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ASX RELEASE

DroneShield completes \$2.32m million placement

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DroneShield Limited ("**DRO**" or the "**Company**") is pleased to announce it has received commitments from institutional, professional and sophisticated investors to raise \$2.32 million via a placement of 11.61 million ordinary fully paid shares at an issue price of \$0.20 per share ("**Placement**"). The new shares will be issued utilising the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A. The issue price under the Placement represents a 13% discount to the Company's last traded price and a 19% discount to the Company's 15 day volume weighted average market price prior to the date of this announcement. Each participant will receive one (1) free attaching option for every three (3) shares subscribed for under the Placement ("**Attaching Options**"). The Attaching Options will be issued on the same terms as the Company's existing listed DROO options (which expire on 14 June 2018 and have an exercise price of \$0.22).

Patersons Securities Limited ("**Patersons**") acted as Lead Manager to the Placement and received strong demand from new and existing institutional, professional and sophisticated investors. Under the terms of the Placement, Patersons will receive a 6% commission on the funds raised by them, as well as 2 million unlisted Class A options (which expire on 14 June 2019 with an exercise price of \$0.22).

The 3.87m Attaching Options and 2m Class A Options will be issued under the Company's existing Listing Rule 7.1 capacity.

The Company provides the following disclosures under ASX Listing Rules 3.10.5A and 7.1A.4(b).

- The dilutive effect of the issue of the Placement (assuming all of the Attaching Options and Class A options are exercised) on existing shareholders is as follows.

	Number of securities issued	% of post Placement issued share capital
Ordinary shares issued under Listing Rule 7.1A	11.61m	7.15%
Ordinary shares to be issued assuming all the Attaching Options issued under Listing Rule 7.1 are exercised	3.87m	2.38%
Ordinary shares to be issued assuming all the Class A options issued under Listing Rule 7.1 are exercised	2.00m	1.23%
Total	17.48m	10.77%

- The Company issued shares as a placement to institutional, sophisticated and professional investors (rather than as a pro rata issue) as this was considered to be the most efficient and expedient mechanism for raising funds in a timely matter.
- The Company did not enter into an underwriting arrangement in connection with the Placement.
- Fees of approximately \$79,320 have been incurred in connection with the issue.

Oleg Vornik, the Company's Chief Executive Officer, said "We are pleased by the ongoing support from existing investors and welcome new investors to the Company's share register."

Net proceeds from the Placement will be used to fund:

- development and integration of detection and countermeasure technologies, to enable the Company to be a prime counterdrone integrator to militaries, and civil infrastructure and other customers;
- the rollout of products, such as DroneSentry (with an integrated detect and defeat capability);
- expansion of the Company's sales and marketing effort globally; and
- general working capital.

Peter James, DroneShield's chairman, commented: "As previously announced to the market, the Company is currently in a number of bid and other sales processes with a number of customers, including a number of governmental customers globally. This Placement will assist the Company with positioning DroneShield as a prime counterdrone security contractor, with a multi-product detect and defeat capability that is based on multiple detection and countermeasure methods."

Further Information

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About DroneShield Limited

Based in Sydney, Australia and Virginia, USA, 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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