Drone Aviation Holding Corp.
Insider Trading Policy
Effective January 20, 2016

I. Introduction

The purpose of this Insider Trading Policy (this "Policy") is to promote compliance with applicable securities laws by Drone Aviation Holding Corp. and its subsidiaries ("DAHC", "DRNE" or the "Company") and all directors, officers and employees thereof, in order to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.

II. Applicability

This Policy is applicable to all directors, officers and employees of DAHC. Questions regarding this Policy should be directed to the Company's Chief Financial Officer.

III. Policy

If a director, officer or any employee of the Company or any agent or advisor of the Company is aware of material, nonpublic information relating to the Company, it is the Company's policy that neither that person nor any Related Person (as defined below) may buy or sell stock or other securities of the Company ("Company Securities") or engage in any other action to take advantage of, or pass on to others, that information. **This Policy also applies to material, nonpublic information relating to any other company with publicly-traded securities, including our customers or suppliers, obtained in the course of employment by or association with DAHC.**

To avoid even the appearance of impropriety, additional restrictions on trading Company Securities apply to directors and officers of the Company. See Section VII.

IV. Definitions/Explanations

A. Who is an "Insider?"

For purposes of this Policy, any person who is aware of material, nonpublic information is considered an insider as to that information. Insiders include Company directors, officers, employees, independent contractors and those persons in a special relationship with the Company, for example, its auditors, consultants or attorneys. The definition of an insider is transaction specific; that is, an individual is an insider each time he or she is aware of material, nonpublic information.

B. What is "Material" Information?

Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities, or that could be expected to affect the Company's stock price. Material information can be positive or negative and can relate to virtually any aspect of a company's business.

Some examples of material information include:

- Unpublished financial results
- News of a pending or proposed company transaction
- Gain or loss of a substantial customer or supplier
- Significant changes in corporate objectives
- News of a significant sale of assets
- Planned dividends or changes in dividend policies
- Financial liquidity problems
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management or key management positions

The above list is only illustrative; many other types of information may be considered "material", depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis. If any employee is uncertain whether certain information of which he or she is aware is material, he or she should ask the Company's Chief Financial Officer.

C. What is "Nonpublic" Information?

Information is "nonpublic" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, Business Wire, The Wall Street Journal, Yahoo Finance, Associated Press, or United Press International. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement of material information, a reasonable period of time must elapse in order for the market to react to the information. Generally, one should not trade in DRNE shares on the day of publication of material information; i.e., one day following publication is considered by the Company as a reasonable waiting

period before such information is deemed to be public. Therefore, if a public announcement is made before the commencement of trading or during the trading day on a Monday, an insider may trade in Company Securities starting on Tuesday of that week. If the public announcement is made on Monday after trading ceases, insiders may not trade in Company Securities until Wednesday. Even after the Company makes public announcement of material information, directors, officers and employees must nevertheless evaluate whether they may still be aware of other material information that would preclude them from trading in Company Securities.

D. Who is a "Related Person?"

For purposes of this Policy, a Related Person includes your spouse, minor children and anyone else living in your household; partnerships in which you are a general partner; trusts of which you are a trustee; estates of which you are an executor; and other equivalent legal entities that you control. Although a person's parent, sibling or other family members may not be considered Related Persons (unless living in the same household), any of such family members may be a "tippee" for securities laws purposes. See Section V.D. below for a discussion on the prohibition on "tipping."

V. Guidelines

A. Non-disclosure of Material Nonpublic Information

Unless the receiver of information executes the Company Confidentiality Agreement, material, nonpublic information must not be disclosed to anyone, except the persons within the Company or third party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.

B. Prohibited Trading in Company Securities

No person may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities when he or she is aware of material information concerning the Company that has not been disclosed to the public. The timing of loans, pledges, gifts, charitable donations and other contributions of Company Securities is also subject to this Policy.

C. 20/20 Hindsight

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after the fact with the benefit of hindsight. As a result, before engaging in any transaction

in Company Securities, an insider should carefully consider how his or her transaction may be construed in the bright light of hindsight.

D. "Tipping" Information to Others

Insiders may be liable for communicating or tipping material nonpublic information to any third party ("tippee"), not limited to just Related Persons. Further, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade while aware of material, nonpublic information tipped to them, and individuals who trade while aware of material, nonpublic information which has been misappropriated in breach of a duty of loyalty and confidentiality to the source of the information.

