

Draganfly Investments Limited
("Draganfly Investments" or the "Company")

£360,000 conditional subscription of new ordinary shares by new investors

Conversion of par value shares into no par value shares and Share Consolidation

Distribution in Specie

Notice of General Meeting

10 November 2014: Draganfly Investments (AIM:DRG), proposes to raise gross proceeds of £360,000 (approximately £300,000 net of expenses) through the issue of 225,000,000 new ordinary shares (22,500,000 following the one for ten share consolidation referred to below) (the "Subscription Shares") at 0.16 pence per share (price pre-Share Consolidation) (the "Subscription Price"). Conditional upon shareholder approval, a group of individual investors (the "Subscribers") will invest in the new shares resulting in a holding of approximately 64.16 per cent. of the enlarged share capital. A Rule 9 Waiver has been granted by the Takeover Panel in respect of the resulting holding of the Subscribers, who are considered by the Takeover Panel to be acting in concert, conditional upon the passing of a resolution approving the Rule 9 Waiver by a majority vote, taken on a poll, of the Independent Shareholders of the Company at the General Meeting of the Company to be held at 26 Esplanade, St. Helier, Jersey JE4 8PS on 26 November 2014 at 10.00am, as convened by the notice of extraordinary meeting sent to shareholders today.

The Company also proposes a distribution in specie of its shares in Atlantic Healthcare plc and a conversion of the ordinary shares of 1 pence each in the Company into no par value shares, together with a one for ten share consolidation (the "Share Conversion and Consolidation").

Rationale for the Subscription, Conversion of par value shares into no par value shares, Share Consolidation and Distribution in Specie (the "Proposals")

The Company requires further funding in order to pursue its investment policy. The Company currently has liquid assets of £19,000 and liabilities (including professional fees) of approximately £80,000. Its major asset is its shares in Atlantic Healthcare plc, an unlisted company, whose shares are not readily realisable. The Company therefore proposes to raise further funding to meet existing liabilities and to provide further investment funding through the Subscription from the Subscribers and distribute its shares in Atlantic Healthcare plc to existing shareholders (the "Distribution in Specie").

It is proposed that the Company will convert its ordinary shares of 1 pence each into ordinary shares of no par value and then consolidate all of its ordinary shares on the basis of one new Ordinary Share for every 10 Existing Ordinary Shares. Fractional entitlements to new Ordinary Shares arising on the Share Consolidation will, so far as possible, be aggregated and be sold at the best price reasonably obtainable in the market for the benefit of the Company. The reason for the conversion from par value shares to no par value shares is to facilitate the Subscription and the reduction in the number of shares in issue through the share consolidation should ensure that the price of the Ordinary Shares following the implementation of the consolidation is more appropriate than would otherwise be the case.

Highlights of the Proposals

- The Subscription Shares will represent approximately 64.16 per cent. of the Enlarged Issued Share Capital. Accordingly the Subscription is conditional on the passing of the Resolutions authorising the issue of the Subscriber Shares and a further up to 7,500,000 (after the Share Conversion and Consolidation) new Ordinary Shares and the dis-application of pre-emption in respect of the issue of such shares at the General Meeting of the Company, to take place at 26 Esplanade, St. Helier, Jersey JE4 8PS on 26 November 2014 at 10.00am.

- Following the Subscription, the Subscribers, who are considered by the Takeover Panel to be acting in concert, will hold approximately 64.16 per cent. of the enlarged issued share capital. The Takeover Panel has granted a Rule 9 Waiver, 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.
- Resolutions are also being proposed at the General Meeting to approve the Distribution in Specie and the conversion of the Company's ordinary shares of 1 pence each into shares of no par value followed by a one for ten share consolidation.
- The resolutions approving the Proposals, which the Directors' unanimously recommend to Shareholders, will be proposed at the General Meeting on 26 November 2014 and admission of the Subscription Shares to trading on AIM is expected to take place on 27 November 2014, with completion of the Distribution in Specie due to take place on or before 31 March 2014.
- Following the Subscription and Distribution in Specie, the Company will have raised £360,000 (£300,000 net of expenses) with which to meet its existing liabilities and pursue its investment policy and, following the Distribution in Specie, will hold no other material assets.
- Following completion of the Subscription and the Share Conversion and Consolidation the Company will have 35,062,700 Ordinary Shares in issue.

