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ASX RELEASE

2017 CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Good morning ladies and gentlemen. My name is Peter James. I am the Independent Non-Executive Chairman of Droneshield Limited. On behalf of the Board, it is my pleasure to welcome you to the 2016 Annual General Meeting.

It is now 10:30am and there being a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted.

I would like to introduce you to the rest of the Board:

- Oleg Vornik - CEO and Managing Director
- Robert Clisdell - Non-Executive Director

Unfortunately, Dr Samantha Ravich who is based in the US, wasn't able to attend today's AGM and we have received an apology.

Also present is the Company's auditor, Aidan Smith of HLB Mann Judd, and the Company Secretary, Anand Sundaraj of Whittens & McKeough.

The agenda for today's meeting is as follows:

- I will provide the Chairman's address;
- following which, we'll proceed to the more formal matters to be considered today, as set out in the Notice of Meeting that was despatched to all shareholders on 24 March 2017.
- Mr Vornik will provide an update on the business and the outlook for 2017; and
- finally, there will be an opportunity for questions and discussion.

After the meeting has closed, I invite you to stay for tea and coffee and our Directors and executive staff who are here today can answer any further questions you might have.

I am pleased to present to you today my review of 2016, my first as Chairman and the first for DroneShield as a publicly listed company, and an overview of DroneShield's prospects going forward.

First let me introduce to you our CEO and Managing Director, Oleg Vornik. Oleg has significant commercial and financial expertise from senior roles with a number of global businesses, and is now successfully translating this experience to DroneShield.

Let me also introduce you to Claire Newey, our Chief Financial Officer.

The 2016 financial year has seen a significant growth of the business and the public listing in June 2016. The IPO shareholders have enjoyed approximately a 100% appreciation in the value of their shareholdings (including the value of their attached options). This value appreciation reflects a number of factors, including early sales to large customers, demonstrated potential for large sales, the rapidly growing size of the counterdrone market, product development, team build out, and the macro environment for the industry.

The need for DroneShield products continues to grow quickly, with almost daily incidents globally across all verticals that we cover – military, prisons, law enforcement, airports, events, critical infrastructure and VIP security.

DroneShield is well positioned to take full advantage of this opportunity. It has been shipping product to

paying customers since the beginning of the industry in early 2014, a premium well-recognised industry name, and has intellectual property patents and trademarks to support its position. Its acoustics detection technology is unique globally, offering a number of advantages over other detection methods. Since launch, its DroneGun portable rifle drone jammer has received very substantial global publicity by both the media and customers, with paid early deployments including by the Swiss Police at the World Economic Forum in Davos this year.

The company has achieved its stated objective at the time of the IPO to ramp up its sales and engineering teams, which are now largely in place across Australia and US, working seamlessly.

The company has no debt, and a balance sheet of approximately \$3.1m as at end of last month. I am confident of continued improvements in the Group's financial results with a strong sales pipeline and new and improved products due for release, supported by significant industry tailwinds. We enter 2017 with a confident outlook.

I am very proud of the achievements of the company to date. I would sincerely like to thank the hard work and effort of our Board of Directors, our CEO and Managing Director Oleg Vornik and his executive team. We appreciate the invaluable contribution of our loyal and dedicated employees, my fellow shareholders, our global network of distributors and of course the tremendous support of our customers.

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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