

18 October 2016

ASX RELEASE

Australian Microcap Investment Conference Presentation

DroneShield Ltd (ASX:DRO) (the “Company”) is pleased to provide a copy of the presentation to be delivered by the Company at the Australian Microcap Investment Conference to be held in Melbourne today.

Further Information

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About DroneShield Limited

Based in Sydney and Virginia, DroneShield is a worldwide leader in drone detection technology. The Company has developed the pre-eminent drone detection solution that protects people, organisations and critical infrastructure from intrusion from drones. Its leadership brings world-class expertise in engineering and physics, combined with deep experience in defence, intelligence, and aerospace. DroneShield designs detection systems that use highly specialised technology to achieve levels of precision and sensitivity that are not possible with other methods.

ENDS



Drone defense systems | A first-mover in a nascent global industry | Sydney (Headquarters), Virginia USA

ASX:DRO (shares) and ASX:DROO (options)

Australian Microcap Investment Conference | Melbourne | October 2016

OVERVIEW



Rapidly Growing Global Consumer Drone Market

REPORT BUSINESS TECH

Drone maker DJI nabs \$75 million in funding at a \$10 billion valuation



12 million operational drones expected by 2020
Global market for commercial applications of drone technology valued at over \$127bn

DRONES in numbers
\$20.6 billion
The global market opportunity for commercial drone sales.

As Drone Numbers Grow, so Do The Threats They Pose



US Forces Shoot Down ISIS Drone

Drone with radioactive material found on Japanese Prime Minister's roof

By Arutz Sheva Staff

Dubai airport grounds flights for 30 minutes over drone

Published time: 28 Sep, 2016 15:03

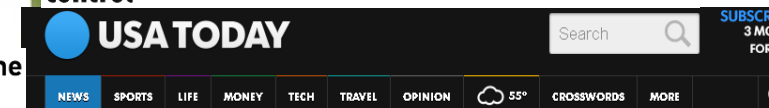
Drone flies 'weapons and escape kit' including hacksaw blades and a screwdriver into jail



UK should prepare for use of drones in terrorist attacks, says thinktank

Mirror

Criminals using drone to smuggle record quantity of drugs to prisoners crash it inside jail after losing control



Small drone crashes near White House despite ban against flights in D.C.

DroneShield is a Global Leader in Drone Security

- ▶ An established player in the market, with global sales since early 2014
- ▶ Utilises effective, passive and cost-effective acoustic technology (up to 1km detection)
- ▶ No export restrictions and is legal for any type of customer globally
- ▶ Winner "Best of What's New 2015 (Security division) – Popular Science Magazine

Provides Exposure to the Drone Security Sector

- ▶ DroneShield is one of only two publicly listed companies globally in the drone security space
- ▶ A high profile drone incident is considered a matter of time, at which point the drone security market will increase dramatically, with established players able to reliably fill large orders, capturing largest market share

OUR SOLUTION



- ▶ **Detects drones** through **real-time alerts** and **digital evidence** collection
- ▶ **Proprietary software** with an extensive & growing **audio signature** database
 - The signatures are obtained at a US Department of Defense-approved anechoic chamber
- ▶ A **cost-effective** solution in the market, and one of very few available to commercial users in the market globally. **Zero capital outlay** required.
- ▶ **Software as a Service (SaaS) pricing model** which includes hardware and secures **recurring revenue** stream for the life of the install.
- ▶ **Patented system** which delivers **high detection rates** vs other methods.
- ▶ **Distribution channels** focus on third party security providers and hardware distributors
- ▶ Proprietary **hardware, software**, and database of audio signatures
- ▶ **Excludes** false positives (e.g insects, lawn mowers, industrial noises, etc.)
- ▶ IDs single & counter-rotating helicopters, quadcopters, hexacopters, octocopters, etc of varying sizes
- ▶ **Easy integration** with existing security systems



Omni Sensor – up to 150m detection



Long Range Dish – up to 1,000m detection



DRONESHIELD DEMO VIDEOS

DroneShield Product Showcase in the US (September 2016)



DRONESHIELD'S TECHNOLOGY COMPETITIVE ADVANTAGES



▶ Non-line of Sight Detection

- Detects drones behind objects

▶ Nighttime Detection

▶ Low Flight Detection

- Trees, buildings and other objects make camera based solutions very difficult vs a blue sky
- Drones generally fly over prisons very low, barely over the fence lines.

