

21 December 2016

ASX RELEASE

Updated: NATO Government Order (Turkish Prime Ministry)

The announcement entitled "NATO Government Order" released to the ASX earlier today did not identify the nature of the installation for which the distributor had purchased the DroneShield detection products, because DroneShield had not been granted permission to identify the nature of the installation. Subsequently to the release of the announcement, DroneShield has now received approval to identify the nature of the installation, which is the Republic of Turkey's Prime Ministry. An updated announcement is set out below.

Republic of Turkey Government Order

- DroneShield has received a detection system order for the Republic of Turkey's Prime Ministry from a local distribution partner.
- Multiple sensor products to be installed at a facility operated by a government security agency.
- Combination of initial revenue and recurring revenues after the initial year flowing from the installation.

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") is pleased to announce that it has completed a multi-sensor product sale of its DroneShield acoustic detection product to a distributor for use by the Republic of Turkey's Prime Ministry, to be deployed by a government security agency for drone threat detection.

The sale was conducted to a distributor, consistent with DroneShield's strategy of building and utilising an extensive distributor network. Consistently with DroneShield's strategy of generating recurring revenues beyond the initial sale, the sale is priced at approximately A\$130,000 initially, with additional annual cash inflows of approximately A\$150,000 per year to follow for the life of the installation.



Caption: DroneShield's long range sensor product, of the type purchased by the customer

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With ISIS in relative proximity to (and sometimes within) their borders, NATO Governments are acutely aware of the threat presented by drones. Only last week, The Daily Telegraph reported that the Australian Neil Prakash had been arrested in Turkey and that it was alleged that he was the head of an ISIS sub-cell plotting to use explosive-laden drones to carry out remote attacks. The Daily Telegraph also reported that it was alleged that the Turkish security forces' raid on this ISIS suspect who came from Melbourne, Australia, found a drone in development in his apartment, with the drone being able to be remotely guided by software to a target and to carry an explosive payload up to 30km away.

With advanced warning capability important to the customer, paired with a requirement for an immediate proximity warning, the customer has opted for a combination of long range dish sensor product, which is effective at up to 1km in a 30 degree cone, and omnidirectional detection sensors ("omnis"), which provide a wide 180 degree protection with up to 150m range. DroneShield's detection sensors are not time of day dependent, do not rely on line of sight, completely passive to the surrounding environment, are not subject to export restrictions, and cover all major drone models, including frequency hoppers.



Caption: DroneShield's omnidirectional sensor, of the type purchased by the customer

Turkey is a member of NATO and has the second largest military (after the United States) in NATO. Its anti-terrorism efforts are at the forefront of NATO anti-terrorism efforts and best practices. This sale is expected to set a benchmark for ant-terrorism drone use within NATO and in the Near and Middle East.

As evidenced by this order and the Asian government order earlier this week, the Company's in-house salesforce and distributor salesforce are continuing to progress a large number of opportunities, with several orders in advanced stages. The Company will update the market in relation to material sales if/when they occur.

Further Information

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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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