
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

Current Report

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 26, 2016

DRONE AVIATION HOLDING CORP.
(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction
of Incorporation)

333-150332

(Commission
File Number)

46-5538504

(IRS Employer
Identification No.)

11651 Central Parkway #118, Jacksonville, FL 32224
(Address of principal executive offices)

Registrant's telephone number, including area code: **(904) 834-4400**

No change

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On September 29, 2016, Drone Aviation Holding Corp. (the “Company”) issued Convertible Promissory Notes Series 2016 due October 1, 2017 (each, a “Note” and collectively, the “Notes”) in the aggregate principal amount of \$3,000,000 in a private placement (the “Offering”) in which Jay H. Nussbaum, Chairman and Chief Executive Officer of the Company, and Frost Gamma Investments Trust (the “Frost Trust”), an affiliate of Dr. Phillip Frost, Chairman of the Company’s Strategic Advisory Board, were subscribers. The Notes were issued pursuant to Subscription Agreements entered into by and between the Company and each of Mr. Nussbaum and the Frost Trust on September 29, 2016, and September 29, 2016, respectively. Copies of the form of Subscription Agreement and form of Note are attached hereto as Exhibit 10.1 and Exhibit 4.1, respectively, and are incorporated herein by reference. The information contained in Item 2.03 of this Current Report on Form 8-K with respect to the Notes is incorporated herein by reference. The descriptions of the Subscription Agreement and the Notes in this Current Report on Form 8-K are summaries and are qualified in their entirety by the terms of the Subscription Agreement and the Notes, respectively.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On September 29, 2016, the Company issued Notes in the aggregate principal amount of \$3,000,000. The Notes bear interest at a rate of six percent (6%) per annum, and the Company is required to pay the outstanding principal amount and any accrued and unpaid interest on the maturity date of October 1, 2017, unless earlier paid or converted. The Company may prepay the Notes at any time without penalty.

If the Company does not prepay a Note in full or a holder does not convert a Note before the maturity date, the Company may pay the outstanding principal amount and any accrued and unpaid interest on the maturity date: (i) with cash; (ii) by the issuance and delivery to the holder of the Note of whole shares (“PIK Shares”) of the common stock of the Company, par value \$0.0001 per share (“Common Stock”); or (iii) through any combination of cash and PIK Shares, as determined by the Company in its sole discretion.

Holders may convert their Notes into Common Stock at any time except during the period from ten (10) days after a Payment Notice (as defined in the Note) by the Company to thirty (30) days after the Payment Notice. The number of shares of Common Stock issuable upon conversion of a Note at any time shall be the quotient of: (i) the sum of the outstanding principal amount and the accrued and unpaid interest divided by (ii) the Conversion Price (as defined below) then in effect.

The “Conversion Price” of the Notes shall be the lesser of: (i) \$3.00 or (ii) the product of (a) eighty five percent (85%) and (b) the lowest per share purchase price of Common Stock issued in the next sale (or series of related sales) by the Company of its Common Stock after September 29, 2016, from which the Company receives gross proceeds of an amount greater than or equal to \$3,000,000.

Holders may also convert their Notes in connection with any “Fundamental Change,” which includes: (i) any consolidation to which the Company shall be a party; (ii) any merger in which the Company shall not survive; (iii) any merger in which the Common Stock outstanding immediately prior to such merger shall be exchanged for or converted into any cash, securities, or other property; (iv) any complete liquidation of the Company; or (v) any partial liquidation of the Company for which the approval of the holders of Common Stock is required or which is involuntary. At any time before a Fundamental Change occurs, holders of the Notes may make a conditional election: (i) to convert all of the outstanding principal amount and accrued and unpaid interest of a Note into Common Stock if the Fundamental Change is actually consummated and to participate in such Fundamental Change as if the holder of the Note had held such Common Stock on the date as of which the holders of Common Stock entitled to participate in such Fundamental Change shall be selected, but (ii) not to convert the holder’s Note if such Fundamental Change shall not be consummated. Any conditional election to convert a Note in connection with a potential Fundamental Change will be: (i) subject to the same method and mechanics of conversion described above, and (ii) deemed to have been converted on the record date (or, if there is no record date, the point in time) used to determine the holders of Common Stock entitled to participate in the Fundamental Change or other event giving rise to such conditional election.

Holders of the Notes shall also have certain other rights similar to holders of Common Stock in the event the Company: (i) grants, issues, or sells any options, convertible securities, or rights to purchase stock, warrants, securities, or other property pro rata to the record holders of Common Stock; or (ii) makes any distribution pro rata to the record holders of Common Stock in property other than cash, in each case, as set forth in the Note.

The following events constitute a “Default” under the Notes that could, subject to certain conditions, cause the unpaid principal of and accrued and unpaid interest under the Notes to become immediately due and payable: (i) the unpaid principal or accrued and unpaid interest owed on the Note is not paid at maturity; (ii) the Company breaches any other covenant or warranty of the Company in the Note or the Subscription Agreement executed in connection with the Note for at least thirty (30) days after the holder of the Note has given the Company a written notice specifying such breach and requiring it to be remedied and stating that such notice is a “notice of default” for purposes of the Note; or (iii) a decree or order by a court having jurisdiction in the premises is entered adjudicating the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the bankruptcy code or any other similar applicable federal or state law, and such decree or order is in effect for a period of sixty (60) days, or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of any property of the Company or for the winding up or liquidation of its affairs is in effect for a period of sixty (60) days.

Additional information regarding the Notes is set forth in Item 1.01 of this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

On September 29, 2016, the Company issued Notes in the aggregate principal amount of \$3,000,000 in an Offering in which Mr. Nussbaum and the Frost Trust were subscribers, in reliance on the exemptions from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 506 of Regulation D under the Securities Act. The Company relied on the foregoing exemptions from registration based, in part, on representations made by Mr. Nussbaum and the Frost Trust. The Notes are convertible into shares of Common Stock as described in Item 2.03 of this Current Report on Form 8-K. The information contained in Item 1.01 and Item 2.03 of this Current Report on Form 8-K with respect to the Offering and the Notes is incorporated herein by reference

Additionally, on September 27, 2016, in connection with the Offering, Mr. Nussbaum and the Frost Trust, collectively representing a majority of the Common Stock purchased pursuant to that certain Common Stock Purchase Agreement, dated November 20, 2015 (the “Purchase Agreement”), executed by the Company and the purchasers set forth on the signature pages thereof (collectively, the “November 2015 Purchasers”), executed a Consent and Waiver (the “Consent and Waiver”) pursuant to which Mr. Nussbaum and the Frost Trust, on behalf of the November 2015 Purchasers, consented to the Offering and waived certain provisions of the Purchase Agreement that may have otherwise prohibited the Company from conducting the Offering. In consideration of Mr. Nussbaum and the Frost Trust agreeing to and executing the Consent and Waiver on behalf of the November 2015 Purchasers, the Company agreed to issue to each of the November 2015 Purchasers a number of shares of Common Stock necessary to cause the price per share paid by the November 2015 Purchasers for the Common Stock issued pursuant to the Purchase Agreement and the Common Stock issued in consideration of the execution of the Consent and Waiver to equal \$3.00 per share rather than \$5.00 per share, as described in the Purchase Agreement.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Extension of Employment Agreements of Executive Officers

On September 26, 2016, the Company and each of Mr. Nussbaum, Felicia Hess, Kevin Hess, Daniyel Erdberg, and Kendall Carpenter entered into amendments to the Employment Agreements of Mr. Nussbaum, Ms. Hess, Mr. Hess, Mr. Erdberg, and Ms. Carpenter (collectively, the “Amendments”), respectively, which, in each case, extended their respective terms of employment under their respective Employment Agreements from May 18, 2018 to December 31, 2018. No other terms or conditions of the foregoing Employment Agreements were amended. Copies of the Amendments are attached hereto as Exhibit 10.2, Exhibit 10.3, Exhibit 10.4, Exhibit 10.5, and Exhibit 10.6, and are incorporated herein by reference.

Restricted Stock Awards Granted to Executive Officers

On September 26, 2016, the Board of Directors of the Company approved the issuance of restricted stock awards to the following executive officers of the Company pursuant to the form of Drone Aviation Holding Corp. Restricted Stock Agreement (Non-Assignable) attached hereto as Exhibit 10.7 and incorporated herein by reference:

OFFICER	RESTRICTED STOCK AWARD
Jay H. Nussbaum	450,000 shares of Common Stock
Felicia Hess	431,500 shares of Common Stock
Daniyel Erdberg	332,500 shares of Common Stock
Kendall Carpenter	50,000 shares of Common Stock

The restricted stock awards shall vest upon the consummation of an equity or debt offering from which the Company receives gross proceeds of at least \$5,000,000, provided that such recipient continues to be employed by the Company on the vesting date.

