24 February 2021   **ASX RELEASE**

US Department of Homeland Security Agreement

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") has entered into a new Cooperative Research and Development Agreement (CRADA) with the U.S. Department of Homeland Security Science and Technology Directorate ("DHS S&T"). The research will involve DroneShield's multi-sensor Unmanned Aerial System ("UAS") detection and mitigation capabilities, with the primary focus on DroneSentry™ and DroneSentry-C2™ solutions for fixed and semi-fixed site applications.

DroneSentry™ is a modular system that integrates multiple sensors – radiofrequency (RF), radar, EO/IR camera, and acoustic for layered detection, classification, identification, and tracking of UAS. DroneSentry™ leverages DroneShield's latest advancements in Artificial Intelligence ("AI") based RF detection, long-range sensing, and expanded multi-sensor data fusion capabilities.

DroneSentry-C2™ provides end users with an interoperable common operating picture for the counter-UAS mission. DroneSentry-C2™'s pairing of advanced sensor fusion with an intuitive enterprise level visual platform, enables users to easily deploy a complete detection and threat assessment capability of unmanned systems for their critical infrastructure and base protection needs.

Oleg Vornik, DroneShield's CEO, commented, "We are excited to work closely with DHS S&T under this cooperative agreement to support end users throughout their agency and sub-agency partners. Our DroneSentry solution is at the forefront of fixed-site counter-UAS and partnerships like this one allow us to make further advancements that are most relevant to the end users and mission we serve."

In addition to its cooperative agreement with DHS, DroneShield recently announced DroneSentry-C2's U.S. Military Standard ("MIL-STD") compliant version of the software platform. DroneSentry also supported the recent U.S. Army Defense in Depth Exercise ("DiDEX"), along with DroneShield's dismounted and mounted C-sUAS solutions.

Image: DroneSentry™ system deployed in the US

The total value of the rolling agreement is unknown and no revenue projection can be made at this stage, however the market will be updated once the financial effect of the agreement is known or can be estimated.

This announcement has been approved for release to the ASX by the Board.

Further Information

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About DroneShield Limited

DroneShield (ASX:DRO) is an Australian publicly listed company with its head office in Sydney and teams in the US and UK, specialising in Electronic Warfare, RF sensing, Artificial Intelligence and Machine Learning, Sensor Fusion, rapid prototyping and MIL-SPEC manufacturing. Our capabilities are used to protect military, Government, law enforcement, critical infrastructure, commercial and VIPs throughout the world.

Through our team of Australian based engineers, we offer customers bespoke solutions and off-the-shelf products designed to suit a variety of terrestrial, maritime or airborne platforms. DroneShield is proudly exporting Australian capability to customers throughout the world and supporting Australia's defence, national security and other organisations protect people, critical infrastructure and vital assets.

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