



DRONESHIELD

Share Purchase Plan



Image: DroneShield's DroneSentinel anti-drone system

DroneShield Limited (ASX:DRO)
ASX Release
ABN 26 608 915 859



17 October 2018

ASX RELEASE

Share Purchase Plan (SPP)

This communication is not for publication or distribution, directly or indirectly, in or into the United States of America, including its territories and possessions, any state of the United States of America and the District of Columbia (collectively, the "U.S."). This communication is not an offer of securities for sale into the U.S. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the U.S., except pursuant to an applicable exemption from registration. No public offering of securities is being made in the U.S.

Dear Shareholder,

Share Purchase Plan

Your board is writing to you today with an offer to participate in a Share Purchase Plan ("SPP" or "Plan") which entitles Eligible Shareholders (defined below) to purchase new shares in DroneShield Limited ("DRO" or the "Company" or "DroneShield") at the price of \$0.14 per share, up to the value of \$15,000 each. The Company intends to raise approximately \$750,000 under the Plan.

Patersons Securities Limited ("Lead Manager") has agreed to act as the lead manager. In the event that Eligible Shareholders do not subscribe for Shares under the Plan to the amount of \$750,000, the Lead Manager may place the resultant shortfall to its clients provided the shortfall does not exceed the placement capacity of the Company pursuant to ASX Listing Rules 7.1 and 7.1A ("Shortfall Placement"). If total applications from Eligible Shareholders under the Plan exceed \$750,000, the directors of the Company may, in their absolute discretion, accept or scale-back all applications on an equitable basis. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions and increase the size of the Plan (subject to compliance with the Corporations Act and ASX Listing Rules).

In addition to the Plan, DroneShield may, in consultation with the Lead Manager, elect to undertake a placement of additional shares at the same price as the shares offered under the Plan ("Top-Up Placement"). The maximum number of shares that may be issued under the Top-Up Placement would be equal to the Company's then placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A (which is currently 42,489,055 Shares), subject to compliance with the ASX Listing Rules.

The Lead Manager will be entitled to a fee of 6% of the gross amount placed by the Lead Manager under the Shortfall Placement and the Top-Up Placement, a management fee of \$7,500 plus one option to acquire a share (exercisable at \$0.22 on or before 14 June 2019 each) for every four shares placed by the Lead Manager.

The Board believes that the funds from the SPP will assist the Company with an expansion of its marketing efforts globally, as well as its working capital requirements while the multiple governmental tenders and other product sales processes in which the Company is participating internationally run their course.

Recent Progress

There has been a proliferation of cheap commercial off-the-shelf drones and an exponential increase in their use for nefarious purposes (including terrorist attacks, attacks on heads of state, use by non-state actors on the battlefield and unlawful use around airports, critical infrastructure, prisons, stadiums, events, commercial venues and VIPs). Among others, recent reports have included:

- October 2018: Christopher Wray, the Director of the FBI stated the following in written testimony to the U.S. Senate Homeland Security and Governmental Affairs Committee: "The FBI assesses that,

given their retail availability, lack of verified identification requirement to procure, general ease of use, and prior use overseas, UAS [drones] will be used to facilitate an attack in the United States against a vulnerable target, such as a mass gathering.”

- September 2018: Passenger jet carrying 240 people nearly hit a drone at 15,000ft in the UK airspace
- August 2018: Venezuelan President Nicolas Maduro was attacked by weaponised drones during a live televised speech in Caracas
- May 2018: FBI hostage rescue team was reported to have been attacked by a swarm of drones during a hostage raid
- February 2018: Drone “dive bombed” a passenger jet above Las Vegas
- January 2018: Homemade drones bombed a Russian Airbase in Syria
- November 2017: The U.S. Department of Homeland Security issued a terror bulletin focusing on the threat of weaponised drones
- November 2017: A drone struck an Aerolinas Argentinas passenger Boeing on final approach to Buenos Aires Airport in Argentina, and the passenger jet sustained damage
- October 2017: Footage uploaded to YouTube reportedly showed an armed ISIS drone destroying an arms depot in northern Syria



President of Venezuela being attacked by weaponised drones

The drone detection and interdiction industry is in its nascent stages. It did not exist until several years ago, and governments did not commence to allocate funding to this industry until recently. However, with the substantial increase in malicious drone activities, virtually every government now concerns itself with how to protect its infrastructure and people against such activities.



