
DRONESHIELD LIMITED
ACN 608 915 859
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 1:00pm (AEST)

DATE: 3 June 2024

PLACE: Automic Group, Level 5, 126 Phillip St, Sydney NSW 2000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 1:00pm AEST on 1 June 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF TRANCHE 1 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 87,776,916 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 37,875,000 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

| | |
|---------------------|---|
| Resolution 1 | The Tranche 1 Placement Participants or any other person who participated in the issue or an associate of that person or those persons. |
| Resolution 2 | The Tranche 2 Placement Participants or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). |

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 9995 7280.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS

1.1 Overview

As announced on 18 April 2024 and 22 April 2024, the Company has launched an equity raising to fund the build-up of inventory to support its strong pipeline of high-quality customer opportunities and the scaling of the engineering team to accelerate development of in-house artificial intelligence (**AI**) and machine learning (**ML**) engines and capabilities for enhanced detection, identification and response of drone threats (**Capital Raising**).

Placement

The Capital Raising will predominately be undertaken by way of a fully underwritten placement of up to 125,651,916 Shares to sophisticated, professional and institutional investors at an issue price of \$0.80 per Share to raise up to approximately \$100 million (**Placement**), which will comprise of two tranches:

- (a) the first tranche comprised the issue of 87,776,916 Shares (**Tranche 1 Placement Shares**) and was completed on 29 April 2024 pursuant to the Company's existing placement capacity under Listing Rule 7.1 (ratification of which is sought pursuant to Resolution 1) (**Tranche 1 Placement**); and
- (b) the second tranche will comprise the issue of 37,875,000 Shares (**Tranche 2 Placement Shares**) which are expected to be issued on or around 7 June 2024 subject to Shareholder approval being obtained under Resolution 2 (**Tranche 2 Placement**).

Share Purchase Plan

Additionally, the Company is conducting a share purchase plan to raise an additional \$5 million, with the ability to raise more or less subject to a maximum amount of \$15 million (**SPP**).

Under the SPP, eligible Shareholders may each apply for up to \$30,000 of new Shares at an issue price of \$0.80 (being the same issue price as the Placement).

Further information in respect of the Capital Raising is set out in the ASX announcement and investor presentation released on 18 April 2024 and the subsequent ASX announcement released on 22 April 2024. Further information in relation to the SPP is available in the Offer Booklet which was dispatched to Shareholders on 22 April 2024.

1.2 Use of Funds

The Company intends to apply the funds raised under the Placement and SPP in accordance with the table set out below.

| Inventory | |
|--|---------------|
| Build-up of inventory to support strong pipeline of high-quality customer opportunities, including: <ul style="list-style-type: none">• Handheld detection systems (RfPatrol Mk2) - \$31m• Handheld defeat systems (DroneGun Mk4 and DroneGun Tactical) - \$31m• On-The-Move systems (DroneSentry-x Mk2) - \$17m• Fixed site systems (RfOne, DroneCannon: components of DroneSentry) - \$1m | \$80m |
| R&D | |
| Scaling of engineering team to accelerate development of in-house artificial intelligence (AI) and machine learning (ML) engines and capabilities for enhanced detection, identification and response of drone threats | \$10m |
| Working Capital and Offer Costs | |
| Working Capital and Offer Costs | \$15m |
| TOTAL | \$105m |

Notes:

1. Assumes that Resolution 2 is approved, the Tranche 2 Placement is completed, and the Company raises \$5 million under the SPP. If no funds are raised under the Tranche 2 Placement and/or less than \$5 million is raised under the SPP, after accounting for associated offer costs, the Company will scale back funds available for inventory and R&D. If the Company raises more than \$5 million under the SPP, the additional funds will be allocated to inventory and R&D.

1.3 Lead Manager

Bell Potter Securities Limited (**Bell Potter**) is acting as the Company's corporate advisor and Bell Potter and Shaw and Partners Limited (**JLMs**) are acting as Joint Lead Managers, Bookrunners and Underwriters to the Placement. The fees payable to the JLMs are outlined in the Appendix 3B released on 22 April 2024.