▶ Detection Range

- Up to 1km detection vs <100m for a camera
- Radar is generally “blind” at near distances (sub few hundred meters)

▶ Effective Coverage Area

- Camera based systems are limited to their field of view, currently about 120 degrees horizontally and less vertically (often 90 degrees for radar).
- If the drone is a few meters above their sensor, but outside the field of view, those technologies will not detect it

▶ Very Limited False Positive Alarms

- Camera, radar, RF, and thermal based systems tend to have challenges dealing with other moving objects in the air such as birds, insects, leaves and even the clouds which carry water and generate heat signatures in the background

DroneShield sensors detect drones invisible to radar, radio frequency, camera, infrared, LIDAR and thermal systems

DRONESHIELD POSITIONING VS COMPETITORS

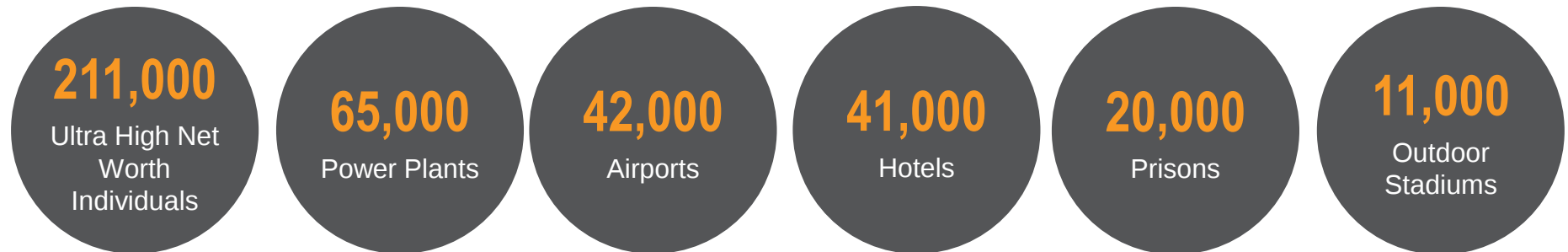


- ▶ Despite a large number of claims of entrants into the drone security sector, **genuine competition is very limited**
- ▶ Much of the purported **competition** is “**vaporware**” – concepts that have not come out of development or been commercially proven
 - DroneShield has been actively selling its system for over 2 years – since the inception of the industry
- ▶ **Not competing with military manufacturers**
 - Military manufacturers come at substantially higher price points (typically US\$1m+ per system) – too high for our targeted markets
- ▶ **Acoustics is a superior technology vs others**
 - RF: legal issues (unlawful to interfere with drones), active system, ineffective on certain types of drones (autopilot), high false alarms (routers, walkie-talkies, etc)
 - Cameras: near range (sub 100m), line of sight only, moving background (cars) create inaccuracies
 - Radar: cannot detect near range, line of sight only, drones provide poor reflectivity for detection, active system, substantially more expensive
- ▶ **Global distributor network and brand recognition**
 - DroneShield’s 40+ distributors in over 30 countries gives a substantial marketing and sector intelligence advantage
 - We are positioned as the global brand leader in the drone security space, seeing momentum which is continuing to drive strong interest from additional direct and local distribution partners worldwide.

OUR MARKET



- ▶ Addressable **market of over US\$12 billion**. Over **300,000 potential customer facilities** worldwide in need of 10 - 20 units per installation, including:



- ▶ Vast majority of **real asset perimeters** are currently unprotected (the land perimeter is a fraction of the overall **three-dimensional exposure** to threats, and threats are increasingly coming from the air)
- ▶ Drone market growth: **12 million operational drones** expected by 2020
- ▶ **Other infrastructure, defense installations, national borders, secured sites, manufacturing plants, real estate assets, public events and executive protection**

AN EXAMPLE OF CURRENT DEPLOYMENT – BOSTON MARATHON



- ▶ 2016 and 2015 Boston Marathons
 - Threat: Hobbyist Drones, Media Drones, and Terrorism
 - Noisy urban environment
 - Finish line area located with VIP booths and site of 2013 terrorist attack
- ▶ Rapid Installation and Cloud-Based Monitoring
 - Sensors mounted on lamp posts
 - Battery-powered with cloud-based processing
 - Email distribution list to Boston Police Department
- ▶ Response included immediate response by Boston Police and follow-on prosecution by FAA
- ▶ Boston Police's deployment of DroneShield's solution resulted in:
 - No drones detected (significant “no drone” publicity ahead of the event)
 - No false alarms generated



CAPITAL STRUCTURE



DroneShield raised \$7 million on the ASX in June 2016, in a significantly oversubscribed offer, through the issue of 35 million shares at A\$0.20 per share:

Shareholders	Shares (ASX:DRO)	Listed Options (ASX:DROO)	Performance Shares and Unlisted Options	% Ownership (Undiluted)
Existing Shareholders	100,000,001	-	45,000,000	74.1%
IPO Shareholders	35,000,000	35,000,000	-	25.9%
Options issued to Directors, Management and Advisory Board, and Lead Manager	-	-	31,450,000	-
Total	135,000,001	35,000,000	76,450,000	100.0%

Enterprise Value		
Market Cap	12 Oct 2016 (20c / share)	\$27m
Cash	As at 30 June 2016	(\$6.1m)
Debt	As at 30 June 2016	\$0.2m
Enterprise Value	Excluding options	\$21.1m



TOP SHAREHOLDERS AND TRADING PERFORMANCE



Top Shareholders (as at 12 October 2016)

