

**AGREEMENT WITH PARSONS ON US NAVAL RESEARCH LABORATORY ITD US\$245 MILLION
INDEFINITE QUANTITY INDEFINITE DELIVERY (IDIQ) CONTRACT**

Additional Information

Department 13 International Limited (D13) is pleased to provide the following additional information as to the process, mechanisms and D13 technologies being utilized under the contract announced by the Company on 6 July 2016 with Parsons for the provision of services to Parsons as a Sub Contractor to Parsons under its engagement as Prime Contractor with the US Naval Research Laboratory Information Technology Division (NRL-ITD).

About Parsons and the Prime Contract agreement with US NRL-ITD

Parsons is an engineering, construction, technical, and management services firm based in USA, founded in 1944 and with revenues of US\$3.2 billion in 2015.

Parsons has been awarded a prime, multiple-award, indefinite-delivery/indefinite-quantity (IDIQ) contract by the NRL-ITD in seven research fields; communications, computing and data storage, information and artificial intelligence, man-machine interfaces, networking, operational information technology, and security. This type of contract provides for an indefinite quantity of supplies or services by the contractor during a fixed period of time with a pre-approved budget amount. The NRL-ITD contract ordering period is five years.

Parsons has a long history of working with the US Department of Defense (DoD). Parsons has appointed D13 as a sub-contractor in the fields of communications, networking and cybersecurity with specific reference to D13's patented technologies in those fields. The identification of D13 by the US NRL and Parsons, an experienced provider of services to US government departments, to provide services under this Prime Contract with the US NRL-ITD, provides D13 with ability to further develop and commercialise these patented technologies in fields outside Counter Drone Defense.

Revenue Impact on the Company

Under the Prime contract, the NRL-ITD will issue task orders for which Parsons and D13 will work collaboratively for the agreed term of five years and Parsons will pay D13 for its services provided in responding to those task orders. As such, it is not possible to estimate, and the Directors of D13 consider it inappropriate to provide any forward estimate of future revenues on this contract, other than to state that the entry into this agreement is a valuable development for D13 both financially from increased revenues during the term of the contract, as well from an increased market awareness perspective of D13's products and intellectual property. The Company expects to be able to report on its revenues under this contract in line with its quarterly reporting to ASX.

The D13 Technologies to be used in the NRL-ITD Contract

D13 has been contracted to provide services that utilise the following D13 proprietary patented network communication technologies:

1. Cooperative MIMO (Multi Input/Multi Output),
2. Low Probability of Intercept/Low Probability of Detection (LPI/LPD), and
3. Sub Space Coding

The following information is provided as a basic summary of the functions of the relevant D13 technologies.

Cooperative-MIMO

In Cooperative-MIMO, all the access points and user devices work together, so as more users join the network, the network infrastructure grows. Instead of decreasing bandwidth for each user, more users means more bandwidth per user.

Low Probability of Intercept / Low Probability Detection (LPI/LPD)

LPI/LPD enables perfectly secure key exchange of perfectly random encryption keys. It can also use transmissions by other users as carriers for its own communications.

Cooperative Subspace Coding (CSC)

CSC eliminates transport-layer protocol inefficiencies in data communications, reducing the amount of control signalling which uses valuable bandwidth. It can provide multiple factor increase in bandwidth.

The Company also confirms that the date indicated on the announcement released on 6 July 2016 should be corrected to 6 July 2016 from 6 June 2016.

The above further information is provided to enable the market to better understand the nature of US Government Department of Defense related IDIQ contracts and as the NRL contract with Parsons applies to D13 as well as the technologies of D13 being utilised.

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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).