U.S. Secretary of Defense General Mattis speaking about the dangers of malicious drones

DroneShield is at the forefront of this effort. The Company has built on the 2017 launches of its cutting-edge products, and has made substantial progress, in recent months. This includes the following.

- A June 2018 \$3.2 million order for 70 units of DroneGun Tactical™ for use by a substantial Middle Eastern Ministry of Defence, approved by the U.S. regulator in September 2018
- An October 2018 order for multiple units of DroneGun Tactical™ for use by a major Asian government agency
- An October 2018 Central American government order for DroneSentry™ and DroneGun Tactical™ units
- Deployment at 2018 Winter Olympic Games in South Korea
- Deployment at 2018 Commonwealth Games in Gold Coast, Australia
- Deployment at 2018 ASEAN Summit in Sydney
- Deployment at the United States Marine Corps / United States Navy 2018 Urban 5th Generation Marine Exploration and Experimentation Exercise (U5G 2018)
- Sale of DroneGuns™ to the Paraguayan military
- Placing DroneShield products on the United States GSA Schedule, making them available to U.S. governmental users on an off-the-shelf basis
- DroneGun Tactical™ certification for human exposure
- United States / Canada DD2345 Certification
- Assignment of NATO Stock Number for DroneGun™
- Partnership with ISI for an on-vehicle counterdrone solution
- Safety for deployment at airports certification
- Setup and commencement of operation of the European Hub

- Participation at numerous high profile events such as AUSA, Eurosatory and DSA (with support of Team Defence Australia), Land Forces, SOFWERX Thunderdrone, FIDAE, Modern Day Marine and others
- Receipt of number of grants, awards and recognition by Company or its staff, including R&D Tax Incentive Grant, NSW Export Awards Finalist, 2018 Young Innovator Award, and SME Innovation Grant
- Launch of multiple additional products, based on end-user feedback



Australian Minister for Defence Christopher Pyne with DroneGun Tactical

Through its network of approximately 60 distributors in approximately 50 countries, DroneShield is capitalising on its recent sales successes and its reputation as a leader in the space, by pursuing dozens of contracts ranging in size from tens of thousands of dollars to tens of millions of dollars each.¹

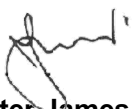
Funds raised under the SPP will be used towards expansion of the Company's sales and marketing efforts, further development of and improvements to products to accommodate specific customer requirements and general working capital.

All of the shareholder directors intend to participate personally in the SPP as a sign of confidence in the Company.

Please refer to the Company's ASX platform (ASX:DRO) or www.droneshield.com for further details with respect to the Company's operations. The Company's investor presentation is enclosed.

Your continuing support is greatly appreciated.

On behalf of your Board



Peter James
Non-Executive Chairman

¹ Necessarily, not all (and there can be no assurance that any) of the Company's sales opportunities will result in sales.

DRONESHIELD LIMITED SHARE PURCHASE PLAN – TERMS AND CONDITIONS

1. Offer

Under the Plan, Eligible Shareholders (defined below) are offered the opportunity to participate in the Plan to apply for parcels valued at \$500, \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$12,500 or \$15,000 of fully paid ordinary shares in the capital of the Company (“Shares”) pursuant to these Terms and Conditions (“Offer”). Please read these Terms and Conditions carefully, as Eligible Shareholders (defined below) will be bound by them by participating in the Plan. All Shares issued under the Offer will rank equally with existing Shares from the date of issue, and carry the same voting rights, dividend rights and other entitlements as existing Shares. All amounts referred to in these Terms and Conditions are in Australian dollars.