Shareholder	Holdings	% Undiluted Capital	2 year Restriction
Long Hill LLC	55,000,001	40.74%	yes
Eagle View funds ¹	21,893,800	16.22%	
Dr Brian Hearing	17,550,000	13.00%	yes
John Franklin	14,850,000	11.00%	yes
R and K Dinkel	4,500,000	3.33%	yes
Lawrence Rosenfeld	4,500,000	3.33%	yes
Azoth LLC	2,250,000	1.67%	yes
Chesapeake Capital	1,500,000	1.11%	
West Meadow LLC ²	1,350,000	1.00%	yes
BNP Paribas Noms	1,090,122	0.81%	
HSBC Custody Nominees (Australia) Ltd	539,168	0.40%	
Junhart Pty Ltd	500,000	0.37%	
TT Nicholls Pty Ltd	300,000	0.22%	
W Hernstadt	291,600	0.22%	
Kirri Cove Pty Ltd ³	256,170	0.19%	
Christie James Funds Management Limited ⁴	250,000	0.19%	
Paul Broad	250,000	0.19%	
Anthony Maple-Brown	250,000	0.19%	
Toohey Noms Pty Ltd	227,022	0.17%	
Total	127,347,883	94.33%	

Key Observations

- Share price has traded above the issue price for majority of the period, closing at 20c / share as at 12 October 2016
- DRO options - closed at 3c on 12 October 2016
- Total shareholder return since IPO to 12 October was 3c, or 15% over a period of approx. 4 months
- Over 74% of the register is restricted shares which cannot be traded for 2 years post IPO
 - Only 35m shares out of 135m (approx 26% of the total shares outstanding) may be traded

Notes:

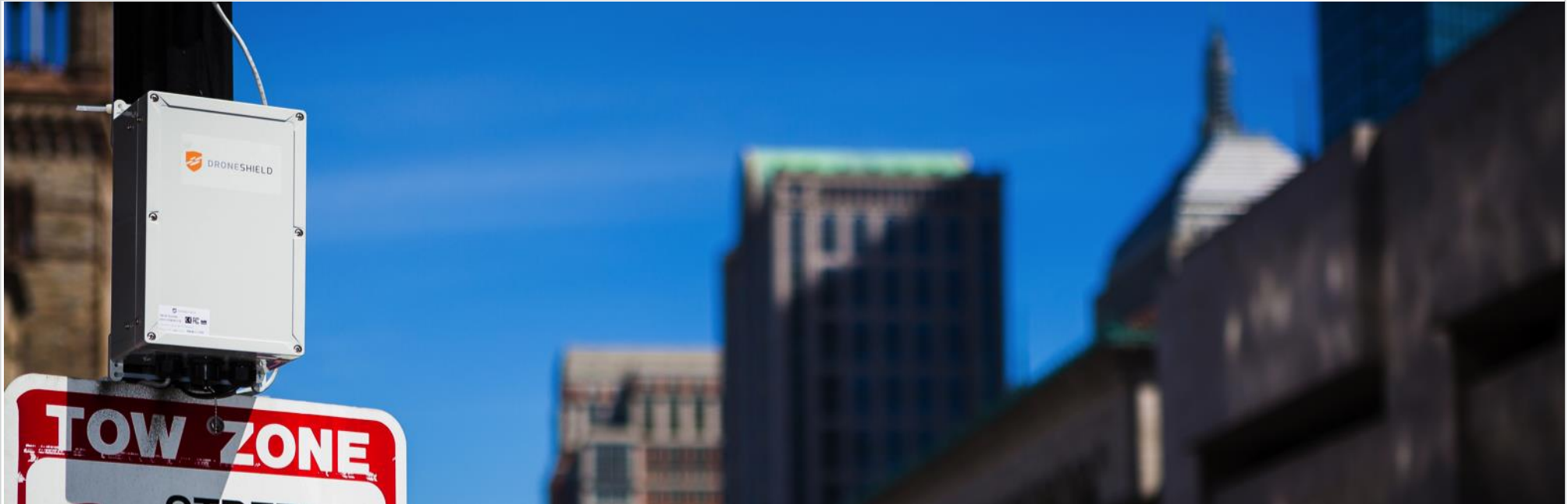
¹ Includes all entities related to Eagle View

² Related entity of Dr Samantha Ravich -NED

³ Related entity of James Walker - MD

⁴ Related entity of Peter James - Chairman

BUSINESS STRATEGY AND WHY INVEST





Go Forward / Next Steps

- Complete the near term sales/marketing and engineering hiring plan
 - Key US sales hire remaining
 - Engineering effort focussed on scaling of the existing technology, and integration with complementary technologies
- Continue customer trials and installations across segments and geographies
- Partnership/acquisitions of complementary technologies for drone detection and countermeasures
 - Countermeasures to be marketed to customers who are legally able to use them
- Continuing relationship development and strategic additions to the global distributor footprint and joint marketing/customer demos
- Continuing scaling and streamlining of the manufacturing processes
- Continuing to position DroneShield as the incumbent in the drone security industry



