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ASX RELEASE

European Security Integrator Order

- **Testing and demonstration WideAlert and FarAlert systems ordered for customer demonstrations by a European security integrator.**
- **First sale of WideAlert for use in a European NATO member country, and first Company sale for use by a security integrator.**
- **Multiple product demonstrations to several governmental agencies internationally.**
- **Australian Minister for Defence Industry reviews DroneGun.**

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") is pleased to announce a sale of its FarAlert and WideAlert acoustic drone detection systems to a European (NATO member country) security integrator through the Company's distributor. While the fact that the sale involved only one test and demonstration system means that the revenue from this sale is not material, the sale is important in that this is both the Company's first sale of the WideAlert product for use in a European NATO member country, and the Company's first sale of the WideAlert product for use by a security integrator.

For clarity, consistently with the Company's strategy of relying on its distributors, the sale was made to the Company's distributor Zone Advanced Protection Systems, who the Company understands then onsold the product to the end user (and as is customary for companies utilising distributor networks, the Company does not have a contractual relationship with the end user). The Company understands that the end user expects to use the system for testing and demonstrations to its customers, and that to the extent that its customers place orders for the system, these orders will be placed with the Company's distributor who will in turn place them with the Company.

The sale comes against the backdrop of increased governmental concern about drone terrorism. It is important to note that it has recently been announced that the United States has allocated budgetary funds to drone security. DroneShield expects that such allocations will continue and that a number of governments around the world will allocate funds to drone defence in their budgets. Consequently, DroneShield has substantially increased its engagement globally in the recent weeks.

This engagement includes product demonstrations to several governments, conducted or shortly to be conducted by DroneShield or its distributors, and DroneShield's or its distributors' participation in government procurement processes. The outcomes of these governmental processes are expected to be determined in calendar 2017. Importantly, earlier this week, DroneShield conducted a demonstration of its product suite in Canberra. The demonstration was attended by approximately ten Australian federal and state agencies. The products performed entirely effectively notwithstanding the fact that the demonstration was conducted in torrential rain, which interferes with many of the competitors' drone detection and mitigation methods.



The Honourable Christopher Pyne MP (Australian Minister for Defence Industry) at the 2017 International Defence Exhibition and Conference (IDEX) (in Abu Dhabi), holding DroneGun.

Further Information

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About DroneShield Limited

Based in Sydney and Virginia, DroneShield is a worldwide leader in drone security technology. The Company has developed the pre-eminent drone security solution that protects people, organisations and critical infrastructure from intrusion from drones. Its leadership brings world-class expertise in engineering and physics, combined with deep experience in defence, intelligence, and aerospace.

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