

2 March 2017

ASX RELEASE

Clarification of 23 February 2017 Announcement

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") would like to provide further information in relation to its announcement of 23 February 2017 (the "23 February Announcement") in relation to a sale of a DroneGun.

As stated in the 23 February Announcement, the sale was made to the Company's distributor, Zariba Security, who the Company understands then on-sold the product to a Middle Eastern country's Ministry of Defence. Consistent with its strategy of relying on its distributors, the Company has no contractual relationship with the distributor's end customer.

The Company notes that while the price for the DroneGun has been received from the distributor at the full carded rate, the fact that the sale involved only one test unit means that the revenue from this sale is not material. DroneShield anticipates earning additional revenue in relation to this sale only if the distributor's customer places an order with the distributor (and the distributor places an order with the Company) for additional DroneGuns (or drone detection products) following the testing of the trial unit.

Further Information

Oleg Vornik
CEO and Managing Director
Email: oleg.vornik@droneshield.com
Tel: +61 2 9995 7280

About DroneShield Limited

Based in Sydney and Virginia, DroneShield is a worldwide leader in drone security technology. The Company has developed the pre-eminent drone security 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.

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