PROGRESS YEAR TO DATE



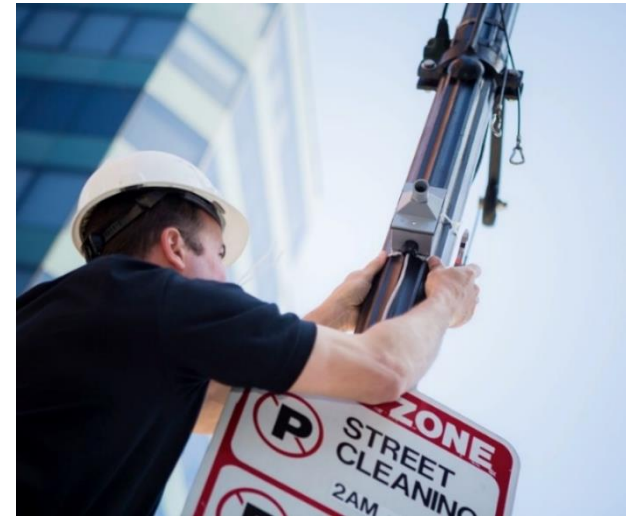
Month	Milestone
February 2016	US patent issued by USPTO – “Drone detection and Classification Methods and Apparatus”
April 2016	DroneShield engaged to protect Boston Marathon for second consecutive year
May 2016	Release of new product system v1.5
May 2016	Release of a new product – Onsite Processor
June 2016	IPO
Jul-Sep 2016	Number of high profile demonstrations in US and Europe
Sep 2016	Key appointments: VP (Product Development), VP (Business Development, APAC), VP (Marketing), Pre-Sales Technical Manager Dedicated Sydney corporate and product development facility established



WHY INVEST IN DRONESHIELD ?



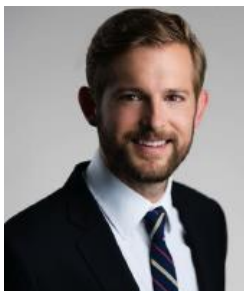
- ▶ One of only two listed companies in the world providing investor access to the fast growing drone security market
- ▶ Significant and fast growing consumer and commercial drone industry is creating a need for drone security products
- ▶ Technology company founded by former air & missile defense + US National Intelligence sectors
- ▶ SaaS based pricing model
- ▶ Drone security is becoming a major political issue around the world, such as current coverage in Australia regarding recent changes in legislation for small drones
- ▶ Current drone incidents are generating interest and sales of our solution – the market already exists and will be a \$ Billion plus market
- ▶ High profile incident (potentially involving loss of human life) is only a matter of time, at which point the drone security industry will explode in size
- ▶ DroneShield has an experienced board and management team with a proven records in growing new technology and global businesses
- ▶ DroneShield is uniquely placed to capitalize on this opportunity:
 - Already has product in the market (eg. last 2 years at Boston Marathon)
 - Not competing in the markets already dominated by military suppliers
 - Superior and unique patented technology
 - Already a global market leader in drone security







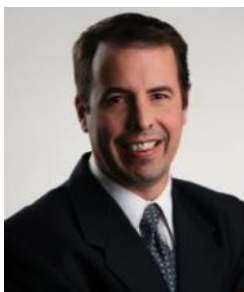
John Franklin, Chief Scientific Officer



DroneShield's unique intellectual property was originally developed by John M. Franklin and Dr. Brian P. Hearing. Mr. Franklin holds a M.Sc. in Applied and Computational Math from Johns Hopkins University.

Previously, he was a member of the research staff at the Air and Missile Defense Sector at Johns Hopkins University Applied Physics Laboratory, and Adjunct Research Associate (Science and Technology Division) at the Institute for Defense Analyses.

Dr. Brian Hearing, Vice President (Research & Development)



Most recently prior to DroneShield, Dr. Hearing worked for the Office of Director of National Intelligence as a staff member at the National Commission for Review of R&D Programs of the United States Intelligence Community and Deputy Director (Intelligence, Surveillance and Reconnaissance) at the United States National Geospatial-Intelligence Agency.

Prior to that, he worked as Program Manager – Sensors Systems Business Unit at BBN Technologies (now Raytheon) and Program Manager – Strategic Technology Office at Defense Advanced Research Projects Agency (DARPA). Dr. Hearing holds a Ph.D. from Massachusetts Institute of Technology and has authored or co-authored over 25 classified and unclassified papers and documents, including:

- DARPA/STO BAA 07-52, "Scalable Network Monitoring," FedBizOpps.gov, 2007,
- DARPA/ATO BAA 06-16, "Strategically Hardened Facility Defeat," FedBizOpps.gov, 2006,
- B. Hearing, J. Brinkerhoff, F. Frank, N. Gluck, R. Murch, "Technology Transition: Selected Approaches from Government to Industry," IDA Document D-2996, 2005,
- B. Hearing, V. Andrews, J. Biddle, J. Buxe, O. Oberg, A. Stone, J. Teichman, "Error Propagation in Biomolecular Computation Processes," IDA Document D-3023, 2004,
- Co-author, "Energy Storage for Pulsed-Power in Future Military Systems," JASON Report JSR-03-135, 2003,
- Co-author, "Tactical Infrasound," JASON Report JSR-03-520, 2003,
- Co-author, "Cruise Missile Defense," JASON Report JSR-03-140, 2003, and
- B. Hearing and T. Schilling, "Issues in ABL Lethality," IDA Document D-2704, 2001.



