



Hon Christopher Pyne (Australian Minister for Defence Industry) with DroneGun Mk1

Drone security systems | A first-mover in a global industry | Sydney, Australia and Virginia, USA

ASX:DRO (shares) and ASX:DROO (options)

Investor Presentation | October 2017



[Click here](#) to watch an ISIS video of ISIS drone attacks



[Click here](#) to watch a two minute video of FBI director Christopher Wray and Nicholas Rasmussen, Director of the National Counterterrorism Center testify on drone threats before the U.S. Senate Committee on Homeland Security & Governmental Affairs in Washington on September 26, 2017

- ▶ FBI Director: Terrorist drones ***“coming here imminently...”***
- ▶ National Counterterrorism Center Director: *“Two years ago this wasn’t a problem, one year ago it was an emerging problem and ***now it’s a real problem.***”*

THE ISSUE (CONTINUED)



- ▶ September 25, 2017, *Daily Mail* – Pentagon reported to have launched **US\$700 million drone-fighting program** to combat ISIS using drones on the battlefield.
- ▶ September 28, 2017, *Washington Examiner* – Former Secret Service agent: drone "swarm attacks" pose "grave threat" to President Trump. Terrorists **have considered drones "for a long time,"** and **"the real threat comes from the more spectacular swarm attacks."**
- ▶ September 24, 2017, *Australian Financial Review* – Australian Senator Barry O'Sullivan, a former air crash investigator, says that a collision between an aircraft and a drone is a **"catastrophe waiting to happen"** and that **"we must get out in front of this so we can restore, as best we can, air safety."**
- ▶ September 22, 2017, *NY Post* - Drone hits Army helicopter over New York. "As that drone came apart, a piece of it was right at the bottom of the main rotor system... which is very distressing that something would be able to get in there. **And that has always been the thing that we worry about constantly.**"
- ▶ July 7, 2017, *NY Times* - A South Carolina inmate broke out of a maximum-security prison using wire cutters that were apparently flown in by drone, officials said Friday, **"describing a new and devilishly hard-to-stop means of escape"**.
- ▶ May 2017, *Defense News* - General Raymond Thomas, head of U.S. Special Operations Command, said small ISIS drones were the **"most daunting threat"** his troops faced in Iraq and Syria in 2016. He recalled once during the battle for Mosul when **the coalition forces' "effort nearly came to a screeching halt"** because the sky was filled with buzzing robotic aircraft. "At one point there were 12 killer bees, if you will, right overhead... **and our only available response was small arms fire.**"

KEY INVESTMENT HIGHLIGHTS



- ▶ **An established player in the market – has made early U.S. and international sales:**
 - ▶ Limited competition
 - ▶ Land grab is on, significant first mover advantage
- ▶ **Complete drone defence solution:**
 - ▶ DroneGun – portable rifle style drone jammer
 - ▶ DroneSentinel – the most extensive drone detection product in the marketplace with radar, RF, thermal, optical and acoustic sensors working together
 - ▶ DroneSentry – DroneSentinel with a built-in drone jammer
- ▶ **US\$12 billion+ addressable market - hundreds of thousands of potential customer installations**
- ▶ **Substantial sales pipeline – approximately 90 contracts pursued globally ranging up to US\$45,000,000 each**
 - ▶ Including the United States, the United Kingdom, Australia, France, South Korea and Spain
 - ▶ Well positioned in competitive tenders, and direct non-competitive sales processes with military, law enforcement, civil infrastructure and head of state/presidential customers



Major General Kathryn Toohey (Head of Land Capability of the Australian Army) with DroneGun MkII in September 2017

KEY INVESTMENT HIGHLIGHTS (CONTINUED)