Vesting of Prior Restricted Stock Awards to Executive Officers

On September 26, 2016, the Board of Directors of the Company modified the vesting conditions for the restricted stock awards granted to Mr. Nussbaum, Ms. Hess, Mr. Hess, Mr. Erdberg, and Ms. Carpenter on April 27, 2016 (which were disclosed in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016) to provide for such restricted stock awards to fully vest upon the closing of the Offering rather than upon the consummation of a significant equity and/or debt financing of at least \$3,725,000. Accordingly, all of the 1,150,000 shares of restricted stock granted on April 27, 2016, vested upon the closing of the Offering.

Item 7.01 Regulation FD Disclosure.

On September 30, 2016, the Company issued a press release announcing the closing of the Offering, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following Exhibits are filed herewith:

4.1	Form of Convertible Promissory Note Series 2016 due October 1, 2017
10.1	Form of Subscription Agreement for Convertible Promissory Notes Series 2016 due October 1, 2017
10.2	Amendment No. 1 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Jay H. Nussbaum
10.3	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Felicia Hess
10.4	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Kevin Hess
10.5	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Daniyel Erdberg
10.6	Amendment No. 2 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Kendall Carpenter
10.7	Form of Drone Aviation Holding Corp. Restricted Stock Agreement (Non-Assignable)

The following Exhibit is furnished herewith:

99.1	Press Release issued by Drone Aviation Holding Corp. on September 30, 2016 (furnished pursuant to Item 7.01 of Form 8-K).
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DRONE AVIATION HOLDING CORP.

Date: September 30, 2016

By: /s/ Kendall Carpenter

Name: Kendall Carpenter

Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference			SEC File No.	Filed Herewith
		Form	Filing Date	Exhibit Number		
4.1	Form of Convertible Promissory Series 2016 due October 1, 2017	—	—	—	—	X
10.1	Form of Subscription Agreement	—	—	—	—	X
10.2	Amendment No. 1 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Jay H. Nussbaum	—	—	—	—	X
10.3	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Felicia Hess	—	—	—	—	X
10.4	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Kevin Hess	—	—	—	—	X
10.5	Amendment No. 3 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Daniyel Erdberg	—	—	—	—	X
10.6	Amendment No. 2 to Employment Agreement, dated September 26, 2016, by and between Drone Aviation Holding Corp. and Kendall Carpenter	—	—	—	—	X
10.7	Form of Drone Aviation Holding Corp. Restricted Stock Agreement (Non-Assignable)	—	—	—	—	X
99.1*	Press Release issued by Drone Aviation Holding Corp. on September 30, 2016	—	—	—	—	—

* Furnished herewith pursuant to Item 7.01 of Form 8-K.

THIS CONVERTIBLE PROMISSORY NOTE AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THE CONVERTIBLE PROMISSORY NOTE NOR THE SHARES OF COMMON STOCK MAY BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DRONE AVIATION HOLDING CORP. AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. THIS CONVERTIBLE PROMISSORY NOTE MUST BE SURRENDERED TO DRONE AVIATION HOLDING CORP. OR ITS REGISTRAR DESCRIBED HEREIN AS A CONDITION PRECEDENT TO THE SALE OR OTHER TRANSFER.

Drone Aviation Holding Corp.

**Convertible Promissory Note Series 2016
Due October 1, 2017**

\$____,000.00

Date: _____, 2016

Jacksonville, Florida

Registered Holder of this Convertible Promissory Note: _____

Drone Aviation Holding Corp., a corporation duly organized and existing under the laws of the State of Nevada (hereinafter referred to as the "Company"), for value received, hereby promises to pay to the registered holder hereof (the "Holder"), the principal sum stated above ("Principal Amount") on the 1st day of October, 2017 (the "Maturity Date"), together with interest accrued upon the unpaid principal amount from the date hereof, upon presentation and surrender of this Convertible Promissory Note Series 2016 (the "Note") at the principal corporate office of the Company at 11651 Central Parkway #118, Jacksonville FL 32224, or at such other place as the Company may designate, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of a series of convertible promissory notes (collectively, the "Series 2016 Notes") issued by the Company to investors with identical terms and on the same form as set forth herein (except that the holder, principal amount and date of issuance may differ in each convertible promissory note).

Interest shall accrue on a daily basis on the outstanding principal amount of this Note from and including the date hereof at a simple rate of interest equal to six percent (6%) per annum computed on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed. Subject to the terms of this Note, interest shall be paid on the Maturity Date.

1. Payment and Prepayment.

(a) Payment at Maturity; Prepayment. Subject to the terms of this Note, the Company shall pay the outstanding principal amount of this Note and any accrued and unpaid interest on the Maturity Date. Prepayment of this Note may be made at any time without penalty.

(b) PIK Shares. In the event the Company does not prepay this Note in full before the Maturity Date, the Company shall satisfy its obligations to repay the outstanding principal amount of this Note and any accrued and unpaid interest on the Maturity Date with: (i) cash; (ii) the issuance and delivery to the Holder of whole shares ("PIK Shares") of common stock of the Company, par value \$0.0001 per share ("Common Stock"); or (iii) any combination of cash and PIK Shares, as determined by the Company in its sole discretion.

(c) Payment Notice. The Company shall deliver a written notice ("Payment Notice") at least ten (10) days before any prepayment, or at least ten (10) days before the Maturity Date if any of the Principal Amount remains outstanding on the tenth (10th) day before the Maturity Date, of its intention to make a prepayment of any part of the Principal Amount or to pay on the Maturity Date by PIK Shares, as the case may be. The Payment Notice shall specify the amount of the prepayment and its allocation between interest and outstanding principal amount, the number of PIK Shares to be issued, if applicable, and the amount of the Company's obligation that will be satisfied with the payment of cash or readily available funds.

(d) Number and Value of PIK Shares. The PIK Shares issued and delivered at maturity shall be equal to the number of shares of Common Stock that could have been purchased for the principal and interest obligation (less any cash paid in combination with the PIK Shares) if the shares were valued at the Fair Market Value of the Common Stock as of maturity. For purposes hereof, the term "Fair Market Value" means, as of any particular date: (i) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock may at the time be listed; (ii) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (iii) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such day; or (iv) if there have been no sales of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, the "Fair Market Value" of the Common Stock shall be the fair market value per share as determined jointly by the Board of Directors of the Company and the Holder.

2. Conversion.

(a) Conversion Right. The Holder shall have a right to convert this Note into shares of Common Stock at any time except as otherwise provided herein below. This Note shall not be convertible during the period from ten (10) days after a Payment Notice by the Company to thirty (30) days after the Payment Notice. The number of shares of Common Stock issuable upon any conversion of this Note at any given time shall be quotient of (i) the sum of the outstanding principal amount and the accrued but unpaid interest of this Note divided by (ii) the Conversion Price then in effect in accordance with Section 2(c). The Holder, by purchasing this Note, understands that the Common Stock to be issued pursuant to the conversion rights granted hereunder has not been registered under the Securities Act of 1933, as amended ("Securities Act"), that it is not the intention of the Company to so register said Common Stock and that the certificates evidencing said Common Stock will bear a legend indicating that said shares are "restricted securities" within the meaning of Rule 144 under the Securities Act. The Holder further understands that unless said Common Stock is registered under the Securities Act, the Securities Act may be construed to prohibit any public sale or transfer of any of the Common Stock unless such public sale or transfer is effected in compliance with all applicable laws and regulations.

(b) Method of Exercise of Conversion Right. In order to exercise the conversion right, the Holder shall present and surrender the original of this Note during usual business hours to the Note Registrar (as defined below) at the principal corporate office of the Company and shall deliver a written notice in person or by overnight delivery service, in the form of Exhibit A attached hereto, of the election of the Holder to convert this Note ("Conversion Notice") before the suspension of the conversion right as specified in Section 2(a). The certificate or certificates for Common Stock which shall be issuable on such conversion shall be issued in the name of the Holder. This Note, when surrendered for conversion, shall be endorsed in such manner, or accompanied by such instruments of transfer, as the Company may prescribe. The conversion shall be deemed to have been effected on the date (the "Conversion Date") on which this Note shall have been surrendered and such notice and any required instruments of transfer received as aforesaid, and the person or persons in whose name or names any certificate or certificates for Common Stock shall be issuable on such conversion shall be deemed to have become on the Conversion Date the holder or holders of record of the Common Stock represented thereby. As promptly as practicable after the presentation and surrender for conversion, of this Note, as herein provided, the Company shall issue and deliver at such office to the Holder, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion. No fractional shares, or scrip representing fractional shares, shall be issued upon any conversion, but in lieu thereof the Company shall pay in cash the fair value of such fractional shares as of the Conversion Date. The issuance of certificates for Common Stock issuable upon the conversion of this Note shall be made without charge to the converting Holder for any tax in respect of the issue thereof.

(c) Conversion Price. For purposes of this Note, the term “Conversion Price” shall mean, with respect to conversion pursuant to Sections 2(a), (b), (c) and (d)(ii), the lesser of: (i) \$3.00 or (ii) the product of (A) 85% and (B) the lowest per share purchase price of Common Stock issued in the Next Financing. Also, for purposes of this Note, the term “Next Financing” means the next sale (or series of related sales) by the Company of its Common Stock following the date of issuance of this Note from which the Company receives gross proceeds of an amount greater than or equal to the sum of the original principal amounts of all of the Series 2016 Notes sold by the Company.

