the completion of satisfactory due diligence; negotiation and execution of the Share Exchange Agreement; receipt of regulatory approvals and, if required by the TSXV, shareholder approvals; acceptance of the Proposed Transaction as Dragonfly's Qualifying Transaction by the TSXV; receipt of approval for the listing of the common shares of the Resulting Issuer (as this term is defined under the TSXV Policies); the completion of the share exchange; the closing of the Concurrent Financing; and the entering into employment and management agreements, including non-competition terms, with proposed senior management, all of which are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Although Dragonfly believes that the expectations reflected in forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct or that the Proposed Transaction will be completed as proposed or at all. Except as required by law, Dragonfly disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.