James Walker, Managing Director and Chief Executive Officer



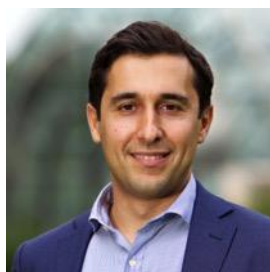
An experienced leader in commercialising technology in new markets with extensive capital raising results at Seeing Machines and other early stage companies, such as Hotel Dynamics, Fluorotechnics and Optalert.

Mr. Walker was most recently the CFO of Seeing Machines Ltd (AIM:SEE), an AIM-listed company that utilises advanced algorithms for detection of driver fatigue and distraction. He is an entrepreneurial and passionate business executive who thrives on commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing and security sectors. Through his roles Mr. Walker has completed M&A transactions, IPO listings, follow-on share placements and other capital raisings for private companies as well as ASX and London (AIM) listed companies.

With a strong focus on corporate governance, team development, driving institutional support and shareholder returns Mr. Walker has been able to successfully grow businesses. Some career highlights to date include playing a key role in recapitalizing Seeing Machines with over \$60m raised in three years and the trade sale of Hotel Dynamics in 2002, which was awarded AVCAL's MBO deal of the year.

Mr. Walker is a Fellow of the Institute of Chartered Accountants of Australia and has a Bachelor of Commerce degree from the University of New South Wales.

Oleg Vornik, Chief Financial Officer



An experienced financier with investment banking and treasury experience at the Royal Bank of Canada, Leighton Contractors, Brookfield, Deutsche Bank and ABN AMRO.

Mr. Vornik was most recently an energy and industrials investment banker with the Sydney office of the Royal Bank of Canada. Prior to RBC, he worked as an investment banker at Brookfield Asset Management, Deutsche Bank and ABN AMRO in Australia and New Zealand and held the position of a Treasurer at Leighton Contractors.

Mr. Vornik holds a BSci (Mathematics) and BCom (Hons) from University of Canterbury, New Zealand and has completed a business program with Columbia University in New York.



Stuart Taylor, Vice President Business Development



An accomplished sales leader and business development manager, Mr. Taylor is skilful in translating the value of technology solutions to new markets and clients. He has extensive experience with all facets of IT technology and solutions and has had a keen interest in technology for over 30 years. Mr Taylor is also heavily networked within the security and risk management industries.

Mr. Taylor is an accomplished senior sales executive and manager with a career approaching 20 years in the Australian Information Technology industry. Roles have been with some of the most well-known and successful companies in the world, such as Apple and Adobe Systems as well as more niche companies such as Cornerstone. Mr. Taylor has extensive experience as a business development executive, demonstrating skills in relationship management, contract negotiation, people management, coaching, sales pipeline management, opportunity management and sales closure.

Starting his career as a NSW Police officer, spending the majority of his time on the Force as a Detective Sergeant investigating major crime and organised crime. He has been awarded the National Medal, the Australian Police Service Medal and two Commissioners Commendations.

Mr. Taylor holds a Master of Business Administration from Charles Sturt University.

Loren Renton, Vice President Marketing



Mr. Renton brings over 15 years of broad leadership experience across sales, marketing, product and go-to-market from within private and publicly listed organisations. A significant amount of his time has been spent within early and mid-stage startups with a strong focus on growth and expansion.

Mr. Renton has gained diverse experience working within a variety of sectors including FMCG, Pharmacy, Health, Media & Technology.

Most recently, he held the position of Head of Product & Go-To-Market in Asia Pacific at ReachLocal Inc (NASDAQ:RLOC). He successfully led cross functional teams in launching award-winning marketing solutions and software-as-a-service (SaaS) applications including programmatic advertising, social media, marketing analytics, CRM systems and marketing automation products.

Mr. Renton holds a Diploma of Marketing from BNIT and a Diploma of Business from Dymond Institute of Business.



Simon Woodward, Vice President Product Development



A diverse engineering skillset, with leadership experience in large scale technological implementation projects across hardware and software platforms.

Mr. Woodward previously held a number of high profile technical and engineering roles in communications and banking industries in Australia and Europe. He was also the founder of several businesses including Wholesale Communications Group, which rapidly become the largest non-retail telecommunications provider in Australia before being acquired by ASX-listed M2 Group Limited (ASX:MTU). Simon's previous projects included leading the architecture and implementation of a nation-wide telecommunication network across the challenging landscape of the Solomon Islands, and development and support of large scale transactional processing engines handling billions of records a day. Simon has studied Material Engineering, Physics, IT and Computer Science at the University of Wollongong. Simon is certified in PRINCE2 project management.



Peter James, Independent Non-Executive Chairman



Mr. James has over 30 years' experience in the Technology, Telecommunications and Media Industries, and has extensive experience as Chair, Non-Executive Director and Chief Executive Officer across a range of publicly listed and private companies. He is currently Chair of ASX-listed companies Macquarie Telecom and nearmap.