(d) Fundamental Change.

(i) Definition. For purposes of this Note, a “Fundamental Change” shall be deemed to have occurred if there shall be: (A) any consolidation to which the Company shall be a party, (B) any merger in which the Company shall not survive, (C) any merger in which the Common Stock outstanding immediately prior to such merger shall be exchanged for or converted into any cash, securities or other property, (D) any complete liquidation of the Company, or (E) any partial liquidation of the Company for which the approval of the holders of Common Stock is required or which is involuntary.

(ii) Conditional Conversion Election. In connection with any Fundamental Change, the Holder of this Note shall have the right at any time before such event shall actually occur to make a conditional election (A) to convert all of the outstanding principal amount and accrued and unpaid interest of this Note into Common Stock if such event shall actually be consummated and to participate in such event as if the Holder had held such Common Stock on the date as of which the holders of Common Stock entitled to participate in such event shall be selected but (B) not to convert this Note if such event shall not be consummated. Any conversion of this Note pursuant to any conditional election made pursuant to rights granted in this Section 2(d)(ii) shall be (Y) subject to the same method and mechanics of conversion set forth in Sections 2(a), (b) and (c), including method of determining the number of shares of Common Stock issuable upon any conversion, the method of exercise and the calculation of the Conversion Price, and (Z) deemed to have been converted on the record date (or if there be no record date, the point in time) used to determine the holders of Common Stock entitled to participate in the Fundamental Change or other event giving rise to such conditional election.

(e) Purchase Rights.

(i) If at any time the Company grants, issues or sells any options, convertible securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock (the "Purchase Rights"), then the holder of this Note shall be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon conversion of this Note immediately before the date on which a record shall be taken for the grant, issuance or sale of such Purchase Rights or, if no such record shall be taken, the date as of which the record holders of Common Stock shall be determined for the grant, issue or sale of such Purchase Rights.

(ii) Except as provided herein, in addition to the Purchase Rights, if at any time during calendar year 2017 prior to the Maturity Date, the Company offers, issues or sells any shares of Common Stock or securities exchangeable for or convertible into shares of Common Stock in any offering exempt from the registration requirements of Section 5 of the Securities Act, the Company will offer the Holder the right to purchase a portion of such securities, where such portion, expressed as a percentage, shall be equal to the quotient of (A) the Principal Amount divided by (B) the original principal amount of all of the outstanding Series 2016 Notes including the Principal Amount of this Note.

(iii) Section 2(e) shall not apply to securities offered, issued and sold by the Company for cash consideration and shall not apply to any: (A) offers and sales of any of the Series 2016 Notes; (B) securities of the Company outstanding on the date of this Note; (C) securities issued or to be issued upon the exercise, conversion or payment of securities of the Company outstanding on the date of this Note; or (D) options issued pursuant to option plans of the Company.

(f) Distribution Rights. If at any time the Company makes any distribution pro rata to the record holders of Common Stock in property other than cash ("Distribution Rights"), then the Holder shall be entitled to acquire, upon the terms applicable to such distribution rights, the aggregate distribution rights which the Holder would have acquired if the Holder had held the number of shares of Common Stock acquirable upon conversion of this Note immediately before the date on which a record shall be taken for the distribution, or, if no such record shall be taken, the date as of which the record holders of Common Stock shall be determined for the distribution.

3. Representations, Warranties and Covenants of the Company.

(a) Information Rights. The Company shall deliver to the Holder promptly after mailing, copies of all notices or other written communications to the shareholders of the Company. The Company shall file with the Securities and Exchange Commission all periodic reports and other filings as required under the federal securities laws, and if not so required, the Company shall file, as a voluntary filer, from the date hereof to the Maturity Date all applicable Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

(b) Reservation of Shares. The Company agrees to reserve from its authorized and unissued Common Stock, until this Note shall be paid in full or fully converted, shares of Common Stock in a number which at any given time shall be equal to all of the number of shares which may be issuable on the conversion of this Note.

(c) Common Stock. The Company hereby represents and warrants that all shares of Common Stock which may be issued upon the conversion or as PIK Shares shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances.

4. Representations, Warranties and Covenants of the Holder.

The Holder, by purchasing this Note, represents, warrants and covenants as follows:

(a) Private Offering. This Note and any Common Stock issuable upon conversion of, or as PIK Shares as payment of, this Note (collectively, the "Securities") will be acquired for investment for the Holder's own account, and not with a view to the resale or distribution of any part thereof, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. The Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Securities. The Holder acknowledges that the Securities are not registered under the Securities Act or qualified under applicable state securities laws under an exemption from the registration thereof and that the Company's reliance on such exemption is predicated on Holder's representations set forth herein.

5. Remedies.

(a) Events of Default. A "Default" shall be deemed to exist for purposes of this Note so long as: (i) the principal or interest owed on this Note shall not be paid at maturity; (ii) the Company shall be in breach of any other covenant or warranty of the Company in this Note or the Subscription Agreement executed in connection with this Note for at least thirty (30) days after there has been given to the Company by the Holder, a written notice specifying such breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or (iii) a decree or order by a court having jurisdiction in the premises shall have been entered adjudicating the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have been in effect for a period of sixty (60) days, or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of any property of the Company or for the winding up or liquidation of its affairs shall be in effect and shall have been in effect for a period of sixty (60) days.

(b) Acceleration of Maturity. Whenever a Default exists, the Holder may declare the outstanding principal amount and accrued and unpaid interest of this Note to be due and payable immediately, by a notice in writing to the Company, and upon any such declaration such principal and accrued and unpaid interest shall become immediately due and payable.

(c) Unconditional Right of Holder to Receive Principal and Interest. Notwithstanding any other provision in this Note, the Holder shall have the right which is absolute and unconditional to receive payment of outstanding principal amount and accrued and unpaid interest of this Note on maturity and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Holder.

(d) Rights and Remedies Cumulative; Governing Law. No right or remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment or any other appropriate right or remedy.

(e) Delay or Omission Not Waiver. No delay or omission of any Holder to exercise any right or remedy accruing upon any Default shall impair any such right or remedy or constitute a waiver of any such Default or acquiescence therein. Every right and remedy given by this Note or by law to the Holder may be exercised from time to time, and as often as may be deemed expedient, by the Holder.

(f) Undertaking for Costs. The Company and the Holder, by purchasing this Note, agree that any court or arbitrator, as the case may be, may in its discretion require, in any suit for the enforcement of any right or remedy under this Note, of any party litigant in such suit an undertaking to pay the costs of such suit, and that such court or arbitrator may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

6. General.

(a) Registration, Transfer and Exchange. The Company shall cause to be kept at its principal corporate office a register (herein sometimes referred to as the “Note Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of this Note and of transfers of this Note. The Secretary of the Company is hereby appointed “Note Registrar” for the purpose of registering this Note in the Note Register and transfers of this Note as herein provided. Upon surrender for transfer of any part of this Note to the Note Registrar at the principal corporate office of the Company, which transfer complies with all applicable securities laws, the Company shall execute and deliver, in the name of the designated transferee or transferees, one or more new convertible promissory notes of any authorized denominations, of a like aggregate principal amount. A convertible promissory note issued upon any transfer or exchange of this Note shall be a valid obligation of the Company, evidencing the same debt, and entitled to the same benefits as this Note. The Holder understands that: (i) this Note has not been registered under the Securities Act or any other federal or state law governing the issuance or transfer of securities (which are herein collectively called the “securities laws”), (ii) the securities laws impose substantial restrictions upon the transfer of any interest in this Note, and (iii) the Company is not obligated to register this Note or the securities acquired upon conversion of this Note under the securities laws or otherwise take any action to facilitate or make possible any transfer of any interest in this Note. No service charge shall be made for the transfer or exchange of this Note, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of this Note and the Company’s costs and expenses incurred in connection therewith.

(b) Mutilated, Destroyed, Lost and Stolen Notes. If (i) any mutilated Note is surrendered to the Company and the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Company such security or indemnity as may be required by the Company to save the Company harmless, then the Company shall execute and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay such Note. Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. Every new Note issued pursuant to this section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Notes duly issued. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

(c) Payment of Interest; Interest Rights Preserved. Interest on this Note shall be paid to the person in whose name this Note (or one or more predecessor Note) is registered at the close of business on the business day immediately prior to such payment date.

(d) Persons Deemed Owners. The Company, and any agent of the Company, may treat the person in whose name this Note is registered as the owner of this Note for the purpose of receiving payment of principal and interest on this Note and for all other purposes whatsoever, whether or not this Note be overdue, and neither the Company nor any agent of the Company shall be affected by notice to the contrary.