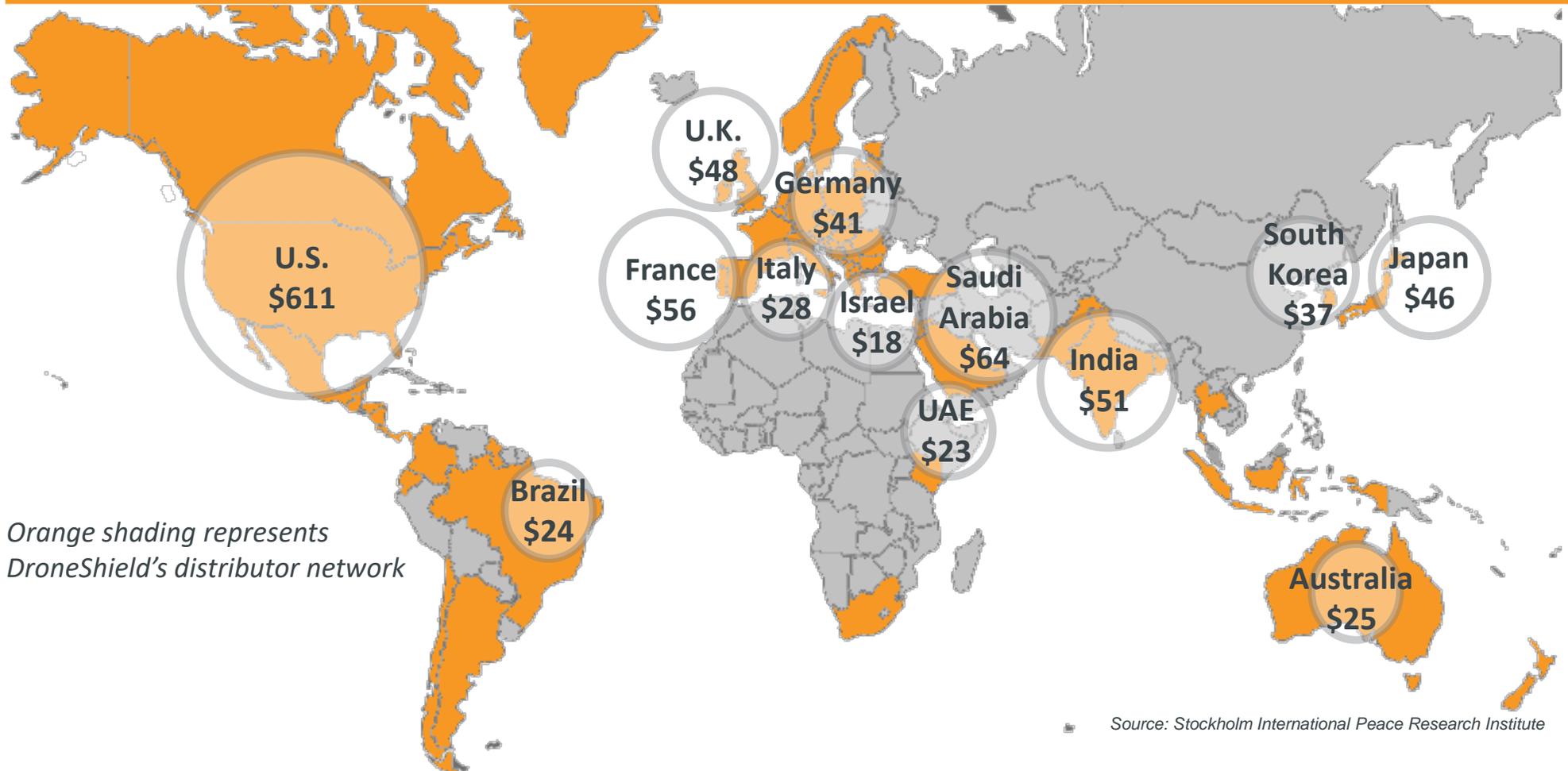
- ▶ **Governmental procurement cycles are long; however, the Company believes it is well advanced in those given its early mover advantage**
- ▶ **Global network of 60 distributors in 50 countries**
- ▶ **High calibre management, Board of Directors and Advisory Board, including:**
 - ▶ Dr Samantha Ravich, a former Deputy National Security Advisor to Vice-President Cheney
 - ▶ Admiral Jay Cohen (Ret) former Chief of Naval Research (Chief Technology Officer) of the U.S. Navy
- ▶ **Multiple corporate opportunities**



A NEW, LARGE AND UNSERVED GLOBAL MARKET



DroneShield's Target Markets in the Defence Vertical Alone – 2016 Global Defence Sector Spending (US\$ billions) by Country