2. Participation in the Plan

Shareholders who are entered in the register of members at 7:00pm (Sydney time) on 16 October 2018 (“Record Date”) and who have a registered address in Australia or New Zealand (“Eligible Shareholders”) may apply to participate in the Offer in accordance with this Plan. The following rules apply to participation by Eligible Shareholders in the Plan:

- a) **Single holders** – If you are the registered holder of Shares, but you receive more than one Offer under the Plan (for example, due to multiple registered holdings), you may only apply for up to a maximum amount of \$15,000 worth of Shares.
- b) **Joint holders** – If you are recorded with one or more persons as the joint holder of a holding of Shares, that joint holding is considered to be a single registered holding for the purpose of the Plan. Joint holders are only entitled to participate in the Plan in respect of that single holding. If the same joint holders receive more than one Offer under the Plan due to multiple identical holdings, the joint holders may only apply for up to one maximum amount of \$15,000 worth of Shares.
- c) **Custodians and nominees** – If you are an Eligible Shareholder who holds Shares as a custodian, trustee or nominee (within the definition of ‘custodian’ in Australian Securities and Investments Commission (“ASIC”) Class Order 09/425) (“Custodian”) or in any more specific relief granted to DRO in relation to this Offer, and hold Shares on behalf of one or more persons (beneficiaries), this Offer is made to you and you have the discretion whether to extend this Offer to the beneficiaries on whose behalf you hold Shares. You may apply for up to a maximum amount of \$15,000 worth of Shares in respect of each beneficiary, however, DRO will not issue Shares under the Plan to you unless you certify the following in writing to DRO:
 - i. that you hold the Shares on behalf of one or more persons (each a “participating beneficiary”) on the Record Date who have subsequently instructed you to apply for Shares on their behalf under the Plan;
 - ii. the number of participating beneficiaries;
 - iii. the name and address of each participating beneficiary;
 - iv. the number of Shares that you hold on behalf of each participating beneficiary;
 - v. the number and dollar amount of Shares which each participating beneficiary has instructed you to apply for on their behalf;
 - vi. there are no participating beneficiaries in respect of which the total of the aggregate application price for the following exceeds \$15,000:

- A. the Shares applied for by you on behalf of a participating beneficiary under the Plan; and;
 - B. any Shares issued to you in the 12 months before the application as a result of an instruction given by a participating beneficiary to you to apply for Shares on their behalf under an arrangement similar to the Plan;
- vii. that a copy of the Plan was given to each beneficiary; and
- viii. where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed Custodian.

Custodians should request a custodian certificate when making an application on behalf of participating beneficiaries ("**Custodian Certificate**"). To request a Custodian Certificate, and if you would like further information on how to apply, you should contact our share registry Automic Registry Services ("**Share Registry**") on 1300 288 664.

- d) Participation – Applications under the Plan may only be made in the following amounts:

Total \$
\$500
\$1,000
\$2,500
\$5,000
\$7,500
\$10,000
\$12,500
\$15,000

Eligible Shareholders who receive more than one offer under the Plan (for example, because they have more than one holding under a separate account) may apply on different Application Forms (defined below) for Shares but they are not permitted to acquire more than \$15,000 worth of Shares in aggregate. The total application price for the Shares acquired by the Eligible Shareholder on his or her own behalf, by a Custodian on his or her behalf and by a Custodian in relation to which another Custodian holds beneficial interests in the Shares on his or her behalf must not exceed \$15,000 in any 12 month period.

If you apply for Shares under the Plan, you are applying for a certain value of Shares at the Offer Price (defined below), rather than a certain number of Shares. Fractional Shares will not be issued and any fraction of a Share will be rounded up to the nearest whole number of Shares.

Participation in the Plan is entirely optional and is subject to these Terms and Conditions. You should seek independent advice if you are unsure whether you should participate in the Plan. The Offer of Shares under the Plan is non-renounceable which means that Eligible Shareholders cannot transfer their entitlement to purchase Shares under the Plan to another person. Eligible Shareholders who wish to take up Shares issued under the Plan agree to be bound by DRO's constitution in respect of Shares issued under the Plan.