(e) Cancellation. This Note, when surrendered for payment, redemption, transfer, exchange or conversion shall be delivered to the Note Registrar for cancellation. The Company may at any time deliver to the Note Registrar for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Note Registrar. No Notes shall be issued in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted. All cancelled Notes held by the Note Registrar shall be disposed of as directed by the Company.

7. Governing Law; Dispute Resolution.

This Note shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to its principles regarding conflicts of law. With respect to any suit, action, or proceeding relating to any offer, purchase, or sale of this Note ("Proceedings"), the Holder irrevocably submits to the jurisdiction of the federal or state courts located in Duval County, Florida, which submission shall be exclusive unless none of such courts has lawful jurisdiction over such Proceedings. The Holder acknowledges and agrees that any dispute concerning this Note, including the issue of whether the dispute is subject to arbitration, will be resolved by arbitration in Duval County, Florida, under the Commercial Arbitration Rules of the American Arbitration Association ("AAA") by a single arbitrator selected by the Company from the AAA's panel of arbitrators.

[Remainder of Page Left Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name by the signature of its Chief Financial Officer.

Drone Aviation Holding Corp.

By: _____
Kendall W. Carpenter
Chief Financial Officer

Dated: _____, 2016

Signature Page to Convertible Promissory Note

Exhibit A

ELECTION TO CONVERT NOTE

Reference is made to that certain Convertible Note Series 2016 due October 1, 2017 issued, on _____ (the "Note"), by Drone Aviation Holding Corp. (the "Company") to _____. Capitalized terms used but not otherwise defined in this Exhibit A shall have the meanings assigned to them in the Note.

The holder of the Note hereby irrevocably elects to convert the outstanding principal amount of the Note and any accrued and unpaid interest thereunder into shares of Common Stock. The holder of the Note shall be entitled to convert the Note only in accordance with Section 2 thereof.

The holder of the Note directs the Company to record in the shareholder register of the Company the Common Stock (or other securities) issuable upon this conversion of the Note in the name of the holder of the Note.

The Note is herewith being surrendered by the holder of the Note. The holder of the Note hereby acknowledges and approves of the cancellation of the Note by the Company.

Holder of the Note: _____

Address: _____

Dated: _____

SUBSCRIPTION AGREEMENT

THE NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION. THERE ARE FURTHER RESTRICTIONS ON THE TRANSFERABILITY OF THE NOTE DESCRIBED HEREIN. THE PURCHASE OF THE NOTE INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE RISK OF THE LOSS OF THEIR ENTIRE INVESTMENT.

Drone Aviation Holding Corp.
11651 Central Parkway #118
Jacksonville, FL 32224

Ladies and Gentlemen:

The undersigned understands that Drone Aviation Holding Corp., a Nevada corporation (the "**Company**"), is offering Convertible Promissory Notes Series 2016 due October 1, 2017 (the "**Notes**") in a private placement and that the Company is seeking to sell Notes in the aggregate original principal amount of \$5,000,000 for a minimum investment of \$100,000, unless otherwise determined by the Company in its sole discretion.

The undersigned acknowledges that the offering is made pursuant to a Summary of Terms, dated September 22, 2016, and the form of Note attached thereto (collectively, the "**Offering Documents**"), and that subscriptions shall be accepted or rejected by the Company in its sole and absolute discretion in light of the requirements of Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Securities Act**"), and Rule 506 of Regulation D under the Securities Act. The undersigned further understands that the offering is being made without registering the Note under the Securities Act or any securities law of any state of the United States or of any other jurisdiction, and is being made only to "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act).

1 . Subscription. Subject to the terms and conditions of this Subscription Agreement (this "**Subscription Agreement**"), on the date of the Closing described in Section 3 hereof, the undersigned shall purchase from the Company, and the Company shall sell and issue to the undersigned, a Note in an original principal amount equal to the "Accepted Subscription Amount" set forth on the undersigned's signature page to this Subscription Agreement (the "**Subscription Amount**").

2 . Acceptance of Subscription and Issuance of Note. It is understood and agreed that the Company shall have the sole right, in its complete discretion, to accept or reject this subscription, in whole or in part, for any reason and that this subscription shall be deemed to be accepted by the Company only when it is countersigned by a duly authorized officer of the Company and delivered to the undersigned at the Closing referred to in Section 3 hereof. Subscriptions need not be accepted in the order received, and Notes may be allocated among subscribers in the sole and absolute discretion of the Company. Notwithstanding anything in this Subscription Agreement to the contrary, the Company shall have no obligation to issue any of the Notes to any person who is a resident of, or any entity that is incorporated or formed in, a jurisdiction in which the issuance of a Note to such person or entity would constitute a violation of the securities, "blue sky," or other similar laws of such jurisdiction (collectively, the "**State Securities Laws**").

3 . The Closing. The closing of the purchase and sale of the Notes (the “**Closing**”) shall take place at the offices of Holland & Knight LLP, 50 North Laura Street, Suite 3900, Jacksonville, Florida 32202, at 11:00 a.m. (Eastern) on September 27, 2016, or at such other time and place as the Company may designate by notice to the undersigned.

4 . Payment for Notes. The Subscription Amount for the Note to be purchased by the undersigned shall be received by the Company from the undersigned by certified or bank check payable to the order of “Drone Aviation Holding Corp.” or wire transfer of immediately available funds in accordance with the wire instructions set forth in the instructions attached to this Subscription Agreement. The Company shall deliver the Note to the undersigned at the Closing.

5 . Representations and Warranties of the Company. As of the Closing, the Company represents and warrants to the undersigned that:

(a) The Company is duly formed and validly existing under the laws of Nevada, with full power and authority to conduct its business as it is currently being conducted and to own its assets. The Company has the corporate power and authority to operate its business as it is currently being conducted and to own, lease, and operate its properties, and is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company.

(b) All corporate action on the part of the Company, its officers, directors, and shareholders necessary for the authorization, execution, and delivery of this Subscription Agreement and the Note, the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance, and delivery of the Note and shares of common stock, par value \$0.0001 per share, of the Company (“**Common Stock**”) issuable upon conversion of the Note has been taken or will be taken prior to Closing, and this Subscription Agreement and the Note, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors’ rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

6 . Representations, Warranties and Covenants of the Undersigned. The undersigned hereby represents and warrants to and covenants with the Company that:

(a) General.

(i) The undersigned has all requisite authority (and, in the case of an individual, the capacity) to purchase the Note, enter into this Subscription Agreement, and to perform all of the obligations required to be performed by the undersigned hereunder, and such purchase will not contravene any law, rule, or regulation binding on the undersigned or any investment guideline or restriction applicable to the undersigned. All representations and warranties of the undersigned herein regarding the Note apply equally to the shares of Common Stock issuable upon conversion of the Note.

(ii) If the undersigned is an individual, the undersigned: (A) is not acquiring the Note as a nominee or agent or otherwise for any other person; (B) is at least 21 years of age; (C) has adequate means of providing for the undersigned's current needs and personal contingencies; (D) has no need for liquidity in the undersigned's investment in the Note; (E) maintains the undersigned's principal residence at the address set forth on Appendix A hereto; (F) confirms that all investments in and commitments to non-liquid investments are, and after the purchase of the Note will be, reasonable in relation to the undersigned's net worth and current needs; and (G) confirms that any financial information that is provided prior to, contemporaneous with, or after the execution and delivery of this Subscription Agreement and the undersigned's investment in the Note accurately reflect the undersigned's financial condition.

(iii) The undersigned will comply with all applicable laws and regulations in effect in any jurisdiction in which the undersigned purchases or sells the Note and obtain any consent, approval, or permission required for such purchase or sale under the laws and regulations of any jurisdiction to which the undersigned is subject or in which the undersigned makes such purchase or sale, and the Company shall have no responsibility therefor.

(b) Information Concerning the Company.

(i) The undersigned has received and reviewed a copy of the Offering Documents and understands the terms and conditions thereof. The undersigned is familiar with and has reviewed the Company's annual, quarterly, and current reports and other filings with the United States Securities and Exchange Commission ("**SEC**"), including, but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2016, and June 30, 2016, and all Current Reports on Form 8-K filed by the Company in 2016 (collectively, the "**SEC Filings**"). The undersigned has not been furnished any offering materials other than the Offering Documents and has relied only on the information contained therein and in the SEC Filings.

(ii) The undersigned understands that no public market now exists for the Note, and that the Company has made no assurances that a public market will ever exist for the Note. The undersigned has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of the Note or any portion thereof or interest therein.

(iii) The undersigned understands and accepts that the purchase of the Note involves various risks, including, but not limited to, the risks outlined in the Offering Documents and in this Subscription Agreement and the Company's "Risk Factors" outlined in its SEC Filings. The undersigned represents that it is able to bear any loss associated with an investment in the Note.