1.4 Indicative Timetable

An indicative timetable for the Placement and the SPP is set out below.

| | |
|--|-------------------------|
| Record Date for SPP | 7.00pm on 17 April 2024 |
| Announcement of Tranche 1 Placement and SPP and lodgement of Appendix 3B | 18 April 2024 |
| Placement bookbuild opens | 18 April 2024 |

| | |
|--|--------------------------|
| Announcement of completion of Tranche 1 Placement and announcement of Tranche 2 Placement – trading halt lifted and trading resumes on ASX | 22 April 2024 |
| Issue of SPP Cleansing Notice | 22 April 2024 |
| Opening date for SPP and dispatch of SPP Offer Booklet | 10.00am on 22 April 2024 |
| Settlement date and lodgement of Appendix 2A for the Tranche 1 Placement | 26 April 2024 |
| Issue of Tranche 1 Placement Shares and Cleansing Notice | 29 April 2024 |
| Dispatch of Notice of Meeting | 30 April 2024 |
| Closing date for SPP | 5.00pm on 10 May 2024 |
| Announcement of result of SPP | 14 May 2024 |
| Issue of Shares under SPP and lodge Appendix 2A | 15 May 2024 |
| Quotation on ASX of Shares under the SPP | 16 May 2024 |
| Despatch of holding statements in respect of Shares issued under the SPP | 17 May 2024 |
| General Meeting | 3 June 2024 |
| Settlement date and lodgement of Appendix 2A for the Tranche 2 Placement | 6 June 2024 |
| Issue of Tranche 2 Placement Shares and Cleansing Notice | 7 June 2024 |

The above timetable is indicative only and subject to change.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF TRANCHE 1 PLACEMENT SHARES

2.1 General

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

2.2 Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

The issue of the Tranche 1 Placement Shares did not breach Listing Rule 7.1 at the time of the issue.

2.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

If Resolution 1 is not passed, the Tranche 1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

2.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Tranche 1 Placement Shares were issued to institutional, professional and sophisticated investors identified by the JLMs through a bookbuild process (**Tranche 1 Placement Participants**). In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Tranche 1 Placement Participants were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company.
- (b) 87,776,916 Shares were issued and the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Tranche 1 Placement Shares were issued on 29 April 2024;
- (d) the issue price was \$0.80 per Tranche 1 Placement Share; and
- (e) the purpose of the issue of the Tranche 1 Placement Shares was to raise \$70,221,532, which is intended to be applied as set out in Section 1.2.

3. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares.

3.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2 above.

The proposed issue of the Tranche 2 Placement Shares falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.3 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares and the Company will not be able to raise any further funds under the Placement.

3.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Tranche 2 Placement Shares will be issued to institutional, professional and sophisticated investors identified by the JLMs through a bookbuild process (**Tranche 2 Placement Participants**). In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Tranche 2 Placement Participants will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) will be issued more than 1% of the issued capital of the Company;
- (b) the maximum number of Tranche 2 Placement Shares to be issued is 37,875,000. The Tranche 2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Tranche 2 Placement Shares will occur on the same date;
- (d) the issue price of the Tranche 2 Placement Shares will be \$0.80 per Share;

- (e) the purpose of the issue of the Tranche 2 Placement Shares is to raise \$30,300,000, which the Company intends to apply as set out in Section 1.2; and
- (f) the Tranche 2 Placement Shares are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

AEST means Australian Eastern Standard Time.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in Section 1.1.

Chair means the chair of the Meeting.

Company or **DRO** means DroneShield Limited (ACN 608 915 859).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

JLMs has the meaning given in Section 1.3.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Placement has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SPP has the meaning given in Section 1.1.

Tranche 1 Placement has the meaning given in Section 1.1.

Tranche 1 Placement Participants has the meaning given in Section 2.4(a).

Tranche 1 Placement Shares has the meaning given in Section 1.1.

Tranche 2 Placement has the meaning given in Section 1.1.

Tranche 2 Placement Participants has the meaning given in Section 3.4(a).

Tranche 2 Placement Shares has the meaning given in Section 1.1.

Your proxy voting instruction must be received by **01.00pm (AEST) on Saturday, 01 June 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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