

First Positive Operating Cash Flow Quarter

PERTH, WA and COLUMBIA, MD USA – DEPARTMENT 13 INTERNATIONAL LTD (ASX: D13) (“Department 13”, “D13” or “the Company”) a cutting-edge developer of counter drone technology, is pleased to provide an update on activities and cash flows for the period ended 31 December 2017.

Receipts from customers were A\$2.3m for the quarter, reflecting settlement on sale of seven MESMER™ units. This resulted in D13, for the first time since listing, recording positive operating cash flow of A\$289,000 for the quarter. Additionally, the Company received purchase orders from existing customers on a further two units, which are expected to settle in the March Quarter.

Further highlights included:

1. Entering into a Teaming Agreement with Tier 1 defense contractor Raytheon in order to sell and market MESMER™ v1.5
2. The signing of exclusive distribution agreements in India and Japan
3. The granting of five US patents across both 5G airborne relay and cloud networks
4. The appointment of Sundeep Patel as Chief Financial Officer
5. Agreement by Management to a 12-month extension of escrow on 200m shares.¹

Outlook

During the quarter D13 hosted demonstrations in various markets and geographies. These demonstrations have and will continue to translate to further MESMER™ sales. In addition, current customers of the MESMER™ product have provided strong signals of repeat orders.

In this quarter D13 will be demonstrating MESMER™ to a number of different commercial and government organizations, spanning several industries and geographies. A number of these will be conducted in conjunction with Raytheon. D13 expects that the teaming with Raytheon will allow it to pursue larger opportunities for MESMER™ given Raytheon’s extensive global customer base, reputation and strong balance sheet.

Department 13’s CEO Jonathan Hunter commented: *“The December quarter was a period of strong growth for Department 13. We executed on a number of key areas, not least of which the completion of sales of MESMER™ units into key geographies and industries. The expansion of the sales and distribution network for MESMER™ provides us with confidence that the shape of the sales curve will continue to take an upward trajectory over 2018. We enter the March quarter with solid momentum, well equipped to continue to drive an established pipeline of opportunities. We continue to view the MESMER™ technology and surrounding Intellectual Property as unrivalled and see the Teaming Agreement with Raytheon as validation of this.”*

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¹ To be finalised in accordance with ASX requirements and shareholder approval

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

US Media:
Laura Radocaj
DGI
+1 212 825 3210
lradocaj@dgicomm.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 22 patents and 32 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.