Mr. James has recently completed 12 years as a Non-Executive Director for ASX-listed iiNet, Australia's second largest DSL Internet Services Provider, chairing iiNet's Strategy and Innovation Committee. iiNet was recently been acquired by TPG Telecom for AUD \$1.56b.

He travels extensively reviewing innovation and consumer trends primarily in the US and also Asia and he is a successful investor in a number of Digital Media, e-commerce and Technology businesses in Australia and the US.

Mr. James is an experienced business leader with significant strategic and operational expertise. He is a Fellow of the Australian Institute of Company Directors, a Member of the Australian Computer Society and holds a BA Degree with Majors in Computer Science and Business.



Winton Willesee, Independent Non-Executive Director



Mr. Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.

Mr. Willesee has considerable experience with ASX listed and other companies over a broad range of industries in a number of jurisdictions having been involved with many successful ventures from early stage through to large capital development projects. Mr. Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary."

Dr. Samantha Ravich, Independent Non-Executive Director



Dr. Samantha Ravich is the former Deputy National Security Advisor for Vice President Cheney and served in the White House for 5½ years where she was the Vice President's representative on Asian and Middle East Affairs as well as on Counter-Terrorism and Counter-Proliferation. Dr. Ravich was an early angel investor in DroneShield.

Following her time at the White House, Dr. Ravich was the Republican Co-Chair of the Congressionally-mandated National Commission for Review of Research and Development Programs in the United States Intelligence Community. Dr. Ravich is now the CEO of A2P, a social data analytics firm, as well as the Principal Investigator on the recently released monograph, "Cyber-Enabled Economic Warfare: An Evolving Challenge." She also serves as an advisor to The Chertoff Group and Freedom Capital Investment Management. She received her Ph.D. in Policy Analysis from the RAND Graduate School and her MCP/BSE from the University of Pennsylvania/Wharton School. Her book, "Marketization and Democracy: East Asian Experiences," (Cambridge University Press) is used as a basic textbook in international economics, political science, and Asian studies college courses. Ravich is member of the Council on Foreign Relations, serves as an advisor to the US Intelligence Community. Dr. Ravich is a frequent keynote speaker on international security, cyber, and the future of intelligence.



Hon. Jay M. Cohen, Rear Admiral, United States Navy (Ret.), Member



Admiral Jay M. Cohen is a former Chief of Naval Research (United States Navy) and has served as the Department of the Navy Chief Technology Officer.

Admiral Cohen is a graduate of the United States Naval Academy and holds a joint Ocean Engineering degree from Massachusetts Institute of Technology (MIT) and Woods Hole Oceanographic Institution and Master of Science in Marine Engineering and Naval Architecture from MIT. Earlier in his career, he commanded USS Hyman G. Rickover and served on the U.S. Atlantic Fleet before commanding the submarine tender USS L.Y. Spear including a deployment to the Persian Gulf in support of Operation Desert Storm.

Admiral Cohen was promoted to the rank of Rear Admiral in 1997 and reported to the Joint Staff as Deputy Director for Operations responsible to the President and Department of Defense leaders for strategic weapons release authority. In June 2000, he became the 20th Chief of Naval Research. He served during the war as the Department of the Navy Chief Technology Officer, responsible for the \$2B+/year Navy and Marine Corps Science and Technology (S&T) Program. Unanimously confirmed by the US Senate, he was sworn in as Under Secretary for Science & Technology at the Department of Homeland Security in 2006. Since leaving government, Admiral Cohen serves on corporate boards and is an independent consultant for science and technology in support of U.S. and international defence, homeland security and energy issues and solutions.

Carol A. Haave, Member



Carol A. Haave is the former Assistant Secretary for International Affairs at the Department of Homeland Security and the former Deputy Undersecretary of Defence for Counterintelligence and Security.

She has more than 25 years of working directly with cabinet-level officials providing defence, security, intelligence, counterintelligence and technology advice, and is noted for adapting commercial technology and innovative programs to benefit the military and security officials involved in conflict situations. Responsible for Homeland Security's relationships with all foreign countries, Ms. Haave was directly involved in successful efforts to identify, disrupt and respond to terrorist and other security threats to the United States and its forces. She was the Operations Manager for a \$125 million/year program that built a commercial communications, command and control, and information management system deployed to 33 sites throughout Europe to include Bosnia, along with the first deployment of the Predator UAV that ensured military leaders were privy to the same operational information and intelligence simultaneously.

As a senior Homeland Security official, Ms. Haave has significant experience with U.S. Borders, Customs and all Homeland Security departments. As a senior official at Defence and Homeland Security, she developed and maintains significant international contacts. Carol has over a decade of DARPA experience, including technology transition and information management. She has served as a Management Analyst at NASA and an Inspector at Summa Corporation.



Lieutenant General Robin Brims (Ret.) CB CBE DSO, Member



General Brims became Commander of the UK Field Army in 2005. He deployed to Baghdad in 2005 to be the Deputy to the Coalition Commander General George Casey.

