

22 January 2021

Daniel Nicholson
Adviser, Listings Compliance
Level 40, Central park
152-158 St George's Terrace
Perth WA 6000

Dear Chris,

DRAGONTAIL SYSTEMS LIMITED
PRICE QUERY

We refer to your letter dated 22 January 2021 in relation to the above and provide the following responses to your questions:

1. *Is DTS aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?*

No.

2. *If the answer to question 1 is "yes":*

- a. *Is DTS relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?*

Please note that the recent trading in DTS's securities would suggest to ASX that such information may have ceased to be confidential and therefore DTS may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

- b. *Can an announcement be made immediately?*

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

- c. *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*

Not applicable.

3. *If the answer to question 1 is "no", is there any other explanation that DTS may have for the recent trading in its securities?*

The Company recently lodged its December 2020 Quarterly Report and Quarterly Cash Flows which demonstrated consistent and recurring growth in revenues along with a large increase in contracted installations with costs being maintained.

The Company is also aware of media exposure in the USA in the last 48 hours following an article that appeared in the Wall Street Journal on 18 January 2021 discussing the drone delivery technology (ASX Announcement 8 December 2020) increasing awareness of the Company.

4. *Please confirm that DTS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with Listing Rule 3.1.

5. *Please confirm that DTS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DTS with delegated authority from the board to respond to ASX on disclosure matters.*

The Company's responses to the above questions have been approved by Managing Director Ido Levanon.

Yours sincerely,



Stephen Hewitt-Dutton
Company Secretary



22 January 2021

Reference: 29799

Mr Stephen Hewitt-Dutton
Company Secretary
Dragontail Systems Limited

By email

Dear Mr Hewitt-Dutton

Dragontail Systems Limited ('DTS'): Price and Volume - Query

ASX refers to the following:

- A. The change in the price of DTS's securities from a low of \$0.125 on Friday, 15 January 2021, to an intraday high of \$0.20 at the time of writing, today.
- B. The increase in the volume of DTS's securities traded from 15 January 2021 to 22 January 2021.

Request for information

In light of this, ASX asks DTS to respond separately to each of the following questions and requests for information:

- 1. Is DTS aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes".
 - (a) Is DTS relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in DTS's securities would suggest to ASX that such information may have ceased to be confidential and therefore DTS may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that DTS may have for the recent trading in its securities?
- 4. Please confirm that DTS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
- 5. Please confirm that DTS's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DTS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 midday AWST Friday, 22 January 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, DTS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DTS to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in DTS's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DTS's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DTS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that DTS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)