- ▶ Other verticals seeking to protect physical assets and people are actively developing counter-drone strategies
- ▶ The above represents defence spending only. Civil infrastructure, airports (42,000), power plants (65,000), prisons (20,000), outdoor stadiums (11,000), entertainment venues and national security and law enforcement agencies expected to follow the military lead in adoption

EXAMPLES OF RECENT SALES



- ▶ **Middle Eastern military**
 - ▶ Deployment against ISIS and other terrorists organisations
 - ▶ Intended as an initial in-field evaluation unit for a larger order
- ▶ **Special forces of a G7 NATO country**
 - ▶ Deployment against ISIS and other terrorists organisations
 - ▶ Intended as an initial in-field evaluation unit for a larger order
- ▶ **Asian homeland security**
 - ▶ In-field evaluation order for protection of sensitive Government buildings of a major Asian country
- ▶ **Turkish Prime Ministry**
 - ▶ In-field evaluation order for protection of the Prime Minister's office



An operator of a NATO European country's Special Forces with DroneGun Mk1

SHORT-TERM SALES PIPELINE*



End User	Expected Value of the Specific Current Opportunity if Consummated (USD)
United States - multiple military and national security agencies	Cannot be quantified
United Kingdom - multiple military and national security agencies	Cannot be quantified
South Korea - multiple military and national security agencies	Cannot be quantified
Australia - multiple military and national security agencies	Cannot be quantified
France - multiple military and national security agencies	Cannot be quantified
Spain - multiple military and national security agencies	Cannot be quantified
Middle Eastern Country #1 – Ministry of Defence	\$45,000,000
Middle Eastern Country #2 – Ministry of Defence	\$22,000,000
Central American Country #1 – Multiple military and national security agencies	\$7,900,000
South East Asian Country #1 – Government Facilities	\$6,400,000
Central Asian Country #1 - Government Facilities	\$2,500,000
South East Asian Country #2 – Army and Air Force	\$2,000,000
South East Asian Country #3 - Correctional Facilities, Critical Infrastructure and Police	\$1,800,000
South East Asian Country #4 – Royal Police and Government Infrastructure	\$1,100,000

* This slide refers to DroneShield's sales pipeline and specific sales opportunities. However, none of the sales opportunities listed have resulted in sales and, necessarily, not all (and there can be no assurance that any) of these sales opportunities will result in sales.

SHORT-TERM SALES PIPELINE*



End User	Expected Value of the Specific Current Opportunity if Consummated (USD)
Middle Eastern Country #3 – Royal Court	\$1,000,000
Middle Eastern Country #4 – National Security Agency	Between \$500,000 and \$1,000,000
South East Asian Country #5 – Army	Between \$500,000 and \$1,000,000
African Country #1 – Army, Civil Aviation Authority	Between \$500,000 and \$1,000,000
European Country #1 - Ministry of Defence	Between \$500,000 and \$1,000,000
South American Country #1 – Critical Infrastructure	Less than \$500,000
Central Asian Country #2 – Special Forces	Less than \$500,000
Central American Country #2 – Critical Infrastructure	Less than \$500,000
European Country #2 - Ministry of Defence	Less than \$500,000
South East Asian Country #6 - Ministry of Defence	Less than \$500,000
European Country #3 - Special Forces	Less than \$500,000
South American Country #2 - Prime Minister	Less than \$500,000
South East Asian Country #7 - Critical Infrastructure	Less than \$500,000
South American Country #3 - Multiple military and national security agencies	Less than \$500,000
South East Asian Country #8 - Ministry of Defence	Less than \$500,000
Central Asian Country #2 - Special Forces	Less than \$500,000
African Country #2 – Government Facilities	Less than \$500,000
Other Miscellaneous End User Discussions	Cannot be quantified

*See the footnote on slide 8.

