

CANCELLATION OF PERFORMANCE SHARES

PERTH, WA AND COLUMBIA, MARYLAND: DEPARTMENT 13 INTERNATIONAL LTD (ASX:D13) (“**Department 13**”, “**D13**” or “**the Company**”) is pleased to announced that the Australian Stock Exchange (“ASX”) has granted the Company a waiver from listing rule 9.7 to the extent necessary to permit the Company to amend the restriction agreements between the Company and the Performance Share Holders (“Cancellation Shareholders”) such that the Company be permitted to cancel up to 284,000,000 Performance Shares (“Restricted Securities”) held by the Cancellation Shareholders which were issued as consideration for the acquisition of Department 13 LLC, on the following conditions:

- 1.1 The Restricted Securities are cancelled for nil consideration.
- 1.2. The Company announces the terms of the waiver to the market.
- 1.3. Shareholders of the Company, including the Cancellation Shareholders, approve a selective buy-back or a cancellation by way of a selective reduction of capital in relation to the Cancellation Shares in accordance with the Corporations Act.
- 1.4. The Company conducts the selective buy back or the cancellation by way of a selective reduction of capital in relation to the Cancellation Shares in accordance with the Corporations Act.
2. ASX has considered the application of listing rule 9.7 only and makes no statement as to the Company’s compliance with other listing rules.

The selective reduction of capital will occur in accordance with the requirements of section 256C of the Corporations Act, which in these circumstances requires:

- (a) a special resolution to be passed at a general meeting of the Company; and
- (b) a special resolution to be passed at a special meeting of the Cancellation Shareholders.

The Company dispatched the Notice of General Meeting of the Company and Special Meeting of the Cancellation Shareholders on 12 June 2017 and subject to the necessary approvals being obtained, the Restricted Securities will be cancelled for nil consideration.

-ENDS-

For more information, contact

Jonathan Hunter
Chairman and CEO
Department 13
+1 703 597 6574
Jonathan@department13.com

Investor relations
Mark Wise
Department 13
+1 914 261 5574
mwise@department13.com

Media and Investor Enquiries:

Australian Media:
Jon Snowball
FTI Consulting
+61 2 8298 6100 or +61 477 946 068
jon.snowball@fticonsulting.com

US Media:
Laura Radocaj
DGI
+1 212 825 3210
lradocaj@dgi-comm.com

About Department 13

Based in Maryland, Department 13 (D13) was founded in 2010 by a team of former military operators, scientists and engineers who apply proprietary innovative advanced technology to emerging requirements. D13 is developing cutting-edge software and communication systems that have the potential to transform the networking and communication fields as well as current applications in drone defense, mobile phone IT security and secure enhanced Android phone systems. D13 is engaged with multiple counter UAS projects to provide strategic solutions for civil, military and commercial security requirements. D13 has 15 patents and 23 patent applications in the development of wireless protocol manipulation and communication networking software with applications in drone defense, local area and wide area cellular communications and networking, enhanced data bandwidth for all digital communications, cyber security for mobile devices and sophisticated RF technology applications (radiometrics). For more information about D13, please visit www.department13.com or follow us on Twitter (@D13ASX), LinkedIn and YouTube.