DRAGONFLY CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended April 30, 2017

This Management's Discussion and Analysis ("MD&A") of Dragonfly Capital Corp. ("Dragonfly" or the "Company"), prepared as of August 28, 2017, should be read in conjunction with the financial statements and the notes thereto for the year ended April 30, 2017 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 (the "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 Exchange 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 will remain suspended, pending completion of a Qualifying Transaction.

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:

	2017 $	2016 $	2015 $
Total assets	126	374	1,130
Net loss	(58,026)	(189,106)	(163,347)
Net loss per share, basic and diluted	(0.01)	(0.03)	(0.03)

The net loss was significantly lower than the previous two fiscal years due to no 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, 2017, the Company had a net loss of $58,026 compared to $189,106 for the year ended April 30, 2016. The decrease is mainly due to a decrease in consulting fees, management fees, professional fees, rent and administrative fees, and travel and promotion expenses in relation to finding a qualifying transaction.

SUMMARY OF QUARTERLY RESULTS

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

	April 30, 2017 $	January 31, 2017 $	October 31, 2016 $	July 31, 2016 $
Total revenues	–	–	–	–
Net loss	(17,965)	(12,893)	(13,835)	(13,333)
Net loss per share, basic and diluted	–	–	–	–

	April 30, 2016 $	January 31, 2016 $	October 31, 2015 $	July 31, 2015 $
Total revenues	–	–	–	–
Net loss	(35,811)	(48,452)	(61,109)	(43,734)
Net loss per share, basic and diluted	–	(0.01)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2017, the Company had cash of $126 compared to cash of $374 as at April 30, 2016. As at April 30, 2017, the Company had a working capital deficit of $300,116 compared to $242,090 as at April 30, 2016.

The Company has capital requirements in excess of its currently available resources. The Company requires additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Year ended April 30, 2017 compared to the year ended April 30, 2016:

Operating activities

For the year ended April 30, 2017, the Company's operating activities used cash of $42,248 compared to $134,452 for the year ended April 30, 2016.

Financing activities

For the year ended April 30, 2017, the Company was provided cash of $42,00 by financing activities from advances from related parties, compared to $133,696 from net advances from related parties and proceeds from the private placement for the year ended April 30, 2016.

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, 2016.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) As at April 30, 2017, the Company owed $56,350 (2016 - $36,750) to a company controlled by the President and a director of the Company, which is non-interest bearing, unsecured and due on demand.

(b) As at April 30, 2017, the Company owed $56,900 (2016 - $53,900) to a company controlled by the President of the Company, which is non-interest bearing, unsecured and due on demand.

(c) As at April 30, 2017, the Company owed $95,750 (2016 - $57,450) to the spouse of the President of the Company, which is non-interest bearing, unsecured and due on demand.

(d) As at April 30, 2017, the Company owed $1,857 (2016 - $nil) to the President of the Company, which is non-interest bearing, unsecured and due on demand.

(e) For the year ended April 30, 2017, the Company incurred rent and administrative fees of $18,900 (2016 – $44,100) to a company controlled by two directors of the Company.

(f) For the year ended April 30, 2017, the Company incurred management fees of $nil (2016 – $44,100) to a company controlled by the President of the Company.

FOURTH QUARTER

See summary of quarterly results.

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, 2017 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, April 30, 2017 $
Cash	126	–	–	126

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, 2017, 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, 2017 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at August 28, 2017, the Company had 6,311,000 shares issued and outstanding.

Share Purchase Warrants

As at August 28, 2017, the Company had no share purchase warrants outstanding.

Stock Options

As at August 28, 2017, the Company had no stock options outstanding.

QUALIFYING TRANSACTION

On July 2, 2015, the Company entered into a Letter of Intent ("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"). On March 24, 2017, the Company announced that it has amended the terms of the LOI to acquire all of the membership interests in Oleavicin.

The Company has completed to its satisfaction all due diligence and is in the process of retaining a sponsor and arranging financing. Oleavicin is in the process of finalizing its last three years of audited financial statements as required for this Transaction to complete. The Company looks forward to submitting the proposed acquisition of Oleavicin to the Exchange for acceptance in the near future as its "Qualifying Transaction" under the policies of the Exchange.

Dragonfly's proposed acquisition of Oleavicin is intended to serve as the basis for Dragonfly's "Qualifying Transaction" under the policies of the Exchange and is subject to Exchange acceptance. The resulting issuer will be classified as a Tier 2 Issuer in accordance with Exchange policies, in the biotech/pharmaceutical sector.

There are currently 970,000 membership units issued in Oleavicin, of which Craig and Cindy Makela, through The Makela Living Trust, control 460,530 units, representing 47.48% of the issued units in Oleavicin. Both Craig Makela and Cindy Makela are residents of the state of California, United States of America. Harry Chew, a director of Dragonfly, has acquired 307,020 units through private agreements representing 31.65% of the issued units in Oleavicin. Harry Chew is a resident of the province of British Columbia, Canada.

The transaction is a non-arm's length transaction and may require shareholder approval.

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 key 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 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 and a maximum 7,000,000 units of the Company at a price of $0.15 per unit (the "Concurrent Financing"). Each unit will consist of one common share of Dragonfly and one share purchase 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. 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 of the Exchange. 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:

1. completion by Dragonfly of its due diligence reviews of Oleavicin prior to April 30, 2017;
2. 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;
3. execution of the Share Exchange Agreement;
4. receipt of Regulatory Approval, including acceptance of the Share Exchange Agreement by the NEX and Exchange and Dragonfly establishing to the Exchange that it will meet all required minimum listing requirements of the Exchange as a Tier 2 issuer, post-Closing;
5. shareholder approval of Dragonfly, if required by the Exchange;
6. closing of the Concurrent Financing of a minimum of $600,000; and
7. 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 Exchange 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 Exchange 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 Exchange's initial filing requirements in respect of the Qualifying Transaction and the Exchange's initial assessment of the Transaction and related matters. Shareholders are advised that trading may remain halted until the Exchange provides its final acceptance to the Qualifying Transaction.

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.