DRONEGUN – COMPETITIVE ADVANTAGES



- ▶ **Universally targets a wide range of drones:**

- ▶ Effective against over 99% of commercial drones on the market today
- ▶ Avoids “arms race” with drone manufacturers
- ▶ Does not require a separate “hack” program for each individual drone type

- ▶ **Safe and effective solution for neutralizing the threat of drones:**

- ▶ Directs the drone to fly back to its starting point or land vertically on the spot in a controller manner
- ▶ The drone does not drop down unlike kinetic or net-based systems, which could create casualties and/or property damage if the drone is carrying a dangerous substance or falls on a person or an object

- ▶ **Significant range coupled with precision:**

- ▶ Over 2km effective range
- ▶ Directional jamming – more effective vs omni jammers, no unnecessary 360 degree signal pollution

- ▶ **Tactical benefits:**

- ▶ Portable – can be easily carried by a single person
- ▶ Gun shape: greater appeal to military and law enforcement than a “box with antennas”



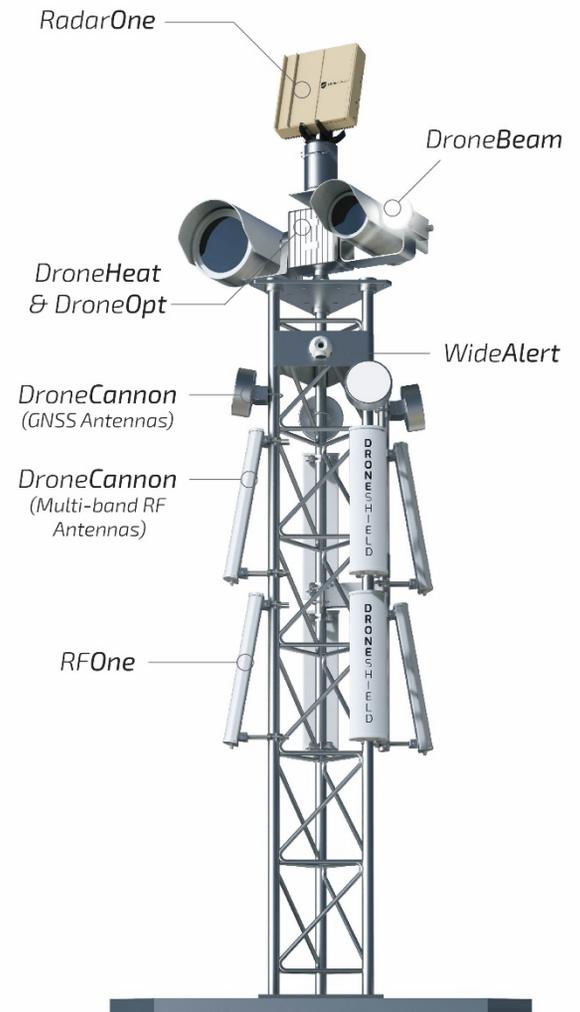
Recent demonstration to Special Forces of a European country

DRONESENTINEL / DRONESENTRY – COMPETITIVE ADVANTAGES



RadarOne	▶ 360 degree radar, detection up to 1.5km away
RfOne	▶ 360 degree RF, detection up to 1km away
WideAlert and FarAlert	▶ Acoustic detection up to 500m away, as well as at close range
DroneOpt, DroneHeat, DroneBeam	▶ Optical and thermal cameras

- ▶ **The only product with these multiple detection methods**
- ▶ **Non-line of sight detection**
 - ▶ Detects drones behind objects (via RF and acoustic sensors)
- ▶ **Night-time detection**
 - ▶ Via RF, acoustic, thermal and optical (with DroneBeam support) sensors
- ▶ **Low flight detection**
 - ▶ Drones can fly very low, barely over the fence lines
- ▶ **Detection range**
 - ▶ Up to 1.5km detection via RadarOne and RfOne sensors
 - ▶ Long range capability (5-10km) radar can be “blind” at near distances (sub few hundred meters)
- ▶ **Effective coverage area**
 - ▶ 360 degrees horizontally for RadarOne, RfOne, and WideAlerts - no cueing needed
- ▶ **False alarms reduced through multi-sensor detection**
- ▶ **Markedly less expensive than any comparable product**



