

Draganfly Investments Limited

(Registered under the Companies Law with registered number 89889)

Directors:

Edward Bayman *(Executive Chairman)*

Dennis Vernon Edmonds *(Director)*

Jamie Hamilton *(Executive Director)*

Lee De Ste Croix *(Executive Director)*

Registered Office:

P.O. Box 79
26 Esplanade
St. Helier
Jersey
JE4 8PS

10 November 2014

Dear Shareholder

Proposed Subscription, Conversion of Par Value to No Par Value Shares and Share Consolidation, Distribution in Specie, Rule 9 Waiver and Notice of General Meeting (the “Proposals”)

1. Announcement of Proposals

The Company has today announced that it has entered into conditional subscription agreements with a group of individual investors (the “Subscribers”) for them to subscribe for 225,000,000 new Ordinary Shares (not taking account of the one for ten share consolidation referred to below) (the “Subscription Shares”) at a subscription price of 0.16p per Ordinary Share prior to the share consolidation, with proposed net proceeds of approximately £300,000 to the Company.

In addition, the Company has announced a distribution in specie of its shares in Atlantic Healthcare plc and a conversion of the shares in the Company into no par value shares, together with a ten for one share consolidation.

The Proposals are conditional on the passing of resolutions (the “Resolutions”) authorising the issue of the Subscriber Shares and a further 7,500,000 (after the share conversion and one for ten share consolidation) new Ordinary Shares and the waiver of pre-emption in respect of the issue of such shares at a general meeting of the Company, to take place at 26 Esplanade, St. Helier, Jersey JE4 8PS on 26 November 2014 at 10.00am (“General Meeting”).

Following the Subscription, the Subscribers, who are considered by the Takeover Panel to be acting in concert for the purposes of the City Code on Takeovers and Mergers (the “Code”), will have acquired 64.16 per cent. of the voting rights of the Company in general meeting, which without a waiver of the obligations under Rule 9 of the Code, would require the Subscribers to make a general offer for the Company. The Takeover Panel has granted a waiver of the Rule 9 obligations, conditional upon the passing of a resolution approving the Rule 9 waiver by a majority vote, taken on a poll, of the independent shareholders at the General Meeting. Brief details of the Takeover Panel, the Code and the protections they afford to shareholders are described under paragraph 6 of Part 1 of the Circular referred to below.

2. Website Notification

- 2.1 The purpose of this document is to give you notice, in accordance with article 161.1 (e) of the Company's articles of association, that a circular, dated 10 November 2014, containing details of the Proposals outlined above and details of the General Meeting and Resolutions (the "Circular"), together with the information incorporated by reference to other sources in the Circular has been published on the Company's website, www.draganflyinvestments.com and may be viewed on the 'notifications page' dated 10th November 2014. An instrument for the purpose of appointing a proxy to attend and vote at the General Meeting is included with the Notice.
- 2.2 This document is not to be taken as a summary of the information in the Circular, and should not be regarded as a substitute for reading the Circular in full.

3. Right to request hard copies

- 3.1 You may request a copy of the Circular and any information incorporated into it by reference to another source in hard copy form by writing to the Company's registered office, P.O. Box 79, 26 Esplanade, St. Helier, Jersey JE4 8PS, or by telephone to 01534 787 878. A hard copy of the Circular or information incorporated into it by reference will not be sent to you unless you so request it.
- 3.2 You may also request that all future documents, announcements and information sent to you in relation to the Proposals (if any) should be sent to you in hard copy form, again by writing to the address set out above or by calling the telephone number above.

4. Responsibility

The directors of the Company, whose names are set out in paragraph 5 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

5. Directors

The directors of the Company are as follows: Edward Bayman; Dennis Vernon Edmonds; Jamie Hamilton; and Lee De Ste Croix.

Yours sincerely

Edward Bayman

Chairman