Rule 3.19A.2

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	**DroneShield Limited**
ABN	**26 608 915 859**

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Peter James
Date of last notice	3 June 2022

Part 1 - Change of director's relevant interests in securities
In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct and indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	Christie James Funds Management Pty Ltd held by Bond Street custodians. Christie James Investments Pty Ltd.
Date of change	10 – 12 January 2023
No. of securities held prior to change	9,301,688 fully paid ordinary shares. 397,500 unlisted and unvested zero exercise price options, vesting if certain performance milestones are met, each exercisable at $0.00 per option, expiring on 30 November 2022. 132,500 unlisted and unvested employee options (being the Class Q Options), vesting on 30 November 2022, exercisable at $0.65 per option expiring on 30 June 2023. 5,000,000 unlisted and unvested Performance Options, vesting if certain performance milestones are met, each exercisable at $0.00 per option, expiring on 29 April 2027.

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Class	Fully paid ordinary shares
Number acquired	Nil
Number disposed	a) 3,000,000 fully paid ordinary shares b) 397,500 unlisted and unvested options
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	a) $796,690.53 b) Nil
No. of securities held after change	6,301,688 fully paid ordinary shares. 132,500 unlisted and vested employee options (being the Class Q Options), exercisable at $0.65 per option expiring on 30 June 2023. 5,000,000 unlisted and unvested Performance Options, vesting if certain performance milestones are met, each exercisable at $0.00 per option, expiring on 29 April 2027.
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	a) On-market trade. The sale of shares represents 20.7% of the total Director's holding on a fully diluted basis. A substantial part of the proceeds is towards meeting ATO tax obligations associated with issue of DroneShield securities. b) Expiry of options

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	N/A
Nature of interest	N/A
Name of registered holder (if issued securities)	N/A
Date of change	N/A
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	N/A

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Interest acquired	N/A
Interest disposed	N/A
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	N/A
Interest after change	N/A

Part 3 – +Closed period

Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

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