ADDITIONAL CORPORATE CONSIDERATIONS



- ▶ **The counter-drone industry has a number of similarities to well established sectors like the pharmaceutical and oil & gas industries:**
 - ▶ Large established companies limit investment in R&D to enhance short-term profitability
 - ▶ Larger defence “primes” partner with or acquire smaller companies as they start to develop traction in the market place
- ▶ **DroneShield has received strategic interest from a number of industry players including global defence companies:**
 - ▶ Ongoing negotiations with a number of large companies in the United States, United Kingdom, France, Israel and Sweden
 - ▶ Partnerships expected to open new sales channels and further validate DroneShield’s product portfolio
 - ▶ Approached by specialist defence industry U.S. investment banks
- ▶ **Platform for growth in adjacent technologies servicing the national security and defence markets:**
 - ▶ DroneShield has identified multiple assets which have strategic value to DroneShield
 - ▶ Each asset provides multiple opportunities for realizing synergies given the complementary nature of technologies, business models and targeted customers
- ▶ **Potential to receive non-dilutive financial support:**
 - ▶ Applied for a multi-million dollar grant under Australia’s Defence Innovation Hub, where the Centre of Defence Industry Capability has identified electronic warfare as one of its areas of focus*
 - ▶ Actively evaluating other grant programs in the United States and Australia*

*There is no guarantee that the Company will secure these or any other grants

MARKET COMPARABLE



	DroneShield Limited (ASX:DRO)	Department 13 International Limited (ASX:D13)
Market capitalisation <i>(September 27, 2017 - undiluted)</i>	▶ A\$29 million	▶ A\$55 million
Product	<ul style="list-style-type: none"> ▶ Jamming – universal to all drone models ▶ Detection – multiple detection methods in one product - including radar, radiofrequency, acoustic, thermal and optical sensors 	▶ “Hacking” technology only – individual approach required for each drone model
Go to market sales strategy	▶ 60 distributors in 50 countries	▶ Limited distribution
Deployments	▶ Dozens of prior deployments	▶ Two prior deployments reported (through an Australian distributor and a South Asian distributor)
Quarterly burn rate*	▶ A\$1.3 million	▶ A\$1.8 million

Note: Quarterly burn rate defined as average quarterly net burn between March 2016 and June 2017.

CAPITAL STRUCTURE

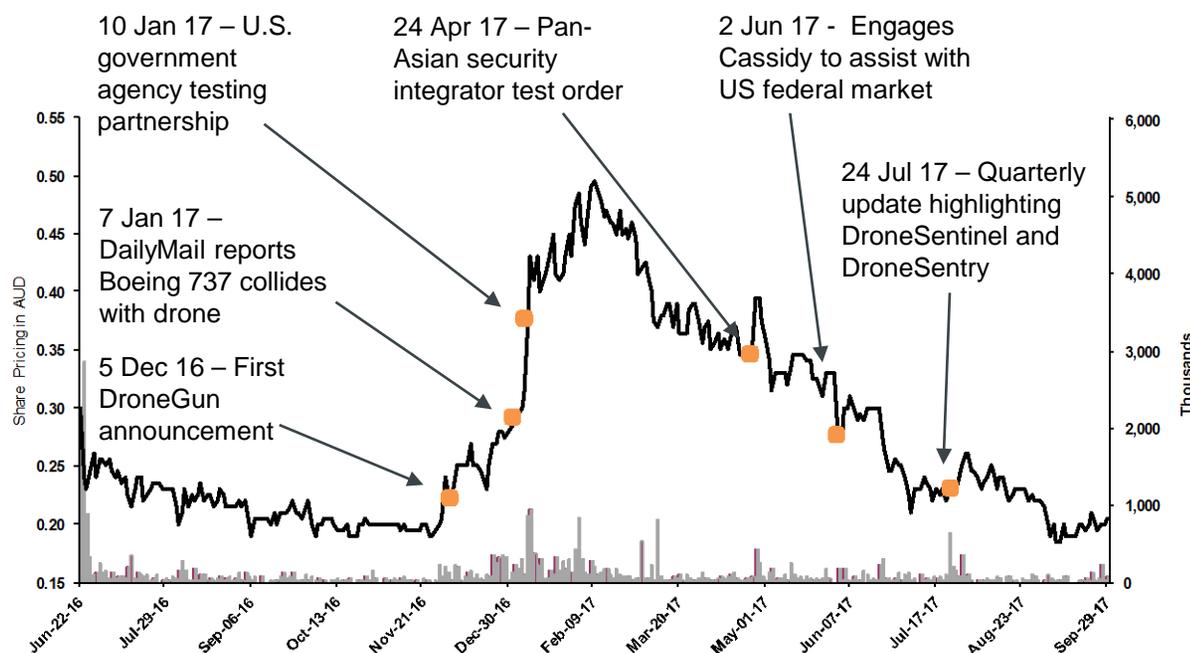


- ▶ 855 shareholders
- ▶ A\$8.2 million in market liquidity over the recent 12 months