The Application Form attached to these Terms and Conditions ("Application Form") specifies a

minimum (\$500) and maximum (\$15,000) value of Shares for which applications may be made and application may not be made for a value of Shares less than the minimum or greater than the maximum. If an Eligible Shareholder applies for:

- i. a value of Shares greater than the maximum that is provided for in the Application Form, the maximum number of Shares provided for in the Application Form will be issued and the excess amount paid will be refunded without interest; or
 - ii. a value of Shares less than the minimum that is provided for in the Application Form, no Shares will be issued under the Application Form and any amount paid will be refunded without interest.
- e) **Limit** – If total applications exceed 30% of the number of Shares on issue at the Close Date (defined below), the directors of DRO may, in their absolute discretion, accept or scale-back all applications on an equitable basis.
- f) **Foreign offer restrictions** – This document may be prohibited from being released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any country, or to any person to whom, it would not be lawful to make such an offer or to issue this document. In particular, any securities described in this document have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the United States Securities Act of 1933 (as amended) and applicable US state securities laws. The Company reserves the right to offer Shares under this Plan to such purchasers as it may determine in the United States to the extent consistent with the aforesaid exemptions.
- g) **New Zealand Shareholders** – The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of DRO with registered addresses in New Zealand and to whom the Offer is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (or replacement legislation or regulations).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

3. Application Form

Unless payment is made by using the BPAY® facility, applications to participate in the Plan must be made on the enclosed Application Form and must be received by the Share Registry (with the correct payment) no later than 7:00pm (Sydney time) on 1 November 2018. DRO reserves the right to return any payment and not issue any Shares if payment is received after that time. By returning the enclosed Application Form or by making a BPAY® payment, you agree to be bound by the Terms and Conditions of this Plan and certify that the aggregate of the application price paid by you for the Shares the subject of the Application Form or BPAY® payment, and any other Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf, under the Plan or under any similar arrangement operated by DRO in the 12 months prior to the date of application under the Plan, does not exceed \$15,000. Applications and payments under the Plan may not be withdrawn once they have been received. Any payment made to DRO pursuant to an application to participate in the Plan will not bear interest under any circumstances.

4. Payments by cheque, bank draft, money order or BPAY®

If payment is made using the BPAY® facility (Australian bank accounts only), there is no requirement for the Application Form to be returned. Payment must be received by no later than 2.00pm (Sydney time) on 1 November 2018. Eligible Shareholders must ensure that funds submitted through BPAY® are received by this time as their own financial institutions may implement earlier cut off times with regards to electronic payment.

Applicants should be aware that their own financial institution may implement earlier cut off times for electronic payments and should take this into consideration when making a payment via BPAY. You may also have your own limit on the amount that can be paid by BPAY. It is your responsibility to ensure that the amount you wish to pay via BPAY does not exceed your limit and is received by the Share Registry prior to the close of the Offer. If you have multiple holdings you will have multiple customer reference numbers. To ensure you receive your Shares in respect of that holding, you must use the customer reference number shown on each personalised Application Form when paying for any new Shares that you wish to apply for in respect of that holding. Shareholders who have multiple holdings must ensure they comply with the requirements in clause 2. Applications can only be made for Shares in the amounts specified on the Application Form. Please do not forward cash. Receipts for payment will not be issued. Application Forms returned by fax will not be accepted. Payments made pursuant to an application for Shares will only be accepted if your cheque, bank draft or money order is drawn, or your BPAY payment is made, in Australian currency. Cheques must be drawn on an Australian financial institution. Payments made pursuant to an application for Shares will not bear interest as against DRO under any circumstances.

5. Offer Price

The Shares under the Plan will be issued at A\$0.14 per Share, a 16% discount to the volume-weighted average market price ("VWAP") for the Shares of DRO calculated over the last 5 days on which sales in the Shares were recorded before the announcement of the Plan (as defined in the Indicative Timetable below) down to the nearest tenth of a cent.