Tippees inherit an insider's duties and are liable for trading while aware of material, nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

E. Avoid Speculation

The Company considers it improper and inappropriate for any director, officer or other employee of the Company to engage in speculative transactions in Company Securities or other transactions which might give the appearance of impropriety. Therefore, this Policy also prohibits the following transactions:

Short Sales – Short sales of Company Securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. Thus, short sales may reduce the seller's incentive to improve the Company's performance. In addition, Section 16(c) of the Securities Exchange Act of 1934, as amended, prohibits officers and directors from engaging in short sales. For these reasons, short sales of Company Securities are not allowed.

Derivative Securities – A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director, officer or employee is trading based on inside information. Transactions in options also may focus the transacting person's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other

derivative securities based on Company Securities, on an exchange or in any other organized market, are not allowed.

Hedging Transactions – Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a shareholder to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the shareholder to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the shareholder may no longer have the same objectives as the Company's other shareholders. Therefore, these transactions are not allowed.

Margin Accounts and Pledges – Securities held in margin accounts may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities held in an account which may be borrowed against or are otherwise pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities. Therefore, Company securities may not be purchased on margin, nor pledged as collateral for a loan. In addition, borrowings against any account in which Company Securities are held is not allowed.

Note: An exception to the prohibition against pledges may be granted where a person wishes to pledge Company Securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company Securities as collateral for a loan must submit a request for approval to the Chief Financial Officer at least two weeks prior to the execution of the documents evidencing the proposed pledge.

F. Trading in Other Securities

No director, officer or employee may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if the person learns of material, nonpublic information about the other company in the course of his/her employment with DAHC.

VI. Transactions Under Company Plans

A. Stock Option Exercises

This Policy does not apply to the exercise of an employee stock option. This Policy does apply, however, to any sale of securities acquired upon the exercise of an option,

including as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

VII. Additional Restrictions and Requirements for Directors and Officers and Certain Other Employees

A. Trading Window

In addition to being subject to all of the other limitations in this Policy, the Company's directors and officers may only sell Company Securities during the period beginning one full trading day after the release of the Company's quarterly earnings and ending five full trading days prior to the end of the next fiscal quarter.

Transactions effected pursuant to a previously established contract, plan or instruction that satisfies the requirements of Rule 10b5-1 promulgated by the Securities and Exchange Commission ("SEC") (discussed below) are an exception to this Policy, provided that the contract, plan or instruction complies with all policies and procedures established and approved by the Company.

B. Event-Specific Blackout Period

From time to time, an event may occur that is material to the Company and is known by only a few individuals inside the Company. If you are one of those individuals, or if it would appear to an outsider that you were likely to have had access to information about the event, then you will not be allowed to trade in Company Securities so long as the event remains material and nonpublic.

Should the management of the Company become aware of material non-public information which would prohibit insiders from trading in the securities of the Company, the Chief Financial Officer will issue a memo via email advising all insiders not to trade in the securities of the Company for a defined period.

Also, the Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, a filing with the SEC or other means designed to achieve widespread dissemination of the information. The Chief Financial Officer will issue a memo to all insiders via email advising that the Company is preparing a release and trading is prohibited while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

If you are made aware of the existence of an event-specific blackout you should not disclose the existence of the blackout to any other person. Whether or not you are

designated as being subject to an event-specific blackout you still have the obligation not to trade while aware of material nonpublic information.

D. Rule 10b5-1 Plan

Rule 10b5-1 promulgated by the SEC provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements (a "10b5-1 Trading Plan"). As required by Rule 10b5-1, you must enter into a 10b5-1 Trading Plan before becoming aware of material nonpublic information. Such a plan must be entered in good faith and not as a plan or scheme to evade insider trading laws.

Any director or officer who wishes to implement a 10b5-1 Trading Plan must first pre-clear the plan with the Chief Financial Officer. In addition, you may not enter into a 10b5-1 Trading Plan during a blackout period (discussed above).

Transactions effected pursuant to a pre-cleared 10b5-1 Trading Plan will not require further pre-clearance at the time of the transaction if the plan specifies the dates, prices and amounts of the contemplated trades, or establishes a formula for determining the dates, prices and amounts, in accordance with Rule 10b5-1. Notwithstanding any pre-clearance of a 10b5-1 Trading Plan, the Company and its officers assume no liability for the consequences of any transaction made pursuant to such a plan.