

15 February 2019

ASX RELEASE

## DroneShield completes \$1.3 million placement

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DroneShield Limited ("**DRO**" or the "**Company**") is pleased to announce it has received commitments from institutional, professional and sophisticated investors to raise \$1,299,696 via a placement of 11,301,700 ordinary fully paid shares at an issue price of \$0.115 per share ("**Placement**"). The new shares will be issued utilising the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A. The issue price under the Placement represents a 21% discount to the Company's last traded price and a 22% discount to the Company's 15 day volume weighted average market price prior to the date of this announcement.

Patersons Securities Limited ("**Patersons**") acted as Lead Manager to the Placement and received strong demand from new and existing institutional, professional and sophisticated investors.

Peter James, the Company's Chairman, said "We are pleased with strong investor support as the business continues to experience strong forward momentum with customers globally."

Net proceeds from the Placement will be used to fund:

- further development and integration of detection and countermeasure technologies, consistently with end-user requirements;
- an increase in stock levels (detection and countermeasure products);
- expansion of the Company's sales and marketing effort globally; and
- general working capital.

Oleg Vornik, DroneShield's Chief Executive Officer, commented: "The Company continues to rapidly scale its business, with record cash receipts of \$489,209 in 4Q2018 and \$728,628 for month of January alone - in the first month of the 2019 calendar year, DroneShield received approximately 50% more in cash than it did during the entire previous quarter. Following the Gatwick events, we are seeing a substantial acceleration in counterdrone procurement across airports and other civilian sectors, here DroneShield is well placed to win business based on its track record and leadership in product capability, including near-term orders."

Under the terms of the Placement, Patersons and the other brokers participating in the Placement will receive a commission on the funds raised, as well as an aggregate of 2,825,425 unlisted Class O options (which expire on 21 February 2021 with an exercise price of \$0.22).

The Class O Options will be issued under the Company's existing Listing Rule 7.1 capacity.

The Company provides the following disclosures under ASX Listing Rules 3.10.5A and 7.1A.4(b).

- The dilutive effect of the issue of the Placement (assuming all of the Class O options are exercised) on existing shareholders is as follows.

|                                                                                                           | <b>Number of securities issued</b> | <b>% of post Placement issued share capital</b> |
|-----------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------|
| Ordinary shares issued under Listing Rule 7.1A                                                            | 11,301,700                         | 5.76%                                           |
| Ordinary shares to be issued assuming all the Class O options issued under Listing Rule 7.1 are exercised | 2,825,425                          | 1.44%                                           |
| <b>Total</b>                                                                                              | <b>14,127,125</b>                  | <b>7.20%</b>                                    |

- The Company issued shares as a placement to institutional, sophisticated and professional investors (rather than as a pro rata issue) as this was considered to be the most efficient and expedient mechanism for raising funds in a timely matter.
- The Company did not enter into an underwriting arrangement in connection with the Placement.
- Fees of approximately \$77,982 have been incurred in connection with the issue.

#### **Further Information**

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#### **About DroneShield Limited**

Based in Sydney, Australia and Virginia, USA, 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.

**ENDS**