



1 June 2017

ASX RELEASE

Underwritten Share Purchase Plan (SPP)

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DroneShield Limited ("**DRO**" or the "**Company**") is pleased to offer eligible shareholders the opportunity to apply for new, fully-paid ordinary shares ("**Shares**") in the Company ("**Offer**") under a Share Purchase Plan (the "**SPP**").

Funds raised under the SPP will be used towards the following.

- Further development of the Company's existing drone security products to meet specific customer requirements (such as portable carried detection units and others).
- Development and integration of additional detection and countermeasure technologies, to enable the Company to be a prime counterdrone integrator to militaries, civil infrastructure and other customers.
- Rollout of new products, such as DroneSentry (with an integrated detect and defeat capability).
- Expansion of the Company's sales and marketing effort globally.
- Potentially taking advantage of licensing and M&A opportunities in the Company's industry that may present themselves in the future.
- General working capital.

The SPP is underwritten by Patersons Securities Limited ("**Underwriter**") up to the amount of \$1,000,000 ("**Underwritten Amount**"). The Underwriter is also acting as Lead Manager to the Offer.

The SPP provides the opportunity for eligible shareholders to subscribe for up to \$15,000 worth of Shares (under a range of amounts) without incurring brokerage or other transaction costs.

The issue price will be determined at the issue date of Shares under the SPP based on a 20% discount to the volume weighted average price ("**VWAP**") of Shares traded on the ASX during the 5 days immediately prior to the issue date of the Shares under the SPP.

The Directors have determined that offers under the SPP will be made to eligible shareholders, being those who are the registered holders of Shares as at 7:00pm (Sydney time) on 31 May 2017 ("**Record Date**"), and whose address in the Company's register is in Australia or New Zealand.

The Directors reserve the right to expand the size of the SPP (subject to ASX Listing Rules) or scale back SPP acceptances at their discretion. Additionally, the Company may, in consultation with the Underwriter, elect to undertake a placement of additional shares at the same price as those under the SPP ("**Top-Up Placement**"). The maximum number of Shares that may be issued under the Top-Up Placement is equal to the Company's placement capacity under Listing Rules 7.1 and 7.1A which is currently 34,787,748 Shares. Full details of the underwriting and Top-Up Placement can be found in the offer document to shareholders.

Peter James, DroneShield's chairman, commented: "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. Customer requirements vary, and some include the need for integration of multiple detection and defeat methods into the Company's products. This underwritten SPP will allow the Company to develop its products further in order to meet the evolving customer requirements and thus position DroneShield as a prime counterdrone security contractor, with a multi-product detect and defeat capability that is based on multiple detection and countermeasure methods."

Full details can be found in the accompanying offer document to shareholders, the SPP terms and conditions and the Application Form for eligible shareholders.

For and on behalf of DroneShield Limited



Peter James
Non-Executive Chairman

If you have any questions, please contact the Company's share registry, Automic, on 1300 288 664.

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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