Shareholders	Shares (ASX:DRO)	Listed Options (ASX:DROO)	Performance Shares and Unlisted Options
Shareholders	144,785,892	30,659,004	45,000,000
Options	-	-	28,650,000
Total	144,785,892	30,659,004	73,650,000

Enterprise Value		
DRO shares	A\$0.20 / share	A\$29.0m
DROO options	A\$0.04 / option	A\$1.2m
Cash	As at 30 Jun 2017	(A\$2.8m)
Debt	As at 30 Jun 2017	nil
Enterprise Value	Excluding unlisted options	A\$27.4m

Share Price and Trading Volume - Since IPO



BOARD OF DIRECTORS



Peter James, Independent Non-Executive Chairman



Mr. James has over 30 years' experience in the Technology, Telecommunications and Media Industries, and has extensive experience as Chair, Non-Executive Director and Chief Executive Officer across a range of publicly listed and private companies. He is currently Chair of ASX-listed companies Aquabotix, Dreamscape Networks, Macquarie Telecom and nearmap.

Mr. James has recently completed 12 years as a Non-Executive Director for ASX-listed iiNet, Australia's second largest DSL Internet Services Provider, chairing iiNet's Strategy and Innovation Committee. iiNet was recently acquired by TPG Telecom for AUD \$1.56b.

He travels extensively reviewing innovation and consumer trends primarily in the US and also Asia and he is a successful investor in a number of Digital Media, e-commerce and Technology businesses in Australia and the US.

Mr. James is an experienced business leader with significant strategic and operational expertise. He is a Fellow of the Australian Institute of Company Directors, a Member of the Australian Computer Society and holds a BA Degree with Majors in Computer Science and Business.

Oleg Vornik, Chief Executive Officer and Managing Director



An experienced financier with investment banking and treasury experience at the Royal Bank of Canada, Leighton Contractors, Brookfield, Deutsche Bank and ABN AMRO.

Mr. Vornik was the Chief Financial Officer of DroneShield prior to his appointment as CEO and MD. Prior to DroneShield, he was an investment banker with the Sydney office of the Royal Bank of Canada, and held roles with Brookfield Asset Management, Deutsche Bank and ABN AMRO in Australia and New Zealand as well as the position of a Treasurer at Leighton Contractors.

Mr. Vornik holds a BSci (Mathematics) and BCom (Hons) from University of Canterbury, New Zealand and has completed a business program with Columbia University in New York.

BOARD OF DIRECTORS



Dr. Samantha Ravich, Independent Non-Executive Director



Dr. Samantha Ravich is the former Deputy National Security Advisor for Vice President Cheney and served in the White House for 5½ years where she was the Vice President’s representative on Asian and Middle East Affairs as well as on Counter-Terrorism and Counter-Proliferation. Dr. Ravich was an early angel investor in DroneShield.

Following her time at the White House, Dr. Ravich was the Republican Co-Chair of the Congressionally-mandated National Commission for Review of Research and Development Programs in the United States Intelligence Community. Dr. Ravich is now the CEO of A2P, a social data analytics firm, as well as the Principal Investigator on the recently released monograph, “Cyber-Enabled Economic Warfare: An Evolving Challenge.” She also serves as an advisor to The Chertoff Group and Freedom Capital Investment Management. She received her Ph.D. in Policy Analysis from the RAND Graduate School and her MCP/BSE from the University of Pennsylvania/Wharton School. Her book, “Marketization and Democracy: East Asian Experiences,” (Cambridge University Press) is used as a basic textbook in international economics, political science, and Asian studies college courses. Ravich is member of the Council on Foreign Relations and serves as an advisor to the US Intelligence Community. Dr. Ravich is a frequent keynote speaker on international security, cyber, and the future of intelligence.