A website notification to shareholders will be dispatched today informing them that a circular to shareholders ("Circular") is available to them on the Company's website (<http://www.draganflyinvestments.com>) and will also be generally available on the Company's website pursuant to AIM Rule 26. The Circular will contain details of the grant of the Rule 9 Waiver by the Takeover Panel, conditional upon the passing of a resolution approving the Rule 9 Waiver by a majority vote, taken on a poll, of the Independent Shareholders of the Company at the General Meeting.

Capitalised but undefined terms shall have the same meaning given to them in the definitions appearing in the Circular.

Timetable

Posting of Circular	10 November 2014
Ex-dividend date	11 November 2014
Record date for the Distribution in Specie	12 November 2014
Latest time and date for receipt of Forms of Proxy	10.00 a.m. 24 November 2014
General Meeting	10.00 a.m. 26 November 2014
Completion of the Subscription, Share Consolidation and Conversion	27 November 2014
Admission of the Enlarged Issued Share Capital	27 November 2014
Completion of the Distribution in Specie	31 March 2015
Current ISIN	GB00B0792929
ISIN of new Ordinary Shares following the Share Conversion and Consolidation	JE00BSJX1352

For more information, please contact:

Draganfly Investments Limited
Ed Bayman
Tel: + 44 (0)1534 787 898
E-mail: edward.bayman@penteratrust.com

finnCap Ltd
Ed Frisby / James Thompson
Tel: +44 (0) 20 7220 0500

Dennis Edmonds
Tel: +44 (0)7796 338 372
Email: dennisedmonds@icloud.com

www.draganflyinvestments.com

Notes to Editors

About Draganfly Investments Limited

Draganfly Investments Limited is an investment company based in Jersey, Channel Islands and is listed on AIM under the ticker symbol DRG. For more information, please visit www.draganflyinvestments.com.

Detailed Information in Relation to the Proposals

Extracts from the Circular, providing details of the Proposals, are set out below.

Background to the Proposals

The Company was incorporated on 7 April 2005 for the purposes of evaluating and, where appropriate, making investments in quoted and unquoted securities and its shares were admitted to trading on AIM on 29 April 2005. In light of the Company's financial position, as outlined below, the Board is proposing that the Company raises funds pursuant to the Subscription from new investors and distributes its shares in its remaining material holding, Atlantic Healthcare plc, to existing shareholders.

Financial position

The Company currently has liquid assets of £19,000 and liabilities (including professional fees) of approximately £80,000. Its major asset is its shares in Atlantic Healthcare plc, an unlisted company whose shares are not readily realisable.

Subscription and Distribution in Specie

The Subscription

The Company proposes to raise gross proceeds of £360,000 (approximately £300,000 net of estimated expenses) through the issue of the Subscription Shares. The Subscription Shares will represent approximately 64.16 per cent. of the Enlarged Issued Share Capital.

The net proceeds of the Subscription will be used by the Company to satisfy its existing liabilities and be used for working capital to make further investments and to meet transaction costs in relation to any proposed investments.

The Subscription is conditional, inter alia, upon:

- The Resolutions being passed at the General Meeting; and
- Admission occurring on or before 8.00 a.m. on 30 November 2014 (or such later date as the parties may agree).

The Subscription Shares will rank pari passu in all respects with the Existing Ordinary Shares following their conversion and consolidation into Ordinary Shares pursuant to the Share Conversion

and Consolidation, including the right to receive all dividends or other distributions declared, made or paid by the Company by reference to record dates falling after their date of allotment. The Subscription Shares will not, however, have a right to receive the Distribution in Specie.

The Subscribers' shareholdings after the Subscription are shown in Part 2 of the Circular.

So far as the Directors are aware, the persons set out below will immediately following Admission, be interested (as defined in Part VI of FSMA and the Disclosure Rules and Transparency Rules issued by the FCA), directly or indirectly, jointly or severally in 3 per cent. or more of the issued share capital Company.

Following Admission

Name of Shareholder	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Dusko Lukic	2,815,000	8.03
William Aldwin Soames	2,811,500	8.02
Ancea GBR	1,680,724	4.79
Charles de Chezelles	1,562,500	4.46
David Steinepreis	1,562,500	4.46
Jo Malins	3,125,000	8.91
Michael Frayne	3,125,000	8.91
Roger Barby	3,125,000	8.91
Randy Miller	3,125,000	4.46
Steve Parris	3,125,000	8.91
Daniel Maling	1,875,000	5.35

Distribution in Specie

The Board proposes distributing to the holders of the Existing Ordinary Shares the 421,875 shares held by the Company in Atlantic Healthcare plc. These shares will be distributed to the holders of the Existing Ordinary Shares pro rata to their holdings of Existing Ordinary Shares in the Company with a record date of 12 November 2014.