(iv) The undersigned confirms that it is not relying on any communication (written or oral) of the Company or any of its officers, directors, shareholders, or affiliates as investment or tax advice or as a recommendation to purchase the Note. It is understood that information and explanations related to the terms and conditions of the Note provided in the Offering Documents or otherwise by the Company or any of its officers, directors, shareholders, or affiliates shall not be considered investment or tax advice or a recommendation to purchase the Note, and that neither the Company nor any of its officers, directors, shareholders, or affiliates is acting or has acted as an advisor to the undersigned in deciding to invest in the Note. The undersigned acknowledges that neither the Company nor any of its officers, directors, shareholders, or affiliates has made any representation regarding the proper characterization of the Note for purposes of determining the undersigned's authority to invest in the Note.

(v) The undersigned is familiar with the business and financial condition and operations of the Company, all as generally described in the Offering Documents and SEC Filings. The undersigned has had access to such information concerning the Company (including, but not limited to, the SEC Filings) as the undersigned deems necessary to enable the undersigned to make an informed investment decision concerning the purchase of the Note.

(vi) The undersigned understands that, unless the undersigned notifies the Company in writing to the contrary at or before the Closing, each of the undersigned's representations and warranties contained in this Subscription Agreement will be deemed to have been reaffirmed and confirmed as of the Closing.

(vii) The undersigned acknowledges that the Company has the right in its sole and absolute discretion to abandon this private placement at any time prior to the completion of the offering. This Subscription Agreement shall thereafter have no force or effect and the Company shall return the previously paid Subscription Amount for the Note, without interest thereon, to the undersigned.

(viii) The undersigned understands that no federal or state agency has passed upon the merits or risks of an investment in the Note or made any finding or determination concerning the fairness or advisability of an investment in the Note.

(c) Non-Reliance.

(i) The undersigned represents that it is not relying on (and will not at any time rely on) any communication (written or oral) of the Company, as investment advice or as a recommendation to purchase the Note, it being understood that information and explanations related to the terms and conditions of the Note and the other transaction documents that are described in the Offering Documents shall not be considered investment advice or a recommendation to purchase the Note. The undersigned acknowledges, accepts, and agrees that, if the undersigned's subscription for the Note is accepted by the Company, the undersigned shall become legally bound by the terms and conditions of the Note.

(ii) The undersigned confirms that neither the Company nor any of its officers, directors, shareholders, or affiliates has: (A) given any guarantee or representation as to the potential success, return, effect, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of an investment in the Note; or (B) made any representation to the undersigned regarding the legality of an investment in the Note under applicable legal investment or similar laws or regulations. In deciding to purchase the Note, the undersigned is not relying on the advice or recommendations of the Company or any officer, director, shareholder, or affiliate of the Company, and the undersigned has made its own independent decision that the investment in the Note is suitable and appropriate for the undersigned.

(d) Status of Undersigned.

(i) The undersigned has such knowledge, skill, and experience in business, financial, and investment matters that the undersigned is capable of evaluating the merits and risks of an investment in the Note. With the assistance of the undersigned's own professional advisors, to the extent that the undersigned has deemed appropriate, the undersigned has made its own legal, tax, accounting, and financial evaluation of the merits and risks of an investment in the Note and the consequences of this Subscription Agreement. The undersigned has considered the suitability of the Note as an investment in light of its own circumstances and financial condition and the undersigned is able to bear the risks associated with an investment in the Note and its authority to invest in the Note. The undersigned understands that the payment on the Note at maturity or earlier redemption may be less, and perhaps significantly less, than the principal amount of the Note.

(ii) The undersigned is an "accredited investor," as defined in Rule 501(a) under the Securities Act. The undersigned agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of the Note. The undersigned has completed the Confidential Purchaser Questionnaire contained in **Appendix A** and the information contained therein is complete and accurate as of the date thereof and is hereby affirmed as of the date hereof. Any information that has been furnished or that will be furnished by the undersigned to evidence its status as an accredited investor is accurate and complete, and does not contain any misrepresentation or material omission.

(e) Restrictions on Transfer or Sale of the Note.

(i) The undersigned is acquiring the Note solely for the undersigned's own beneficial account, for investment purposes, and not with a view to, or for resale in connection with, any distribution of the Note. The undersigned understands that the Note has not been registered under the Securities Act or any State Securities Laws by reason of specific exemptions under the provisions thereof, which depend in part upon the investment intent of the undersigned and of the other representations made by the undersigned in this Subscription Agreement. The undersigned understands that the Company is relying upon the representations and agreements contained in this Subscription Agreement (and any supplemental information) for the purpose of determining whether this transaction meets the requirements for such exemptions.

(ii) The undersigned understands that the Notes are “restricted securities” under applicable federal securities laws and that the Securities Act and the rules of the SEC provide in substance that the undersigned may dispose of the Note only pursuant to an effective registration statement under the Securities Act or an exemption therefrom. The undersigned understands that the Company has no obligation or intention to register any of the Notes or to take action so as to permit sales pursuant to the Securities Act (including Rule 144 thereunder). Accordingly, the undersigned understands that under the SEC’s rules, the undersigned may dispose of the Note primarily only in “private placements” that are exempt from registration under the Securities Act, in which event the transferee will acquire “restricted securities” subject to the same limitations as in the hands of the undersigned. Consequently, the undersigned understands that the undersigned must bear the economic risks of the investment in the Note for an indefinite period of time.

(iii) The undersigned agrees: (A) that the undersigned will not sell, assign, pledge, give, transfer, or otherwise dispose of the Note or any interest therein, or make any offer or attempt to do any of the foregoing, except pursuant to a registration of the Note under the Securities Act and all applicable State Securities Laws, or in a transaction that is exempt from the registration provisions of the Securities Act and all applicable State Securities Laws; (B) that the Note will bear a legend making reference to the foregoing restrictions; and (C) that the Company and its affiliates shall not be required to give effect to any purported transfer of the Note except upon compliance with the foregoing restrictions. While the undersigned is the holder of the Note, the undersigned will not sell shares of Common Stock short, buy “puts” to sell Common Stock, or buy or sell any security that is substantially equivalent to a short position in the Common Stock.

(iv) The undersigned acknowledges that neither the Company nor any other person or entity offered to sell the Note to the undersigned by means of any form of general solicitation or advertising, including, but not limited to: (A) any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio; or (B) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(v) The undersigned (A) is not, and for so long as the undersigned holds the Note will not, be (I) an employee benefit plan or other plan subject to Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), or any entity or other person whose assets constitute (or are deemed for purposes of ERISA or the Code to constitute) the assets of any such plan or (II) another employee benefit plan subject to U.S. federal, state or local laws, or non U.S. laws, which are substantially similar to Section 406 of ERISA or Section 4975 of the Code unless the undersigned’s purchase and holding of the Note would not violate such substantially similar laws; or (B) is not, and for so long as the undersigned holds the Note will not, be subject to ERISA and, with respect to the undersigned’s purchase and holding of the Note, is eligible for coverage under one or more statutory or administrative exemptions from the prohibited transaction rules of ERISA and the Internal Revenue Code.

(vi) Either (A) the undersigned is not and, for so long as the undersigned holds the Note, will not be, an employee benefit plan or other plan subject to Section 406 of ERISA or Section 4975 of the Code, another employee benefit plan subject to U.S. federal, state or local laws, or non-U.S. laws, which are substantially similar to Section 406 of ERISA or Section 4975 of the Code, or any entity or other person whose assets constitute (or are deemed for purposes of ERISA or the Code to constitute) the assets of any such plan; or (B) the undersigned’s purchase and holding of the Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a non-exempt violation of any such substantially similar laws.

7 . Conditions to Obligations of the Undersigned and the Company. The obligations of the undersigned to purchase and pay the Subscription Amount and of the Company to sell the Note are subject to the representations and warranties of the Company contained in Section 5 hereof and of the undersigned contained in Section 6 hereof being true and correct as of the Closing in all respects with the same effect as though such representations and warranties had been made as of the Closing.

8. Obligations Irrevocable. The obligations of the undersigned hereunder shall be irrevocable.

9 . Legend. The Note sold pursuant to this Subscription Agreement will be imprinted with a legend in substantially the following form:

“THIS CONVERTIBLE PROMISSORY NOTE AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THE CONVERTIBLE PROMISSORY NOTE NOR THE SHARES OF COMMON STOCK MAY BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DRONE AVIATION HOLDING CORP. AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. THIS CONVERTIBLE PROMISSORY NOTE MUST BE SURRENDERED TO DRONE AVIATION HOLDING CORP. OR ITS REGISTRAR DESCRIBED HEREIN AS A CONDITION PRECEDENT TO THE SALE OR OTHER TRANSFER.”

1 0 . Waiver, Amendment. Neither this Subscription Agreement nor any provisions hereof shall be modified, changed, discharged, or terminated except by an instrument in writing and signed by the Company and the undersigned.

1 1 . Assignability. Neither this Subscription Agreement nor any right, remedy, obligation, or liability arising hereunder or by reason hereof shall be assignable by either the Company or the undersigned without the prior written consent of the other party.