The Shares of DRO are a speculative investment, and the price of the Shares might rise or fall between the date of this Offer and the date the Shares are issued. This means that the price paid for a Share under the Plan may be greater or less than the price of Shares at the time they are issued to Eligible Shareholders and affect the actual number of Shares to be issued to each applicant pursuant to the Plan.

6. Shares to be Issued

Shares issued under the Plan will rank equally in all respects with existing Shares of DRO. Promptly after issue, application will be made by for Shares issued under the Plan to be listed for quotation on the official list of the Australian Securities Exchange. Transaction Confirmation Statements will be despatched to the Issuer Sponsored and CHESS participants for Shares issued under the Plan. No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders for their application for, or issue of, Shares under the Plan. This Offer of Shares under the Plan is made in accordance with ASIC Class Order 09/425, which grants relief from the requirement to prepare a prospectus for the offer of shares under the share purchase plans.

The maximum number of Shares to be issued under the Plan is limited by the ASX Listing Rules to a maximum of 30% of the number of Shares on issue on the Close Date.

At the date of this invitation the number of Shares on issue is 169,956,226, therefore the maximum number of Shares that may be issued under the Plan is 50,986,868 Shares.

7. Lead Manager, Shortfall Placement and Top-Up Placement

Patersons Securities Limited ("Lead Manager") has agreed to act as the lead manager. In the event that Eligible Shareholders do not subscribe for Shares under the Plan to the amount of \$750,000, then the Lead

Manager may place the resultant shortfall to its clients provided the shortfall does not exceed the placement capacity of the Company pursuant to ASX Listing Rules 7.1 and 7.1A ("Shortfall Placement"). If total applications from Eligible Shareholders under the Plan exceed \$750,000, the directors of the Company may, in their absolute discretion, accept or scale-back all applications on an equitable basis. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions and increase the size of the Plan (subject to compliance with the Corporations Act and ASX Listing Rules). The Lead Manager agreement contains customary conditions, warranties and undertakings and is subject to various termination events exercisable by either party.

In addition to the Plan, DRO may, in consultation with the Lead Manager, elect to undertake a placement of additional shares at the same price as the Offer of Shares under the Plan ("Top-Up Placement"). The maximum number Shares that may be issued under the Top-Up Placement is equal to the Company's then placement capacity under ASX Listing Rules 7.1 and 7.1A which is currently 42,489,055 Shares, subject to compliance with the ASX Listing Rules.

The Lead Manager will be entitled to a fee of 6% of the gross amount placed by the Lead Manager under the Shortfall Placement and the Top-Up Placement, a management fee of \$7,500 plus one option to acquire a share (exercisable at \$0.22 on or before 14 June 2019 each) for every four shares placed by the Lead Manager.

8. DRO's discretion with regard to application

DRO may accept or reject any application under the Plan at its discretion. When determining if an application is to be accepted or rejected, or the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold or bought additional shares after the Record Date and the date an application was made.

Without limiting the above, DRO may issue to any person fewer Shares than the person applied for under the Plan if the issue of Shares applied for would contravene any applicable law or the Listing Rules of ASX. If DRO rejects or scales-back an application or purported application, DRO will promptly return to the shareholder the relevant application monies, without interest.

9. Modification and termination of the SPP

The Company may modify or terminate the Plan at any time.

The Company will notify ASX of any modifications to, or termination of, the SPP. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

10. Variations, Waivers and Resolution of Disputes

The Plan is governed by the law in force in New South Wales and DRO reserves the right to:

- a) vary the Closing Date (as defined in the Indicative Timetable below) (including closing the Offer early) and Issue Date for Shares under the Plan;
- b) waive compliance with any of these Terms and Conditions;
- c) refuse to issue Shares where it believes there has been a breach of the Terms and Conditions of this Plan;
- d) amend or vary these Terms and Conditions or suspend or terminate the Plan at any time (in the

event the Plan is terminated before the issue of Shares, all application monies will be returned to you, without interest as soon as practicable);

- e) scale back applications; and
- f) settle in any manner it thinks fit any disputes or anomalies which may arise in connection with the Plan. Any determinations by DRO will be binding on all Eligible Shareholders and other persons to whom the determination relates.

