

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	DroneShield Limited
ABN	ABN 26 608 915 859

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Peter James
Date of last notice	1 December 2020

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct and Indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	Indirect interest in the name of Christie James Funds Management Pty Ltd held by Bond Street custodians
Date of change	27 May 2021
No. of securities held prior to change	3,452,522 fully paid ordinary shares 6,600,000 unlisted zero exercise price options, vesting if certain performance milestones are met, each exercisable at \$0.00 per option, expiring on 15 August 2021. 397,500 unlisted and unvested zero exercise price options, vesting if certain performance milestones are met, each exercisable at \$0.00 per option, expiring on 30 November 2022. 265,000 unlisted and unvested employee options (being the Class Q Options), vesting (in equal tranches) on 30 November 2021 and 30 November 2022, each exercisable at \$0.65 per option, expiring on 30 June 2023.

+ See chapter 19 for defined terms.

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Class	Zero exercise price options
Number acquired	6,600,000 zero exercise price options The 6,600,000 Options will vest on a "one or the other basis" to the existing 6,600,000 Zero Exercise Price Options already held by Mr James which are due to expire in August 2021 (Existing ZEPOs). This means that either the Existing ZEPOs or the new Options are capable of vesting, but not both.
Number disposed	Nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	Nil cash consideration. Issue of zero exercise price options as approved by shareholders at the Annual General Meeting held on 28 April 2021. Further details on the issue can be found in the Notice of Meeting released to ASX on 18 March 2021.
No. of securities held after change	3,452,522 fully paid ordinary shares 6,600,000 unlisted zero exercise price options, vesting if certain performance milestones are met, each exercisable at \$0.00 per option, expiring on 15 August 2021. 397,500 unlisted and unvested zero exercise price options, vesting if certain performance milestones are met, each exercisable at \$0.00 per option, expiring on 30 November 2022. 265,000 unlisted and unvested employee options (being the Class Q Options), vesting (in equal tranches) on 30 November 2021 and 30 November 2022, each exercisable at \$0.65 per option expiring on 30 June 2023. 6,600,000 unlisted and unvested zero exercise price options, vesting if certain performance milestones are met, each exercisable at \$0.00 per option, expiring on 31 August 2024.
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Issue of unlisted zero exercise price options as approved by shareholders at the Annual General Meeting held on 28 April 2021.

+ See chapter 19 for defined terms.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	N/A
Nature of interest	N/A
Name of registered holder (if issued securities)	N/A
Date of change	N/A
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	N/A
Interest acquired	N/A
Interest disposed	N/A
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	N/A
Interest after change	N/A

Part 3 – ⁺Closed period

Were the interests in the securities or contracts detailed above traded during a ⁺closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

⁺ See chapter 19 for defined terms.