

D13 Completes \$7m Tranche 1 Capital Raise

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 announce that it has placed \$7m of the first Tranche of convertible notes.

The placement resulted in the issue of 70,000,000 convertible notes, at an issue price and face value of \$0.10 each.

The key terms of the Notes issued are as follows:

Interest	12%p.a. payable quarterly in cash
Term	24 months (to 21 March 2020)
Conversion Price	Convertible at A\$0.10 per share or redeemable at face value at maturity
Conversion	Convertible at Investor’s election to ordinary shares quarterly or at maturity
Liquidity	Unlisted
Security	Secured

Further details of the Notes are set out in the Company’s prospectus lodged with ASIC and released to ASX on 21 March 2018.

The raising was cornerstoned by funds managed by Acorn Capital Limited and other high-quality institutional investors and will significantly strengthen the Company’s register.

Funds will be used to invest in demonstration units, scale up marketing and sales efforts and contribute sufficient working capital to facilitate D13s growing pipeline of sales opportunities and support the Company’s recent purchase of the Carrier Interferometry Patent Portfolio.

The Notes were issued to unrelated professional, sophisticated and other exempt investors without requiring shareholder approval using the Company’s existing capacity to issue securities under listing rule 7.1 (the “15%” capacity). An Appendix 3B in respect of the issue of the Notes accompanies this announcement.

The Company will lodge relevant EGM documentation in the coming weeks to seek shareholder approval for the Tranche 2 placement of up to 4.5 million further notes (with the same terms). A copy of the notice of meeting will be released as an announcement to ASX when it is sent to shareholders.

The raising was managed by Henslow.

Department 13 CEO, Jonathan Hunter, commented: *“I am excited to welcome Acorn Capital and a number of high quality investors to the D13 register. We look forward to utilizing this funding to continue to drive the growth of the Company and deliver the benefits of this growth to our shareholders.”*

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For more information, contact

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

Corporate Advisor
Ryan Whitelegg
Henslow
+61 418 332 051
rwhitelegg@henslow.com

Investor relations
Mark Wise
Department 13
+1 914 261 5574
mwise@department13.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 44 patents and 55 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.