1 2 . Waiver of Jury Trial. THE UNDERSIGNED IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS SUBSCRIPTION AGREEMENT. EACH PARTY TO THIS SUBSCRIPTION AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION; (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS SUBSCRIPTION AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

13. Submission to Jurisdiction; Dispute Resolution. With respect to any suit, action, or proceeding relating to any offer, purchase, or sale of the Note by the undersigned (“**Proceedings**”), the undersigned irrevocably submits to the jurisdiction of the federal or state courts located in Duval County, Florida, which submission shall be exclusive unless none of such courts has lawful jurisdiction over such Proceedings. The undersigned acknowledges and agrees that any dispute concerning the offering described in the Offering Documents, this Subscription Agreement, or the Note, including the issue of whether the dispute is subject to arbitration, will be resolved by arbitration in Duval County, Florida, under the Commercial Arbitration Rules of the American Arbitration Association (“**AAA**”) by a single arbitrator selected by the Company from the AAA’s panel of arbitrators.

14. Applicable Law. This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

15. Section and Other Headings. The section and other headings contained in this Subscription Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Subscription Agreement.

16. Notices. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid: (a) if to the undersigned, to the address set forth on Appendix A or at such other address as the undersigned shall have specified by notice in writing to the Company; and (b) if to the Company, to Drone Aviation Holding Corp., 11651 Central Parkway #118, Jacksonville, Florida 32224, Attn: Kendall Carpenter, CFO, with a copy (which shall not constitute notice) also delivered to Holland & Knight LLP, 50 North Laura Street, Suite 3900, Jacksonville, Florida 32224, Attn: Ivan Colao and Edward S. Sarnowski.

17. Binding Effect. The provisions of this Subscription Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

18. Survival. All representations, warranties, and covenants contained in this Subscription Agreement shall survive: (a) the acceptance of the subscription by the Company and the Closing; (b) changes in the transactions, documents, and instruments described in the Offering Documents that are not material or that are to the benefit of the undersigned; and (c) the death or disability of the undersigned.

19. Notification of Changes. The undersigned shall notify the Company upon the occurrence of any event prior to the Closing of the purchase of the Note pursuant to this Subscription Agreement that would cause any representation, warranty, or covenant of the undersigned contained in this Subscription Agreement to be false or incorrect.

20. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

21. Counterparts. This Subscription Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via fax, e-mail (including as a .pdf or with any electronic signature complying with the U.S. federal ESIGN Act of 2000) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

22. Undertaking for Costs. The Company and the undersigned, by purchasing the Note, agree that any court or arbitrator, as the case may be, may in its discretion require, in any suit for the enforcement of any right or remedy under this Subscription Agreement or the Note, of any party litigant in such suit an undertaking to pay the costs of such suit, and that such court or arbitrator may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

[Remainder of Page Left Blank – Signatures Follow]

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement as of the date set forth below.

Subscription Amount: \$ _____

INVESTOR (if an individual):

By: _____

Name: _____

Date: _____

State of Residence: _____

INVESTOR (if an entity):

Legal Name of Entity

By: _____

Name: _____

Title: _____

Date: _____

State of Incorporation/Formation: _____

Drone Aviation Holding Corp., a Nevada corporation, hereby accepts a subscription for a Note in the original principal amount of the "Accepted Subscription Amount" set forth below or, if the Accepted Subscription Amount below is left blank, for the "Subscription Amount" set forth above by the Investor.

Accepted Subscription Amount: \$ _____

COMPANY:

DRONE AVIATION HOLDING CORP., a
Nevada corporation

Date: September ____, 2016

By: /s/ Kendall Carpenter

Name: Kendall Carpenter

Title: EVP and CFO

Date: _____, 2016

Signature Page to Subscription Agreement



APPENDIX A

CONFIDENTIAL PURCHASER QUESTIONNAIRE

Drone Aviation Holding Corp.
11651 Central Parkway #118
Jacksonville, FL 32224

Re: Confidential Purchaser Questionnaire (this “**Questionnaire**”) for Private Offering of Convertible Promissory Notes Series 2016 by Drone Aviation Holding Corp., a Nevada corporation

Ladies and Gentlemen:

The information contained herein is furnished to you so that you may determine whether the undersigned’s Subscription Agreement to purchase a Convertible Promissory Note Series 2016 (the “**Notes**”) issued by Drone Aviation Holding Corp., a Nevada corporation (the “**Company**”), may be accepted by you in light of the requirements of Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and Rule 506 of Regulation D under the Securities Act, and an exemption contained in the securities laws of certain states.

The undersigned prospective investor (the “**Investor**”) understands that the information in this **Appendix A** is needed in order to satisfy various suitability requirements, including the requirement that the Company must have reasonable grounds to believe that the Investor is an “accredited investor,” as defined in Rule 501 of Regulation D (which, in the case of a corporation, limited liability company, or partnership that the Investor formed for the purpose of investing in the Note requires each shareholder, member, or partner thereof to be an accredited investor), and that the Investor has knowledge and experience in financial and business affairs such that the Investor is capable of evaluating the merits and risks of the proposed investment.

The Investor understands that (a) the Company will rely on the information contained herein for purposes of such determination, (b) the Note distributed in connection therewith will not be registered under the Securities Act in reliance upon the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, (c) the Note will not be registered under the securities laws of any state in reliance upon a similar exemption, and (d) this Questionnaire is not an offer of the Note or any other securities.

The Investor understands that, although this Questionnaire and the responses provided herein will be kept confidential, the Company or its legal counsel may need to present it to such parties as the Company deems advisable in order to establish the applicability under any federal or state securities laws of an exemption from registration.

In accordance with the foregoing, the following representations and information are hereby made and furnished:

(Please answer all questions. If the answer to any question is "None" or "Not Applicable," please so state. Each shareholder, member, or partner of an investing corporation, limited liability, or partnership formed for the purpose of investing in the Note must submit a completed Questionnaire.)

1. General Information.

Name of Prospective Investor: _____

State of Domicile: _____

Maximum Amount of Potential Investment: \$ _____

Type of Prospective Investor. The undersigned is:

- An individual
- A corporation
- A partnership or limited liability company
- A trust
- Other

Address. The address of the undersigned is: _____

Contact Information. The contact information of the undersigned is:

Address: _____

Telephone: _____

Email: _____

Facsimile: _____

Contact Person (if the undersigned is an entity): _____

Tax I.D. Number. The social security number or federal tax identification number (i.e., employer identification number) of the undersigned is: _____

Entities. If the undersigned is an entity:

Nature of business: _____

Date of inception of business: _____

Was the undersigned formed for the specific purpose of acquiring the Note?

Yes No

2. Representations as to Accredited Investor Status. The undersigned has read the definition of “accredited investor” from Rule 501 of Regulation D, as set forth in Exhibit A, and certifies that either (check one):

The undersigned is an “accredited investor” for one or more of the following reasons:

(a) the undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth (excess of total assets at fair market value, including homes (but excluding the value of the primary residence of such individual), automobiles, and personal property, over total liabilities (but excluding the amount of indebtedness secured by the individual’s primary residence up to its fair market value, and including the amount of any such indebtedness in excess of such fair market value)), or joint net worth with his or her spouse, presently exceeds \$1,000,000;

(b) the undersigned is an individual (not a partnership, corporation, etc.) who had an income in excess of \$200,000 in each of the two most recent years, or joint income with his or her spouse in excess of \$300,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year;

(c) the undersigned is a director or executive officer (e.g., President or any vice president in charge of a principal business unit, division or function such as sales, administration or finance) of the Company;

(d) The undersigned is a corporation, partnership, Massachusetts business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Notes and with total assets in excess of \$5,000,000;

(describe entity)

(e) the undersigned is a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Notes, whose purchase would be directed by a “sophisticated person” as described in Rule 506(b)(2)(ii);

(f) the undersigned is a revocable trust which may be amended or revoked by the grantors, and all of the grantors satisfy the conditions of clauses (a), (b) or (c) above and have completed copies of this Questionnaire, which copies are delivered to the Company herewith;

(g) the undersigned is an entity, all the equity owners of which are “accredited investors” within one or more of the above categories. If relying upon this category alone, each equity owner must complete a separate copy of this Questionnaire

(describe entity)

The undersigned is **not** an “accredited investor.”

By signing below, the undersigned hereby acknowledges that the representations set forth in this Questionnaire are accurate and complete in all respects, and undertakes to immediately notify the Company in writing regarding any material change in the information set forth herein prior to the date and time that the undersigned purchases any Notes. The undersigned understands that the Company and its legal counsel, Holland & Knight LLP, will rely on the accuracy and completeness of these representations for the purpose of determining my suitability as a prospective investor under applicable securities laws, and that a false representation may constitute a violation of law and that any person who suffers damage as a result of a false representation may have a claim against me for damages.

INVESTOR (if an individual):

By: _____

Name: _____

Date: _____

INVESTOR (if an entity):

Legal Name of Entity

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

Rule 501. Definitions and Terms Used in Regulation D.

