

A\$6.5million Private Placement enables acceleration of commercial delivery of MESMER Counter Drone Systems to meet growing market demand

Highlights:

- Commitments received to subscribe 52 million new ordinary shares at a price of A\$0.125 per share, to raise A\$6.5 million;
- Initial Offer of A\$6m well oversubscribed with significant demand from institutional investors;
- Funds raised will be used to accelerate commercial delivery of Version 1 MESMER Counter Drone Systems by December 2016 to meet growing demand from within the United States from both government and commercial sectors as well as initial international demand from government agencies introduced by our distribution partners in Australia, Europe and Latin America.

Perth, WA and Columbia, Maryland USA: Department 13 (D13) (ASX: D13) is pleased to announce that it has received commitments from new and existing shareholders to subscribe for 52 million new ordinary shares at an issue price of A\$0.125 per share to raise A\$6.5 million before costs.

The private placement was strongly supported by institutional investors and was well oversubscribed with the initial raise of A\$6m being extended to A\$6.5m to partially satisfy extra demand.

Proceeds from the placement will be used to accelerate commercial delivery of Version 1 of the MESMER™ counter drone system by December 2016 following the MITRE Challenge in August, held in Quantico, Virginia, USA and the Black Dart showcase event held at Elgin Air Force Base in Florida, USA in September 2016 to whole of US Government.

Demand for MESMER™ systems within the United States, from both government and commercial sectors, as well as initial international demand from Government clients outside the US, introduced by EPE in Australasia, IMSL in Europe and most recently Phoenix Group in Latin America, has prompted the need for the company to invest in a faster delivery schedule for the V1 MESMER™ system for commercial release.

Jonathan Hunter, CEO of D13 said “we have very strong demand for our MESMER™ software-based RF mitigation systems to safely control wayward drones given the completeness of the solution, the ease of plug and play software or standalone systems for rule based responses and the ability to deal with swarms of drones.” Mr Hunter added “these additional funds will also speed up delivery and beta testing of version two of MESMER™, which will have a machine learning algorithm to enable even faster determination and mitigation of drone threats”.

It is worth noting that our newest distribution partner, Phoenix Group, international experts in transportation security, commented that they “view MESMER™ as the only solution that can detect, identify and mitigate hostile drone threats and enhance the security of legitimate maritime commerce” (Michael McNicholas, MD Phoenix Group).

It is also worth noting that today Amazon was granted approval the UK Civil Aviation authority to use commercial drones in civilian airspace for parcel deliveries on a trial basis and has permitted multiple drones to be controlled by one drone pilot, to be flown “outside line of sight” and to feature sense and avoid anti-collision technology.

Settlement of the placement is scheduled for Tuesday 2 August 2016 and the placement shares are expected to be issued on Wednesday 3 August 2016. The placement shares will rank equally with existing shares on issue. The issue is within the company’s 15% placing capacity under ASX Rule 7.1 and shareholder approval is not required.

The trading halt that has been in place since Monday 25 July 2016 will be lifted from the commencement of trading today.

The transaction was led by Viaticus Capital LLC, Washington DC.

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ABOUT Department 13 International Ltd

D13 was founded in Virginia 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 has 11 patents and 14 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;
- Sophisticated applications in the RF environment (Radiometrics).

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