Robert Clisdell, Non-Executive Director



Mr. Clisdell is based in Sydney and is the Vice-President at Bergen Capital (Australia) Ltd, an affiliate of the Company's largest shareholder.

Prior to Bergen, Mr. Clisdell led the middle market corporate advisory practice for Credit Suisse's Private Bank in Melbourne. Prior to Credit Suisse, Mr. Clisdell was an M&A banker with Caliburn Partnership (now Greenhill & Co.) in Sydney, and worked in Equity Capital Markets at Ord Minnett Corporate Finance. Mr Clisdell began his career with Arthur Anderson and qualified as a Chartered Accountant in 2005. He holds a Bachelor of Commerce from the University of Sydney and a Graduate Diploma in Applied Finance from FINSIA.



Hon. Jay M. Cohen, Rear Admiral, United States Navy (Ret.), Member



Admiral Jay M. Cohen is a former Chief of Naval Research (United States Navy) and has served as the Department of the Navy Chief Technology Officer.

Admiral Cohen is a graduate of the United States Naval Academy and holds a joint Ocean Engineering degree from Massachusetts Institute of Technology (MIT) and Woods Hole Oceanographic Institution and Master of Science in Marine Engineering and Naval Architecture from MIT. Earlier in his career, he commanded USS Hyman G. Rickover and served on the U.S. Atlantic Fleet before commanding the submarine tender USS L.Y Spear including a deployment to the Persian Gulf in support of Operation Desert Storm.

Admiral Cohen was promoted to the rank of Rear Admiral in 1997 and reported to the Joint Staff as Deputy Director for Operations responsible to the President and Department of Defense leaders for strategic weapons release authority. In June 2000, he became the 20th Chief of Naval Research. He served during the war as the Department of the Navy Chief Technology Officer, responsible for the \$2B+/year Navy and Marine Corps Science and Technology (S&T) Program. Unanimously confirmed by the US Senate, he was sworn in as Under Secretary for Science & Technology at the Department of Homeland Security in 2006. Since leaving government, Admiral Cohen serves on corporate boards and is an independent consultant for science and technology in support of U.S. and international defence, homeland security and energy issues and solutions.



Claire Newey, Chief Financial Officer



An experienced Chartered Accountant with 12 years of international financial reporting, management and advisory experience, across public and private companies spanning various industries.

Prior to joining DroneShield, Ms. Newey was Group Finance Manager with GrainCorp (ASX 100). She has previously worked at Deloitte (Sydney and London) as a Director and with global chemical group Adama, as Chief Financial Officer for Switzerland and European Financial Controller.

Simon Woodward, Chief Technology Officer



A diverse engineering skillset, with leadership experience in large scale technological implementation projects across hardware and software platforms.

Mr. Woodward previously held a number of high profile technical and engineering roles in communications and banking industries in Australia and Europe. He was also the founder of several businesses including Wholesale Communications Group, which rapidly become the largest non-retail telecommunications provider in Australia before being acquired by ASX-listed M2 Group Limited (ASX:MTU). Simon has studied Material Engineering, Physics, IT and Computer Science at the University of Wollongong. Simon is certified in PRINCE2 project management.

Josh Desmond, Vice President Sales



Mr. Desmond brings over 15 years of experience in business management, sales, and operations. Mr. Desmond has extensive experience working with law enforcement and government agencies, at the local, state, and federal levels in the United States.

Mr. Desmond's career began as a federal law enforcement officer. After a short time, he transitioned into a role within the intelligence community where he spent most his career as a targeting officer, serving TDY's in two different warzones.

After his time in the intelligence community, Mr. Desmond then worked for an organization where he was responsible for development and growth of the Public Safety vertical for over half of the United States. Most recently Mr. Desmond was the Director of Sales for a company providing innovative software and SaaS fleet management solutions serving the transportation sector.



Casey Betzold, Vice President Sales



Mr. Betzold brings over 15 years of experience in US and International business development and sales.

Mr. Betzold has extensive experience working with all major market segments world-wide specific to the defense and outdoor industries to include government and law enforcement agencies, commercial, and OEM markets.