Conversion of Shares to No Par Value Shares and Share Consolidation

Under the Proposals, it is intended that the Company will convert its ordinary shares of 1 pence each into ordinary shares of no par value and then consolidate all of its ordinary shares on the basis of one new Ordinary Share for every 10 existing Ordinary Shares. Fractional entitlements to new Ordinary Shares arising on the Share Consolidation will, so far as possible, be aggregated and be sold at the best price reasonably obtainable in the market for the benefit of the Company.

The reason for the conversion from par value shares to no par value shares is to facilitate the Subscription and the Directors believe that reduction of the number of shares in issue through the share consolidation will ensure that the price of the Ordinary Shares following the implementation of the consolidation is more appropriate than would otherwise be the case.

The Takeover Code and Waiver

The proposed Subscription gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are described below:

The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company resident in the United Kingdom, the Channel Islands or the Isle of Man (and to certain categories of private limited companies). The Company is such a company and its Shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but holds shares carrying not more than 50 per cent. of the voting rights of a company which is subject to the Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Following completion of the Subscription, the Subscribers, who are considered by the Panel to be acting in concert, will have acquired interests in shares carrying approximately 64.16 per cent. of the voting rights of the Company which, without a waiver of the obligations under Rule 9 would oblige the Subscribers to make a general offer to existing Shareholders who are not Subscribers under Rule 9.

The Panel has agreed, however, to waive the obligation on the Subscribers to make a general offer to shareholders that would otherwise be required as a result of the allotment and issue of the Subscription Shares to them, conditional on the passing of the Whitewash Resolution by Independent Shareholders at the General Meeting. Accordingly the Whitewash Resolution is being proposed at the General Meeting and will be taken on a poll. The Subscribers, to the extent they are Shareholders, will not be entitled to vote on the Whitewash Resolution. To be passed, the Whitewash Resolution will require a simple majority of votes entitled to be cast to vote in favour.

On Admission, the Subscribers will have acquired in aggregate interests in shares carrying approximately 64.16 per cent. of the voting rights of the Company which, without a waiver of the obligations under Rule 9, would oblige the Subscribers to make a general offer to Shareholders under Rule 9.

Shareholders should note that if the Whitewash Resolution is passed then, following the completion of the Subscription, the Subscribers will hold over 50 per cent. of the voting rights of the Company's voting share capital and, for as long as they continue to be treated as acting in concert will therefore be entitled to increase their interest in the voting rights of the Company without incurring a further obligation under Rule 9 to make a general offer. Individual Subscribers as members of the Concert Party, will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

Additional information

Further information in relation to the Waiver and the Subscribers is set out in Part 2 of the Circular.

General Meeting

A notice convening the General Meeting of the Company to be held at 26 Esplanade, St. Helier, Jersey JE4 8PS 10.00 a.m. on 26 November 2014 has been published on the Company's website draganflyinvestments.com.

The Resolutions to be proposed at the General Meeting are as follows:

- Resolution 1 is an ordinary resolution to approve the Waiver;
- Resolution 2 is an ordinary resolution to authorise the Directors to allot the Subscription Shares and up to a further 7,500,000 Ordinary Shares;
- Resolution 3 is an ordinary resolution to approve the Distribution in Specie;
- Resolution 4 is a special resolution to amend the Company's memorandum of association to effect the Share Conversion and Consolidation and to amend the Company's articles of association to take account of the Share Conversion and Consolidation; and
- Resolution 5 is a special resolution to dis-apply pre-emption rights in relation to the issue of the Subscription Shares and up to a further 7,500,000 Ordinary Shares.

Recommendation

The Directors, who have been so advised by finnCap, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders. In providing the advice to the Directors, finnCap has taken into account the commercial assessment of the Directors. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions.

Admission to trading on AIM

Application will be made to admit the Enlarged Issued Share Capital to trading on AIM and dealings in the Enlarged Issued Share Capital are expected to commence on 27 November 2014. Following the Share Conversion and Consolidation and Admission of the Enlarged Issued Share Capital, the number of Ordinary Shares in issue in the Company is expected to be 35,062,700.