DRO's rights may be exercised by the board of DRO or any delegate thereof.

11. Applications and Notices

Applications and notices given to DRO for the Plan must be in writing and in such form as DRO may from time to time require. Such applications and notices will be effective on receipt by DRO subject to:

- a) these Terms and Conditions; and
- b) in the case of applications, acceptance by DRO before the Closing Date (as defined in the Indicative Timetable below).

12. Raising Amount and Scale Back

Under the Offer, DRO seeks to raise approximately \$750,000. Notwithstanding this, DRO reserves absolute discretion regarding the amount raised under the SPP.

In the event of an oversubscription by the Closing Date the directors of DRO may, in their absolute discretion, accept or scale-back all applications on an equitable basis.

If applications under the Plan are received in excess of \$750,000, DRO retains the discretion to issue more Shares to satisfy all or part of such applications, subject to the maximum number of Shares to be issued under the Plan not exceeding 30% of the Shares on issue on the Closing Date. If DRO rejects or scales-back an application or purported application, DRO will promptly return to the shareholder the relevant application monies, without interest.

13. Indicative Timetable

Event	Date
Record Date (7.00pm Sydney time)	16 October 2018
Announcement of the Plan	17 October 2018
Opening Date	18 October 2018
Closing Date	1 November 2018
Issue of Shares under the Plan and dispatch of Holding Statements	8 November 2018
Shares issued under the Plan commence trading on ASX	10 November 2018

These dates are indicative only. DRO may vary the dates and times of the Offer without notice. DRO reserves the right to close the Plan early. Accordingly, Eligible Shareholders wishing to subscribe under the Offer are encouraged to submit their application Forms as early as possible.

14. Communication of Offer Document

This Offer Document will be issued to Eligible Shareholders in paper form or as an electronic offer where

Eligible Shareholders have requested to receive notices by email. This Offer Document is also available in electronic format at www.droneshield.com/investors. The Offers constituted by this Offer Document in electronic form are only available to eligible persons receiving this Offer Document in electronic form within Australia. Persons having received this Offer Document in electronic form may, during the offer period, obtain a paper copy of this Offer Document (free of charge) by telephoning 1300 288 664. Applications for New Shares may only be made on the Application Form which accompanies or is attached to a copy of this Offer Document. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to or accompanied by a hard copy of this Offer Document or by the complete and unaltered electronic version of this Offer Document.

15. Questions

If you have any questions, please contact DRO's share registry, Automic Registry Services on 1300 288 664.

ENDS



DRONESHIELD

Investor Presentation (ASX:DRO)
October 2018



Global Counterdrone Solution Leader



Global leader in counterdrone solutions,
based in Australia and the USA

His Excellency President of France Emmanuel Macron, French Minister of the Armed Forces Florence Parly and the Chief of Staff of the Army Jean-Pierre Bosser review DroneGun Tactical™

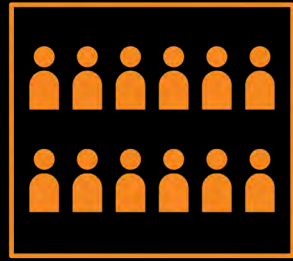


DroneShield at a Glance



Location

Sydney, Australia
Virginia, USA
Washington DC, USA



Team

13
Employees



Patented



Deployed

Multiple
deployments
by government
users globally



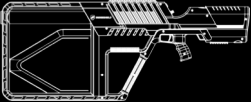
International

60
Distributors
across 50
countries



Demonstrated Progression from Development to Sales

Dominos Have Started to Fall

Product	Launch	Product Release	First Demo	First Sale	First Large Sale	Substantial Market Share
 DroneGun™	Nov 2016	Dec 2016	Jan 2017	Nov 2017	\$3.2m - Jun 2018	Being Secured. US\$1.6bn market by 2023**
 DroneSentinel™	Jul 2017	Sep 2017	Nov 2017	Mar 2018	Multiple Sales Being Advanced*	
 DroneSentry™	Jul 2017	Oct 2017	Nov 2017	Sep 2018	Multiple Sales Being Advanced*	

*Necessarily, not all (and there can be no assurance that any) of the Company's sales opportunities will result in sales.