Earlier in his career, General Brims was Chief of Staff at Headquarters Northern Ireland and Director Army Plans and Resources in UK Ministry of Defence. In 2000 he was appointed Commander of the Multi-national Division (South West) in Bosnia and in 2001 became General Officer Commanding 1st (UK) Armoured Division which took part in the invasion of Iraq. For his service in Iraq he was awarded the Distinguished Service Order. On leaving Iraq became Deputy Chief of Joint Operations at UK's Permanent Joint Headquarters, before becoming Commander of the UK Field Army in 2005 and deploying to Baghdad for most of 2005 to be the Deputy to the Coalition Commander, General George Casey. On retirement in 2007 he became Rector (Vice-Chancellor) of the University of Kurdistan-Hawler in Northern Iraq. His task was to reorganize the University to make it fit international standards. He handed over to an academic in late 2009 and returned to live in UK. He was appointed Chairman North of England Reserve Forces and Cadets Association in April 2010, and Chairman Council of RFCAs in December 2011. In 2012 he was appointed by the UK Secretary of State for Defence to be Chairman of the External Scrutiny Team which is tasked with reporting on the UK MOD's plan to expand the Reserves.

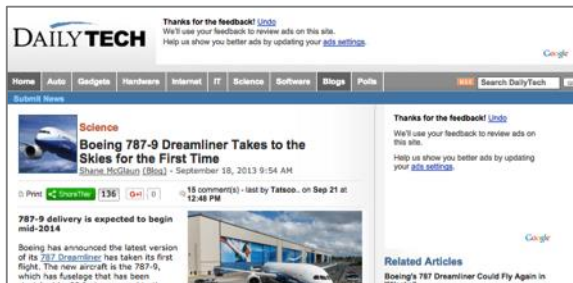
Robert Hill, AC, Member



Mr. Hill is a former Australian Minister for Defence.

He was a member of the Australian Senate from 1981 to 2006, representing South Australia. He was educated at the University of Adelaide and the London School of Economics, where he gained a Master's degree in Law. Mr. Hill was Leader of the Government in the Australian Senate from March 1996 until his resignation in January 2006. He was Australian Minister for the Environment 1996-98, Minister for the Environment and Heritage 1998-2001 and Minister for Defence from November 2001 to January 2006. In July 2005 the Coalition parties took control of the Australian Senate and Mr. Hill became the first Government Leader in the Senate since 1981 to command a majority in the chamber. In January 2006 he announced his resignation from the Parliament. Mr. Hill was Australian Ambassador to the United Nations for Australia from 2006 - 2009. In July 2009, he was appointed by Prime Minister Kevin Rudd as Chairman of the Australian Carbon Trust. In June 2012, he was awarded a Companion of the Order of Australia.

THREAT EXAMPLES



Terrorism

- ▶ Islamic State poses new threat: exploding drones (US, Oct 2016)
- ▶ Armed drones used by Islamic State posing new threat in Iraq (Iraq, July 2016)
- ▶ Future terrorist attacks could be carried out by drones carrying buckets of ACID (UK, June 2016)
- ▶ Terrorists could use drones to bomb nuclear power stations (UK, January 2016)
- ▶ ISIS is reportedly packing drones with explosives now (Iraq, December 2015)
- ▶ Drone crashes on the Ellipse, near White House (Washington, October 2015)
- ▶ Counter-terrorism chiefs reported to fear ISIS planning attacks on the West using explosive packed drones to target crowds at major events such as football matches or music festivals (UK, July 2015)
- ▶ US-led coalition forces shoot down an ISIS controlled drone (Iraq, March 2015)
- ▶ Drone with radioactive material crashes at Japanese Prime Minister's residence (Japan, April 2015).



Critical Infrastructure

- ▶ Pentagon worried about drone threat to nuclear sites (US, Sep 2016)
- ▶ More reports of drones over Savannah River Site (US, July 2016)
- ▶ As wildfire season ramps up, nearby drones are becoming a problem again (US, June 2016)
- ▶ Drone hit West Hollywood power lines and caused power outage (California, October 2015)
- ▶ Activists send drone to drop leaflets over **NSA complex** in protest of the agency (Germany, October 2015)
- ▶ Southern Electric warns drones can crash into cables and cause power cuts (UK, January 2015)
- ▶ Drones spotted over several French **nuclear sites** (France, November 2014)
- ▶ Drone crashes near British nuclear shipyard (UK, April 2014)
- ▶ Drone crashes into Bridgeport Harbor power plant (Connecticut, May 2013)