As used in Regulation D, the following terms have the meaning indicated:

(a) **Accredited Investor.** “Accredited investor” shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000;

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

[Remainder of Page Left Blank]

SUBSCRIPTION INSTRUCTIONS

Enclosed herewith are the documents necessary to subscribe for a Convertible Promissory Note Series 2016 (the “**Notes**”) of Drone Aviation Holding Corp., a Nevada corporation (the “**Company**”). The Notes are being offered to “accredited investors” pursuant to the Summary of Terms, dated September 22, 2016, and the form of Convertible Promissory Note Series 2016 attached thereto (collectively, the “**Offering Documents**”). Set forth below are instructions for the execution of the enclosed documents.

A. Instructions.

Each person considering subscribing for a Note should review the following instructions:

- **Subscription Agreement:** Two (2) originals of the Subscription Agreement and Appendix A attached to the Subscription Agreement must be completed, signed, and delivered to the Company at the address set forth below. Before delivering your original, signed Subscription Agreements to the Company at the address below, please also e-mail a copy of your completed, signed Subscription Agreement (and Appendix A attached to the Subscription Agreement) to Kendall Carpenter (kcarpenter@droneaviationcorp.com), Ivan Colao (Ivan.Colao@hkllaw.com), and Edward S. Samowski (Edward.Samowski@hkllaw.com).

If your subscription is accepted, the Company will execute both originals of your Subscription Agreement and return one original to you for your records.

- **Payment:** Payment of the “Accepted Subscription Amount” set forth on the signature page of your completed, signed Subscription Agreement shall be made by delivery on or before the date of Closing (as defined in Section 3 of the Subscription Agreement) of a certified or bank check payable to the order of “Drone Aviation Holding Corp.” or wire transfer of immediately available funds in accordance with the wire instructions set forth below:

Account Name: Drone Aviation Holding Corp Wire Account
Account Number:
Routing Number:
Bank:
Bank Address:

- **Acceptance or Rejection of Subscription:** The Company shall have the right to accept or reject any subscription, in whole or in part. An acknowledgment of the Company’s acceptance of your subscription for the Note subscribed for will be returned to you promptly after acceptance.

B. Communications.

All documents and checks should be forwarded to Drone Aviation Holding Corp., 11651 Central Parkway #118, Jacksonville, FL 32224, Attn: Kendall Carpenter.

**AMENDMENT NO. 1
TO
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement ("Amendment"), dated September 26, 2016, is by and between Drone Aviation Holding Corp., a Nevada corporation with an address 11651 Central Parkway #118, Jacksonville, FL 32224 (the "Company"), and **Jay H. Nussbaum** (the "Executive").

WHEREAS, the parties entered into an Employment Agreement on April 27, 2016 (the "Employment Agreement"); and

WHEREAS, the parties wish to further amend the Employment Agreement as set forth below, with the understanding that all other provisions of the Employment Agreement shall remain unchanged;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Section 3 of the Employment Agreement- Term of Employment- is hereby extended by from May 18, 2018 to **December 31, 2018**.
2. The terms and conditions of all other sections of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first stated above.

DRONE AVIATION HOLDING CORP.

By: /s/ Kendall W. Carpenter
Name: Kendall W. Carpenter
Title: Chief Financial Officer

By: /s/ Jay H. Nussbaum
Name: Jay H. Nussbaum

**AMENDMENT NO. 3
TO
EMPLOYMENT AGREEMENT**

This Amendment No. 3 to the Employment Agreement (“Amendment”), dated September 26, 2016, is by and between Drone Aviation Holding Corp., a Nevada corporation with an address 11651 Central Parkway #118, Jacksonville, FL 32224 (the “Company”), and **Felicia Hess** (the “Executive”).

WHEREAS, the parties entered into an Employment Agreement on May 18, 2015 (the “Employment Agreement”); and

WHEREAS, the parties entered into an Amendment No. 1 on October 2, 2015 (Hess Amendment No. 1); and

WHEREAS, the parties entered into an Amendment No. 2 on April 27, 2016 (Hess Amendment No. 2); and

WHEREAS, the parties wish to further amend the Employment Agreement as set forth below, with the understanding that all other provisions of the Employment Agreement shall remain unchanged;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Section 3 of the Employment Agreement- Term of Employment- is hereby extended from May 18, 2018 to **December 31, 2018**.
2. The terms and conditions of all other sections of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first stated above.

DRONE AVIATION HOLDING CORP.

By: /s/ Kendall W. Carpenter
Name: Kendall W. Carpenter
Title: Chief Financial Officer

By: /s/ Felicia Hess
Name: Felicia Hess

**AMENDMENT NO. 3
TO
EMPLOYMENT AGREEMENT**

This Amendment No. 3 to the Employment Agreement ("Amendment"), dated September 26, 2016, is by and between Drone Aviation Holding Corp., a Nevada corporation with an address 11651 Central Parkway #118, Jacksonville, FL 32224 (the "Company"), and **Kevin Hess** (the "Executive").

WHEREAS, the parties entered into an Employment Agreement on May 18, 2015 (the "Employment Agreement"); and

WHEREAS, the parties entered into an Amended and Restated Employment Agreement on October 2, 2015 (Hess Amendment No. 1); and

WHEREAS, the parties entered into an Amendment No. 2 to Employment Agreement on April 27, 2016 (Hess Amendment No. 2); and

WHEREAS, the parties wish to further amend the Employment Agreement as set forth below, with the understanding that all other provisions of the Employment Agreement shall remain unchanged;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Section 3 of the Employment Agreement- Term of Employment- is hereby extended from May 18, 2018 to **December 31, 2018**.
2. The terms and conditions of all other sections of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first stated above.

DRONE AVIATION HOLDING CORP.

By: /s/ Kendall W. Carpenter
Name: Kendall W. Carpenter
Title: Chief Financial Officer

By: /s/ Kevin Hess
Name: Kevin Hess

**AMENDMENT NO. 3
TO
EMPLOYMENT AGREEMENT**

This Amendment No.2 to the Employment Agreement (“Amendment”), dated September 26, 2016, is by and between Drone Aviation Holding Corp., a Nevada corporation with an address 11651 Central Parkway #118, Jacksonville, FL 32224 (the “Company”), and **Daniyel Erdberg** (the “Executive”).

WHEREAS, the parties entered into an Employment Agreement on May 18, 2015 (the “Employment Agreement”); and

WHEREAS, the parties entered into an Amendment No. 1 on October 2, 2015 (Erdberg Amendment No. 1); and

WHEREAS, the parties entered into an Amendment No. 2 on April 27, 2016 (Erdberg Amendment No. 2); and

WHEREAS, the parties wish to further amend the Employment Agreement as set forth below, with the understanding that all other provisions of the Employment Agreement shall remain unchanged;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Section 3 of the Employment Agreement- Term of Employment- is hereby extended from May 18, 2018 until **December 31, 2018**.
2. The terms and conditions of all other sections of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first stated above.

DRONE AVIATION HOLDING CORP.

By: /s/ Kendall W. Carpenter
Name: Kendall W. Carpenter
Title: Chief Financial Officer

By: /s/ Daniyel Erdberg
Name: Daniyel Erdberg

**AMENDMENT NO. 2
TO
EMPLOYMENT AGREEMENT**

This Amendment No.2 to the Employment Agreement (“Amendment”), dated September 26, 2016, is by and between Drone Aviation Holding Corp., a Nevada corporation with an address 11651 Central Parkway #118, Jacksonville, FL 32224 (the “Company”), and **Kendall Carpenter** (the “Executive”).

WHEREAS, the parties entered into an Employment Agreement on May 18, 2015 (the “Employment Agreement”); and

WHEREAS, the parties entered into an Amendment No. 1 on April 27, 2016 (Carpenter Amendment No. 1); and

WHEREAS, the parties wish to further amend the Employment Agreement as set forth below, with the understanding that all other provisions of the Employment Agreement shall remain unchanged;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Section 3 of the Employment Agreement- Term of Employment- is hereby extended from May 18, 2018 to **December 31, 2018**.
2. The terms and conditions of all other sections of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first stated above.

DRONE AVIATION HOLDING CORP.

By: /s/ Jay H. Nussbaum
Name: Jay H. Nussbaum
Title: Chief Executive Officer

By: /s/ Kendall W. Carpenter
Name: Kendall W. Carpenter

FORM

DRONE AVIATION HOLDING CORP.

**RESTRICTED STOCK AGREEMENT
(Non-Assignable)**

 _____ Shares of Restricted Stock of
 Drone Aviation Holding Corp.

THIS CERTIFIES that on ____, 20__, ____ (“Holder”) was granted ____ (____) shares of fully paid and non-assessable shares (“Restricted Shares”) of the Common Stock (par value \$0.0001 per share) of Drone Aviation Holding Corp. (the “Corporation”), a Nevada corporation. A determination of the Board of Directors of the Corporation (the “Committee”) as to any questions which may arise with respect to the interpretation of the provisions of this award shall be final.

