

24 April 2017

ASX RELEASE

G7 Military Order

- **DroneGun test unit purchased by one of the Company's distributors, understood to be deployed for testing in the Middle East by the military of a G7 country.**
- **First sale of DroneGun for use by major military.**
- **Continuous escalation of drone related terrorist activity in the region.**

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") is pleased to announce a sale of its DroneGun tactical drone jammer product to the military of a G7 country through the Company's distributor. It is understood that the DroneGun will be deployed for testing in the Middle East. While the fact that the sale involved only one test unit means that the revenue from the sale is not material, the sale is important in that this is the first sale of DroneGun to the military of a G7 country. The sale illustrates the increased need for drone security systems globally and the increased acceptance of DroneShield as a leader in the industry, capable of delivering an immediate working and cost-effective solution to its end users, without the need for further development.

For clarity, consistent with the Company's strategy of relying on its distributors, the sale was made to the Company's distributor Zariba Security, who the Company understands then provided the product to the end user (and as is customary for companies utilizing distributor networks, the Company has no contractual relationship with the end user).

The sale comes as ISIS and other non-state actors rapidly increase their use of consumer/commercial drones for terrorism, as illustrated by recent video footage by The New York Times, in which an ISIS drone dropped a grenade near the reporter, who described the drones as "*tough targets, menacing for the battalion, and potentially deadly*"¹.



Image: An Iraqi soldier attempts to shoot a drone. Their small size makes it difficult to target them with bullets. Source: The New York Times (14 April 2017)

¹ <https://www.nytimes.com/video/world/middleeast/100000005040770/isis-drone-attack-mosul.html?smid=tw-share>

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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