**<https://www.marketsandmarkets.com/PressReleases/anti-drone.asp>



The Problem We Solve

U.S. Secretary of Defense Discusses Threat of Drones

| The Problem We Solve





The Problem We Solve

Venezuelan President Target of Drone Attack



A Number of Advanced Opportunities*

- Recent customers expected to make substantially larger purchases in near term
- Middle East will remain a major contributor
- US market penetration being advanced
- Numerous European opportunities
- Leadership in Central and South American market now converted into initial sales
- Successful recent Australian deployments - first sale took place in October 2018
- A number of Asian tenders underway and first DroneGuns sale into the region

*Necessarily, not all (and there can be no assurance that any) of the Company's sales opportunities will result in sales.



Middle East Update

- **Nepharious drone activity is intensifying in the region**
- **Dozens of recently reported drone attacks include:**
 - Israel intercepted an Iranian drone
 - UAE intercepted an Iranian drone
 - Yemen's Houthi rebels attacked a Saudi Aramco facility
 - Saudi Arabia shot down (using conventional small arms) a drone in the vicinity of a royal palace
 - An attempt to attack a Saudi Arabian airport
- **Australian Government has designated Middle East as a priority market in the 2018 Defence Export Strategy**





Large Addressable Market with Numerous Applications

Military



Law Enforcement



Critical Infrastructure



(including 65,000 powerplants)

Prisons



(20,000 globally)

Airports



(42,000 globally)

Special Events



(11,000+ outdoor stadiums)

Commercial Venues



(including 41,000+ hotels)

VIP Residences



(200,000+ high net worth individuals)



An Established Player in the Market

- Has made early international sales, including a \$3m+ order in June 2018 from a Middle Eastern Ministry of Defence - the largest known global order for tactical drone mitigation equipment
- Limited number of readily-available competing products
- Land grab is on, significant first mover advantage





An Established Player in the Market

- **Unique global positioning in a growing market – an Australian company with operations in the U.S. and support from the Australian Government**
- **Multiple end-user trials have been and are being undertaken by governmental organizations globally**
- **Products have been modified in response to end-user requirements**
- **Dozens of contracts pursued globally**
- **Attracted interest of large defence companies and security integrators**



Queensland Police Service officer with DroneGun MKII™ during Commonwealth Games in Brisbane



Complete Solution – Products Available Today

- **DroneGun™** – portable rifle style drone countermeasure
- **DroneSentinel™** – radar, RF, thermal and optical sensor drone detection
- **DroneSentry™** – DroneSentinel™ with a built-in countermeasure



| DroneGun Tactical™

- Universally targets a wide range of drones
- 1-2km effective range
- Directional impact
- Portable
- Gun shape: greater appeal to government customers





DroneSentinel™ and DroneSentry™

- Up to 5km detect and 2km defeat
- Multi-sensor
- Modular
- Portable
- Cost effective





2016 - 2018 Progression*

2016	2017	2018 year to date	
<ul style="list-style-type: none">• 2016 Boston Marathon• US• UK• Small sales	<ul style="list-style-type: none">• 2017 Boston Marathon• USA• Spain• 2017 Hawaii IRONMAN• Canberra – Various Australian Govt• UK• France• Poland• Japan• Turkey Prime Minister• Paraguay Military• Asian Homeland Security	<ul style="list-style-type: none">• 2018 Olympics• 2018 Commonwealth Games• US Military trials• ASEAN Australia• Switzerland• Estonia• Lithuania• South Korea• Mexico• Canada• Malaysia (DSA)• Italy• Japan• South Africa	<ul style="list-style-type: none">• NASCAR, Texas USA• Spain• France• Poland• Czech Republic• Slovakia• Norway• Denmark• Finland• Netherlands• Central America• Asian Govt• \$3.2m Sale to Middle Eastern Ministry of Defence• Q4 - ???

