

November 6, 2017



Security Devices International Inc. Announces Private Placement

WAKEFIELD, Mass.--(BUSINESS WIRE)-- Security Devices International Inc.

NOT FOR DISSEMINATION OR DISTRIBUTION IN THE UNITED STATES

TSX-V: SDZ - Security Devices International Inc. (“SDI” or the “Company”) announces that it is undertaking a private placement to raise up to USD\$4,500,000 from the sale of units at a price of USD\$0.106 each.

Each unit consists of one common share of SDI and half a warrant. Each whole warrant is exercisable for one common share of SDI during the 60 months following the first closing of the private placement at an exercise price of USD\$0.18. If the average closing price of the common shares is over USD\$0.36 per share for a period of 20 consecutive trading days ending more than 2 years after the first closing, the Issuer may give notice to the registered holders of the warrants accelerating the expiry date to a date not less than 30 days following the date of that notice.

SDI has engaged J Streicher Capital, LLC (the “Agent”) to act as exclusive agent for the Company in the offering. The agent will receive a cash commission, as a percentage of the gross proceeds from the sale of units, equal to between 1.75% and 7% depending on the subscriber. The Agent will also receive warrants, calculated as a percentage of the number of units issued in the private placement, which is between 1.75% and 7% depending on the subscriber. Each agent warrant is exercisable for one common shares of SDI during the 60 months following the first closing at an exercise price of USD\$0.15. If the closing price of the common shares is over USD\$0.30 per share for a period of 20 consecutive trading days ending more than two years after the first closing, the Issuer may give notice accelerating the expiry date of the agent warrants to a date not less than 30 days following the date of that notice.

The net proceeds of the offering will be used to pay down debt, for capital expenditures related to the acquisition of molds and for working capital purposes.

The private placement is subject to the approval of the TSX Venture Exchange.

SDI expects to issue units to subscribers who are related parties of SDI under Multilateral Instrument 61-101 (“MI 61-101”). The amount of those subscriptions is to be determined. SDI is exempt from the formal valuation requirement and shareholder approval requirement of MI 61-101, as described in more detail in the material change report to be filed in connection with this private placement.

The securities offered have not been and will not be registered under the U.S. Securities Act

of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This news release does not constitute an offer to sell or the solicitation of any offer to buy nor will there be any sale of these securities in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such province, state or jurisdiction.

Paul Jensen

SDI also reports that it has entered into an employment agreement with Paul Jensen pursuant to which Mr. Jensen serves as President and Chief Operating Officer of the Company. Mr. Jensen will receive an annual salary of \$200,000, payable as follows. For the period beginning on October 1, 2017 and ending on June 30, 2018, Mr. Jensen will receive quarterly payments of common stock, to be issued 15 days after the end of each three-month quarter. The shares issued shall be valued based upon the weighted average closing price of the Company's shares for the twenty (20) trading days prior to the end of the applicable quarter. Commencing July 1, 2018, the Company will pay \$10,000 per month in cash and the balance in Company stock. At such time as the Company can pay the entire salary in cash and be cash positive on an operating basis, the entire monthly salary will be paid in cash.

The issuance of shares to Mr. Jensen must be approved by disinterested shareholder approval because Mr. Jensen will be an insider of the Company and the issuance of shares will exceed 1% of the issued and outstanding shares during a twelve month period.

About Security Devices International

SDI is a technology company specializing in the areas of Military, Law Enforcement, Corrections, and Private Security. The Company develops and manufactures innovative, less lethal equipment and munitions.

Forward Looking Statements

This news release contains forward-looking statements. More particularly, this news release contains statements about the anticipated use of proceeds and anticipated subscriptions from related parties under MI 61-101. The forward-looking statements are based on certain expectations and assumptions made by the Company. Although the Company believes that those expectations and assumptions are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those anticipated due to a number of factors and risks. In addition to other risks, the amount and timing of the funds raised in the offering (if any) will depend on investor interest and the receipt of stock exchange approval. Accordingly, there is a risk that the offering will not be completed within the anticipated time or at all. The intended use of the net proceeds of the offering could change if the Company determines that it would be in the best interests of the Company to use the proceeds for some other purpose. The forward-looking statements contained in this press release are made as of the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as

required under applicable securities laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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Source: Security Devices International Inc.