Airports

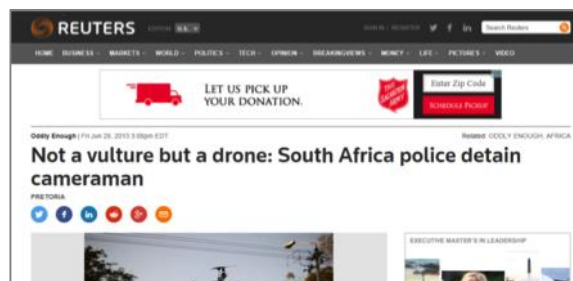
- ▶ FAA receives 100 reports per month of drones flying near airports
- ▶ Police investigate sightings of 'dangerous' drones near Heathrow (UK, October 2016)
- ▶ Dubai airport closed due to unauthorised drone activity (UAE, September 2016)
- ▶ Pilots' union reveals shocking number of near misses between planes and drones (UK, June 2016)
- ▶ Warsaw Airport Suspends Landings Briefly Due to Drones (Poland, June 2016)
- ▶ British Airways plane carrying 137 people on board is struck by drone as it prepares to land at Heathrow (UK, April 2016)
- ▶ Drone within seven yards of jet landing at Heathrow Airport (UK, February 2016)
- ▶ Report shows there have been at least 241 near mid-air collisions between drones and airplanes (New York, December 2015)

THREAT EXAMPLES (CONTINUED)



Stadium and Outdoor Events

- ▶ Three arrested for flying drones over Hong Kong Formula E event (China, Oct 2016)
- ▶ Drone enthusiast arrested for flying drone over Huddersfield Town vs Liverpool FC game (UK, Jul 2016)
- ▶ Drone injures two people in Andover (Massachusetts, Dec 2015)
- ▶ **Drone crashes into the Sydney Opera House** (Sydney, Oct 2015)
- ▶ Drone crash at U.S. Open tennis tournament (US, Sep 2015)
- ▶ Drone at soccer match ignites brawl (Serbia, Oct 2014)
- ▶ Drones over **Star Wars film set** (UK, Sep 2014)
- ▶ Drone at PNC Park Pirates MLB game (Pittsburgh, Jun 2014)
- ▶ Drone at Redskins Park (Maryland, May 2014)
- ▶ Triathlete injured in drone incident (Australia, Apr 2014)



Executive Protection

- ▶ Russian man arrested for flying drone over Polish Prime Minister's office (Poland, September 2016)
- ▶ 'Peeping Tom' concern over drones (Australia, Jul 2016)
- ▶ California bans paparazzi use of drones to spy on celeb homes (California, Oct 2015)
- ▶ Hollywood **celebrities** are besieged by paparazzi spies in the sky (California, Sep 2014)
- ▶ Paparazzi Agency: **Of Course We Use Drones** (California, Aug 2014)
- ▶ Drone Caught at Nelson Mandela's Hospital (South Africa, Jun 2013)
- ▶ Code Pink drone outside the house window of US Senator Dianne Feinstein (California, Jun 2013)



Prisons

- ▶ Drone flies 'weapons and escape kit' into jail (UK, Oct 2016)
- ▶ Drone seized after crashing within Risdon Prison Complex in Tasmania (Australia, Oct 2016)
- ▶ Two people detained for smuggling narcotics into Central Prison (Kuwait, Sep 2016)
- ▶ Drone with heaviest parcel of drugs ever crashes on prison roof (UK, Sep 2016)
- ▶ Drones, weed and prison: Bloke pleads guilty over plan (UK, Jun 2016)
- ▶ UK prison buzzing with drone-delivered drug trade (UK, May 2016)
- ▶ Footage shows drone delivering drugs to prisoners (UK, May 2016)
- ▶ Criminals use drone to deliver drugs straight to prisoner's cell window in unique smuggling bid (UK, Apr 2016)
- ▶ Drone used to smuggle drugs in Melbourne prison (Melbourne, Mar 2014)
- ▶ Drone drug drops common at Quebec jails (Canada, Nov 2013)



► Performance Shares:

- Tranche 1 of 15 million performance shares will vest upon the Company achieving a 30 day volume weighted average price (VWAP) exceeding A\$0.30 and securing twenty (20) individual installations of the DroneShield technology and infrastructure by paying customers within 24 months of the listing date.
- Tranche 2 of 15 million performance shares will vest upon the achievement of \$7 million of cumulative revenue or \$2.5 million of annual revenue in any given twelve month period within 36 months of the listing date.
- Tranche 3 of 15 million performance shares will vest upon the achievement of \$3 million of cumulative earnings before interest and taxes (EBIT) or \$1 million of annual EBIT in any given financial year, within 36 months of the listing date.
- The Revenue and EBIT targets are in relation to the DroneShield System (the acoustic drone detection system).

► Listed DROO Options: Exercisable at 22 cents on or before 14 Jun 2018.

► Unlisted Options:

- 19,700,000 Unlisted Options issued to Directors and Management are exercisable at 30 cents each with various expiry dates ranging between 14 June 2019 and 22 June 2022. Of these Options, 12,400,000 are subject to various vesting conditions relating to length of employment with the Company and all of them are subject to escrow restrictions until 22 June 2018.
- 1,750,000 Unlisted Options issued to the Company's Advisory Committee are exercisable at 30 cents each on or before 14 June 2019. These options have fully vested and are not subject to any escrow restrictions
- 10,000,000 Unlisted Options issued to the Lead Manager of the IPO are exercisable at 22 cents on or before 14 June 2019, and are subject to escrow restrictions until 22 June 2018.

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