*Yellow refers to sales, white refers to trials. Not an exhaustive list.



2016 - 2018 Activity

DroneShield's WideAlert deployed at 2017 Boston Marathon



DroneGun Tactical™ reviewed at the Spanish Ministry of Interior



European trials 2018



Canberra Demo 2017



Major General Kathryn Toohey (Head of Australian Land Capability) with DroneGun MKII



DroneShield's RfOne at Winter Olympics 2018





2016 - 2018 Activity



Admiral Molina, Commander in Chief of the Chilean Navy, reviewing DroneGun MKII™



DroneShield receiving CivSec 2018 award for DroneGun™ design



Demonstration for a law enforcement customer



Hon Christopher Pyne (Australian Minister for Defence Industry) with DroneGun Tactical™



2016 - 2018 Activity



Queensland Police Service officer with DroneGun MK1™ at 2018 Commonwealth Games



CommSec

PETER JAMES
Chairman, DroneShield (DRO)



DroneSentry European prison trials



DroneShield protects 2017 Hawaii IRONMAN

DRONEFORSVARSSKAP I NORGE

Stor interesse for droneforsvar

– Det haster for flyplasser og fengsler

TEKNOLOGI Droneforsvarsselskapet DroneShield har fått mye oppmerksomhet etter å ha beskyttet Ironman triathlon i Hawaii. Nå er det stor interesse for droneforsvar i Norge, spesielt ved flyplasser og fengsler.

Droneforsvarsselskapet DroneShield har fått mye oppmerksomhet etter å ha beskyttet Ironman triathlon i Hawaii. Nå er det stor interesse for droneforsvar i Norge, spesielt ved flyplasser og fengsler.

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Highly Capable Team with Extensive Industry Experience and the Support of an Accomplished Board of Directors

Board of Directors

Peter James <i>Independent Non-Executive Chairman</i>		Oleg Vornik <i>CEO / Managing Director</i>	
Robert Clisdell <i>Non-Executive Director</i>		Bradley Buswell <i>Independent Non-Executive Director</i>	

Core Team

Oleg Vornik <i>CEO / Managing Director</i>		Claire Newey <i>Chief Financial Officer</i>	
James Gatley <i>Chief Operating Officer</i>		Dan Stamm <i>Chief Commercial Officer</i>	
John Franklin <i>Chief Scientist</i>		Angus Bean <i>VP of Product Design</i>	
Guillaume de Boyer <i>Senior Software Engineer</i>		Adrian Levett <i>Senior Industrial Designer</i>	
Hedley Boyd-Moss <i>Vice President, Engineering</i>		Muhammad Abdulla <i>Senior Software Engineer</i>	
Albert Newell <i>General Counsel</i>		Dean Jagger <i>Company Secretary</i>	
Lawrence Marychurch <i>Product Coordinator</i>			





Capital Structure

- Over 1,500 shareholders
- Approx A\$8 million in market liquidity over the recent 12 months

	Shares (ASX:DRO)	Unlisted Options	Performance Shares
Total	169,956,226	56,391,548	30,000,000

Enterprise Value		
DRO shares	A\$0.17 / share ¹	A\$28.89m ²
Cash	As at 30 June 2018	(A\$2.05m)
Debt	As at 30 June 2018	nil
Enterprise Value		A\$26.84m

¹ As at 16 October 2018

² Excluding unlisted options and performance shares



Hon. Christopher Pyne (Australian Minister for Defence)
holding DroneGun Tactical at DSA 2018 exhibition



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DroneSentinel



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