After separating from the Air Force as a Captain, he spent time with well known members of the defense and outdoor industry to include working in business development and sales for ATK and later Beretta.

Most recently, Mr. Betzold was CEO of Snake River Shooting Products and Consulting Inc, a manufacturing and distribution company in the outdoor industry focused in the areas of ammunition, components, and accessories.

John Franklin, Chief Scientific Officer



Mr. Franklin holds a M.Sc. in Applied and Computational Math from Johns Hopkins University.

Previously, he was a member of the research staff at the Air and Missile Defense Sector at Johns Hopkins University Applied Physics Laboratory, and Adjunct Research Associate (Science and Technology Division) at the Institute for Defense Analyses.

Anand Sundaraj, Company Secretary



Mr. Sundaraj is a Principal and Solicitor Director of Whittens & McKeough Lawyers and Consultants, with prior positions at law firms Allen & Overy, King & Wood Mallesons and Herbert Smith Freehills as well as for global investment bank Credit Suisse. He is the company secretary of several ASX listed companies.

Anand specializes in mergers & acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including ASX Listing Rules compliance.

Prior to joining Whittens, Anand worked for international law firms Allen & Overy, King & Wood Mallesons and Herbert Smith Freehills as well as for global investment bank Credit Suisse.

WHY INVEST IN DRONESHIELD



- ▶ **A brand new, cutting-edge industry at the forefront of the robotics revolution**
- ▶ **A leader in that industry**
- ▶ **Unique proprietary products**
- ▶ **A large and untapped market**
- ▶ **A skilled and motivated team**
- ▶ **Ability to sell has been validated by early prior sales**
- ▶ **An extensive sales pipeline expected to produce short-term results**
- ▶ **Potential for substantial partnerships and other corporate developments given the interest in the industry on the part of larger players**

APPENDIX - MORE ON THE ISSUE



Click on the video links above to see more on the threats of weaponized drones

DRONE SECURITY | A FIRST-MOVER IN A GLOBAL INDUSTRY



IMPORTANT CAUTIONARY NOTE



The information contained in this document is for information purposes only and does not constitute financial product advice, legal advice, an offer to sell, or a solicitation of an offer to purchase, any securities. This document contains "forward-looking statements". Forward-looking statements include information concerning growth, pricing, future strategic objectives, business prospects, industry or market conditions, demand for and pricing of our products, regulatory developments and general economic conditions. In addition, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or conditional verbs such as "will," "may," "could," "should," and "would," as well as all other statements that necessarily depend on future events, are intended to identify forward-looking statements. Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. Although DroneShield Ltd ("DRO") make such statements based on assumptions that it believes to be reasonable, there can be no assurance that actual results will not differ materially from those expressed in the forward-looking statements. DRO cautions investors not to rely unduly on any forward-looking statements and expressly disclaims any obligation to update any forward-looking statement in the event it later turns out to be inaccurate, whether as a result of new information, future events or otherwise. Particular uncertainties that could cause DRO's forward-looking statements to be materially different from what transpires in the future include: patent approval (or a lack thereof), pricing of product, customer acquisition, team expansion, ability to compete, changes in law, economic and financial conditions, availability and cost of funding, the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, press coverage, and other factors. This document refers to DRO's sales pipeline and specific sales opportunities. However, none of the sales opportunities listed have resulted in sales and, necessarily, not all (and there can be no assurance that any) of these sales opportunities will result in sales. This document is subject to modification and amendment from time to time. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of DRO since the date hereof, or that the information herein is correct as of any date subsequent to the date hereof. To the full extent permitted by law, none of DRO's, DroneShield, LLC's or any of their respective shareholders or members, or any shareholders, members, partners, directors, managers, officers, employees, advisers, counsel, agents or other affiliates of DRO, DroneShield, LLC or any of their respective shareholders or members, or any party involved in creating, producing, or delivering this document, shall be liable for any direct, incidental, consequential, indirect, punitive or other damages that result, or arise, from or in connection with, or are related to the use of, or the inability to use, this document or the content thereof.

Copyright DroneShield Ltd 2017. All rights reserved. Except as otherwise permitted by DRO, no materials from this document may be copied, reproduced, republished, uploaded, posted, transmitted, modified or distributed in any way.