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ASX RELEASE

## 2018 CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

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Good morning ladies and gentlemen. My name is Peter James. I am the Independent Non-Executive Chairman of DroneShield Limited. On behalf of the Board, it is my pleasure to welcome you to the 2018 Annual General Meeting.

It is now 9:00am and there being a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted.

I would like to introduce you to Oleg Vornik, our CEO and Managing Director. Oleg has significant commercial and financial expertise in senior roles with a number of global businesses, and has been successfully translating this experience to DroneShield for over two and a half years.

Also present is Robert Clisdell, Non-Executive Director, whose experience has centered on corporate finance and mergers and acquisitions over the past fifteen or so years.

Unfortunately, Non-Executive Director Bradley Buswell who is based in the US, wasn't able to attend today's AGM and we have received an apology.

Also present are the Company's auditor, Aidan Smith of HLB Mann Judd, the Company Secretary, Dean Jagger of Whittens & McKeough, and the Company's Chief Financial Officer Claire Newey.

The agenda for today's meeting is as follows:

- I will provide the Chairman's address;
- following which, we'll proceed to the more formal matters to be considered today, as set out in the Notice of Meeting that was despatched to all shareholders on 27 April 2018.
- Mr Vornik will provide an update on the business and the outlook for 2018; and
- finally, there will be an opportunity for questions and discussion.

After the meeting has closed, I invite you to stay for tea and coffee and our Directors and executive staff who are here today can answer any further questions you might have.

I am pleased to present to you today my review of 2017, the second year both as Chairman and for DroneShield as a publicly listed company, and an overview of DroneShield's prospects going forward.

2017 has been a transformational year for the Company in terms of its product development. While the Company started with a proprietary acoustic drone detection product, it recognised early on that the future of the drone security industry lay in the so-called "sensorfusion" – i.e. multiple detection and mitigation methods. To that end, in 2017, the Company rolled out its multi-sensor detect and defeat DroneSentinel™ product, utilising acoustic, radar, radio frequency and optical and thermal camera detection modules. Additionally, the Company rolled out DroneSentry™, a product which includes all of the above plus a jamming interdiction module.

These are complex "fixed-base" or stationary multi-hundred thousand dollar systems. At the lower end of the market, 2017 has seen significant progress in the Company's development of its DroneGun™, a portable rifle-shaped drone jammer, culminating in the release of DroneGun Tactical™ in early 2018. DroneGun™ has been through a number of customer trials, and DroneGun Tactical™ incorporates a substantial amount of end-user feedback, in response to operators' requirements.

Governmental procurement cycles are long, and as a result the Company has achieved very modest sales

to date. However, we are confident of improvements in the Group's financial results. We have laid a strong foundation for this business, with a product offering that is unique and responsive to the end-user requirements.

We are supported by significant industry tailwinds. The need for DroneShield products, and customer awareness of that need, continue to grow quickly, with almost daily drone incidents globally across all verticals that we cover – military, prisons, law enforcement, airports, events, critical infrastructure and VIP security. As the governmental agencies on the ground recognise the looming issue of drone security, governments are responding by allocating budgets to the issue, and requesting proposals and issuing tenders. Together with its global distributor network in 50 countries, DroneShield has been responding to these. As a result, DroneShield has a substantial sales pipeline, pursuing dozens of potential contracts and progressing these potential sales through demonstrations and tenders, ultimately, to product acquisitions. These dominoes have started to fall. For instance, the first order for DroneSentinel™ was placed in the recent couple of months, and the first governmental tender, that from the Paraguayan military, was won by DroneGun™ in late 2017. Other high profile 2017 and early 2018 deployments of our products have included the Winter Olympic Games, the Commonwealth Games, the IRONMAN World Championship in Hawaii, and the ASEAN - Australia Summit. In an industry that did not exist until just over a couple of years ago, we are a clear leader, achieving sales and customer recognition.

DroneShield continues to take place in marquee defence events globally through Team Defence Australia, and support from Austrade offices around the world. The Australian Government's Defence Export Strategy has been of significant benefit to the Company, with assistance continued to be provided through Government to Government channels.

We are also continuing to engage with a number of larger defence and security companies globally, both in terms of product and sales partnerships and corporately. These industry participants recognise the need to offer a product that addresses their governmental customers' drone security concerns and are seeking to "bet" on a winner in our niche. As we progress our sales and market share, these discussions are likely to come into more focus.

The company has no debt, and a balance sheet of approximately \$3.8m as at the end of March. We are progressing through 2018 with a confident outlook.

I am very proud of the achievements of the company to date. I would sincerely like to thank the hard work and effort of our Board of Directors, our CEO and Managing Director Oleg Vornik and his executive team. We appreciate the invaluable contribution of our loyal and dedicated employees, my fellow shareholders, our global network of distributors and of course the tremendous support of our customers.

### **About DroneShield Limited**

Based in Sydney, Australia and Virginia, USA, DroneShield is a worldwide leader in drone security technology. The Company has developed pre-eminent drone security solutions that protect 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**