

Department 13 Announces Additional Sales, Pushing Q2 Contracted Revenue to ~A\$1m

SYDNEY, NSW and COLUMBIA, MD USA – Department 13 International Limited (ASX:D13) a cutting-edge developer of counter drone technology, is pleased to announce the sale of an additional MESMER™ system to its exclusive distributor in Latin America, **Phoenix Group**.

The purchased system will support the rapidly growing interest in Counter-UAS technology throughout the LATAM region. D13 has previously deployed multiple MESMER™ units into Federal facilities in the region, which have been actively countering threats for the past year. D13 anticipates increasing sales within the region and is working with Phoenix group to actively pursue and facilitate this process.

This sale in addition to previous sales into South Korea and software updates delivered to customers in December, has resulted in D13 recording ~A\$1m in contracted revenue over the past month. This highlights the benefits of D13's MESMER™ revenue model, comprising both unit sales and ongoing software subscription fees. Additionally, recent contracts have included repeat business in established regions as well as initial system sales into new countries.

Michael McNicholas, Managing Director of Phoenix stated: *"MESMER™ has been successfully deployed and operational in multiple facilities within the region for over a year and is a critical element in security against drone threats. As recent events in LATAM have shown, readily available commercial drones are a significant threat to both individuals and critical infrastructure and MESMER™ provides proven protection that can be rapidly put in service. This additional purchase is key to the expanding presence of MESMER™ within the region."*

D13 continues to be the leading company providing a non-jamming, non-kinetic solution to mitigating drone threats; their consistent software release cycle, with new feature support, has provided our customers with ongoing increases in capabilities. Our existing and prospective clients demand a Counter-UAS product, that works against not only today's threats, but one that can quickly adapt against new and emerging ones tomorrow.

As we enter 2019, we anticipate our existing customers to expand the deployment of Counter-UAS technology as their success with MESMER™ to-date, has been outstanding. The increased interest in D13's MESMER™ in the LATAM region over the past months, coupled with the documented success of the first adopters of MESMER™ should lead to a meaningful expansion of customer deployments throughout the year."

Department 13 CEO, Jonathan Hunter, commented: *"We are very excited by the ongoing investment and success that the Phoenix Group have demonstrated in leading the adoption of MESMER™. Their customers have been operating MESMER™ at multiple facilities since 2017, realizing the ongoing benefits of the MESMER™ software through routine product updates. We continue to work in partnership with Phoenix to mature sales opportunities into purchase orders for MESMER™ and view the generation of ~\$1m in revenue over the past month as evidence of the growing demand and potential of MESMER™ within Counter-UAS."*

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About Phoenix Group

Established in 1998, Phoenix Group® is a World-Class Security Company licensed and registered in the Republic of Costa Rica and Republic of Panama. Phoenix Group has international operations and capabilities with more than 20 years' experience in maritime security, airport security, security training, intelligence & investigations, security consulting and supply chain security. Phoenix Group are committed to providing clients with the latest technology to meet their security challenges, with a focus on several key markets including main seaports, major shipping chokepoints and transshipment hubs, prisons, military bases and Head of Government buildings, sports stadiums, VIP houses and complexes, and gas, petroleum pipelines. For more information about Phoenix Group, please visit www.phoenixgrouppanama.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 a substantial intellectual property portfolio covering 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.