TERMS AND CONDITIONS. It is understood and agreed that the award evidenced by this agreement is subject to the following terms and conditions:

1. Award and Vesting.

(a) Award. The shares of Restricted Stock awarded hereunder shall be issued and held by the Corporation’s transfer agent in book entry form, and the Holder’s name shall be entered as the stockholder of record on the books of the Corporation. Thereupon, the Holder shall have all the rights of a stockholder with respect to such shares, including voting and dividend rights, subject, however, to the restrictions and conditions specified in Paragraph 1(b) below. The Holder shall (i) sign and deliver to the Corporation a copy of this Restricted Stock Agreement and (ii) deliver to the Corporation a stock power endorsed in blank if requested by the Corporation.

(b) Vesting of Restricted Stock. The restrictions and conditions in Paragraphs 7(b) and (c) of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Holder remains a director, officer or employee of, or consultant or advisor to, the Corporation from the date hereof through the applicable Vesting Date. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraphs 7(b) and (c) shall lapse only with respect to the number of shares of Restricted Stock specified as vested on such date.

Incremental Number of Shares Vested	Vesting Date
_____ (____ %)	_____
_____ (____ %)	_____

2 . Regulatory Compliance and Listing. The issuance or delivery of any stock certificates representing Restricted Shares may be postponed by the Corporation for such period as may be required to comply with any applicable requirements under the federal securities laws, any applicable listing requirements of any national securities exchange, any rules, regulations or other requirements under any other law, or any rules or regulations applicable to the issuance or delivery of such Restricted Shares, and the Corporation shall not be obligated to deliver any such Restricted Shares to the Holder if delivery thereof would constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

3 . Investment Representations and Related Matters. The Holder hereby represents that the Restricted Shares awarded pursuant to this agreement are being acquired for investment purposes and not for resale or with a view towards distribution thereof. The Holder acknowledges and agrees that any sale or distribution of Restricted Shares may be made only pursuant to either (a) a registration statement on an appropriate form under the Securities Act of 1933, as amended ("Securities Act"), which registration statement has become effective and is current with regard to the Restricted Shares being sold, or (b) a specific exemption from the registration requirements of the Securities Act that is confirmed in a favorable written opinion of counsel, in form and substance satisfactory to counsel for the Corporation, prior to any such sale or distribution. The Holder hereby consents to such action as the Corporation deems necessary or appropriate from time-to-time to prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act or to implement the provisions of this agreement, including but not limited to placing restrictive legends on certificates evidencing Restricted Shares and delivering stop transfer instructions to the Corporation's stock transfer agent.

4. No Right To Continued Employment; Forfeiture. This agreement does not confer upon the Holder any right to continued employment by the Corporation or any of its subsidiaries or affiliated companies, nor shall it interfere in any way with the right to the Holder's employer to terminate employment at any time for any reason or no reason.

5 . Construction. This agreement will be construed by and administered under the supervision of the Committee, and all determinations will be final and binding on the Holder.

6. Dilution. Nothing in this agreement will restrict or limit in any way the right of the Committee to issue or sell stock of the Corporation (or securities convertible into stock of the Corporation) on such terms and conditions as it deems to be in the best interests of the Corporation, including, without limitation, stock and securities issued or sold in connection with mergers and acquisitions, stock issued or sold in connection with any stock option or similar plan, and stock issued or contributed to any stock bonus or employee stock ownership plan.

7. Legends and Restrictions.

(a) The Restricted Shares shall bear a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OR COUNSEL, IN A REASONABLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS, OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

(b) Shares of Restricted Stock granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Holder prior to vesting.

(c) If the Holder's employment with the Corporation or its subsidiaries is voluntarily or involuntarily terminated for any reason (including death) prior to vesting of shares of Restricted Stock granted herein, all shares of Restricted Stock which have not vested shall immediately and automatically be forfeited and returned to the Corporation.

8. Tax Withholding. The Holder shall, not later than the date as of which the receipt of this award becomes a taxable event for Federal income tax purposes, pay to the Corporation any Federal, state, and local taxes required by law to be withheld on account of such taxable event. Except in the case where an election is made pursuant to Paragraph 9 below, the Corporation shall have the authority to cause the required minimum tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued or released by the transfer agent a number of shares of Stock with an aggregate fair market value that would satisfy the minimum withholding amount due.

9. Election Under Section 83(b). The Holder and the Corporation hereby agree that the Holder may, within 30 days following the date of this Agreement, file with the Internal Revenue Service and the Corporation an election under Section 83(b) of the Internal Revenue Code. In the event the Holder makes such an election, he or she agrees to provide a copy of the election to the Corporation. The Holder acknowledges that he or she is responsible for obtaining the advice of his or her tax advisors with regard to the Section 83(b) election and that he or she is relying solely on such advisors and not on any statements or representations of the Corporation or any of its agents with regard to such election.

10. Notices. Any notice hereunder to the Corporation shall be addressed to it at Drone Aviation Holding Corp., 11651 Central Parkway #118, Jacksonville, FL 32224, Attention: CEO, and any notice hereunder to the Holder shall be addressed to the Holder at the last known home address shown in the records of the Corporation, subject to the right of any party hereto to designate another address at any time hereafter in writing.

11. Counterparts. This agreement may be executed in counterparts each of which taken together shall constitute one and the same instrument.

12. Governing Law. This agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without reference to principles of conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation caused this agreement to be executed by a duly authorized officer.

DRONE AVIATION HOLDING CORP.

Dated: _____, 20__

By: _____
Name:
Title:

ACCEPTED AND ACKNOWLEDGED:

By: _____

Dated: _____, 20__



Drone Aviation Completes \$3 Million Private Placement

- Management-Led Financing to Accelerate Production -

JACKSONVILLE, FL – September 29, 2016 – Drone Aviation Holding Corp. (OTCQX: DRNE) (“Drone Aviation” or the “Company”), a manufacturer of tethered drones and lighter-than-air aerostats, today announced that it has completed a management-led private placement of convertible notes in the aggregate principal amount of \$3,000,000.

The notes were purchased by Jay Nussbaum, Chairman and CEO, and Frost Gamma Investments Trust, an affiliated entity of Dr. Phillip Frost, Chairman of the Company’s Strategic Advisory Board. The notes bear interest at a rate of 6% per annum and mature on October 1, 2017. The notes may be prepaid at the Company’s discretion without penalty or converted at the holder’s option into shares of Drone Aviation’s common stock at a price per share equal to the lesser of \$3 per share or a 15% discount to the lowest per share purchase price of common stock in the Company’s next round of financing.

Jay Nussbaum stated, “Dr. Phil Frost and I are committed to a shared vision of growing a company with unique technologies and positioning it to become a leader in the rapidly growing drone industry. This additional investment demonstrates our commitment to that vision by providing Drone Aviation with additional resources to support increased sales and business development activities as well as expand production capability to meet demand from U.S. military and other governmental and commercial customers.”

Drone Aviation’s product portfolio includes the WASP tactical aerostat, the WATT electric tethered drone and the newly launched Bolt higher-altitude, heavier-lift coaxial tethered helicopter and an array of vision-based navigation and autonomous flight management software.

About Drone Aviation Holding Corp.

Drone Aviation Holding Corp. (OTCQX: DRNE) develops and manufactures cost-effective, compact and rapidly deployable aerial platforms, including lighter-than-air aerostats and electric-powered drones designed to provide government and commercial customers with enhanced surveillance and communication capabilities. Utilizing a proprietary tether system, Drone Aviation’s products are designed to provide prolonged operational duration capabilities combined with improved reliability, uniquely fulfilling critical requirements in military, law enforcement, commercial, and industrial applications. For more information about Drone Aviation, please visit www.DroneAviationCorp.com or view our reports and filings with the Securities and Exchange Commission (the “SEC”) at <http://www.sec.gov>, including the Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as information in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions, and estimates of future performance and economic conditions, and involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the statements made herein. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are generally identifiable by the use of forward-looking terminology such as "believe," "expects," "may," "will," "should," "plan," "intend," "on condition," "target," "see," "potential," "estimates," "preliminary," or "anticipates" or the negative thereof or comparable terminology, or by discussion of strategy or goals or other future events, circumstances, or effects. Moreover, forward-looking statements in this release include, but are not limited to, those relating to: growing demand for drones for military and state and local law enforcement authorities as described in this press release, the Company's position within the drone industry and commitments to and the success of future financings. The Company's financial results and the forward-looking statements could be affected by many factors, including, but not limited to, demand for the Company's products and services, economic conditions in the U.S. and worldwide, changes in appropriations by Congress and reduced funding for defense procurement and research and development programs, and our ability to recruit and retain management, technical, and sales personnel. Further information relating to factors that may impact the Company's results and forward-looking statements are disclosed in the Company's filings with the SEC. The forward-looking statements contained in this press release are made as of the date of this press release, and the Company disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Contacts:

Media Relations:
Michael Glickman
MWGCO, Inc.
917-397-2272
mike@mwgco.net

Investor Relations:
Steve Gersten
804-286-6332
investors@Droneaviationcorp.com
