

2 June 2016

Ms Shannon Nicholson  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

Dear Ms Nicholson,

**DEPARTMENT 13 INTERNATIONAL LTD (the "Entity")**

I refer to your letter dated 1 June 2016 in regard to the change in price and volume of the Entity's securities from 31 May 2016 to 1 June 2016.

The Entity responds to the questions outlined in your letter as follows.

1. No. The Entity is not aware of any information (including earnings guidance) concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities.
2. Not applicable.
3. The recent trading and change in price and volume is the result of demand from new investor awareness of D13, its products and the market in which it operates through a combination of presentations undertaken in New York and a recent article in the influential international publication "The Economist" which highlights the magnitude of the global drone defence market with specific reference to D13's Mesmer technology in combating drone related security, safety and regulatory issues. In addition, recent announcements concerning:
  - (a) a strategic partnership with Booze Allen Hamilton, a NYSE Listed, major Tier 1 US Defense Contractor;
  - (b) US Government Department of Defense (DoD) grants to D13 for additional development of Mesmer; and
  - (c) The invitation from DoD to demonstrate Mesmer to "whole of US Government" at the Black Dart defense industry trials in the US later this year,

together with public speaking engagements by D13 management at US industry conferences concerning drone defense and security at commercial properties, shopping malls and federal prisons have all garnered attention from new investors.

4. The Entity confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

Yours sincerely,



Jonathan Hunter  
Chairman and Chief Executive Officer



1 June 2016

Mr Kevin Kye  
Company Secretary  
Department 13 International Ltd  
Suite 5, 531 Hay Street  
SUBIACO WA 6008

By email: [kkye@department13.com](mailto:kkye@department13.com)

Dear Mr Kye

**Department 13 International Ltd (the “Entity”): ASX price query**

We note the change in the price of the Entity’s securities from a close of \$0.10 on Tuesday, 31 May 2016 to an intra-day high of \$0.135 today, Wednesday 1 June 2016.

We also note the significant increase in the volume of the Entity’s securities traded today.

In light of this, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 12 month period ending on 30 June 2016:

- a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
- b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if the Entity is not covered by analysts, its earnings for the prior corresponding period)?

2. If the answer to question 1 is “yes”:

- a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading on Thursday, 2 June 2016 (ie before 730 AM WST). If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [shannon.nicholson@asx.com.au](mailto:shannon.nicholson@asx.com.au), copied to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity’s securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Shannon Nicholson

**Principal Adviser, Listings Compliance (Perth)**

P: 08 9224 0025