

**DRONE USA, INC.**  
***Financial Statements***  
***March 31, 2016***

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**DRONE USA, INC.**  
**Consolidated Balance Sheet**  
**March 31, 2016**  
**Unaudited**

**Assets**

Current Assets		
Cash and cash equivalents	\$	12,000
Prepaid expenses		1,215
		13,215
Total Current Assets		13,215
Property and Equipment		
Office equipment - net		925
		925
Total Assets	\$	14,140

**Liabilities and Stockholders' Equity (Deficiency)**

Current Liabilities		
Accounts payable and accrued expenses	\$	11,175
		11,175
Total Current Liabilities		11,175
Stockholders' Equity (Deficiency)		
Preferred stock, \$0.0001 par value, 250 shares authorized, issued, and outstanding		-
Common stock, \$0.0001 par value, 1,499,999,750 shares authorized, 489,712,481 shares issued and outstanding		48,972
Additional paid-in capital		7,820,624
Accumulated deficit		(7,866,631)
		2,965
Total stockholders' equity (deficiency)		2,965
Total Liabilities and Stockholders' Equity (Deficiency)	\$	14,140

Unaudited - For Management Purposes Only

**DRONE USA, INC.**  
**Consolidated Statement of Operations**  
**For the Three Months Ended**  
**March 31, 2016**  
**Unaudited**

Revenues	\$	<u>-</u>
Expenses		
Professional fees		98,161
Travel		10,625
Miscellaneous		10,606
Interest		4,740
Depreciation		32
Total Expenses		<u>124,164</u>
Net loss		<u>(124,164)</u>
Basic and Diluted (Loss) Per Share		<u>(0.00)</u>
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		<u>362,747,649</u>

Unaudited - For Management Purposes Only

**DRONE USA, INC.**  
**Consolidated Statement of Changes in Stockholders' Equity (Deficiency)**  
**For the Three Months Ended**  
**March 31, 2016**  
**Unaudited**

	Preferred Stock		Common Stock		Additional Paid- in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount			
Balance at December 31, 2015, as originally reported	250	\$ -	955,199,201	\$ 95,520	\$ 7,646,947	\$ (7,742,467)	\$ -
1:150 reverse stock split	-	-	(948,830,977)	(94,883)	94,883	-	-
Balance at December 31, 2015, as restated	250	-	6,368,224	637	7,741,830	(7,742,467)	-
Issuance of common stock for acquisition	-	-	440,425,388	44,043	(306,182)	-	(262,139)
Issuance of common stock per settlement	-	-	44,042,539	4,404	(4,404)	-	-
Relinquished common stock per settlement	-	-	(1,253,202)	(125)	125	-	-
Issuance of common stock	-	-	5	-	-	-	-
Conversion of convertible note payable	-	-	129,756	13	389,255	-	389,268
Net (loss)	-	-	-	-	-	(124,164)	(124,164)
Balance at March 31, 2016	250	\$ -	489,712,710	\$ 48,972	\$ 7,820,624	\$ (7,866,631)	\$ 2,965

Unaudited - For Management Purposes Only

**DRONE USA, INC.**  
**Consolidated Statement of Cash Flows**  
**For the Three Months Ended March 31, 2016**  
**Unaudited**

**Cash Flows from Operating Activities**

Net (loss)	\$ (124,164)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:	
Depreciation and amortization	32
Changes in operating assets and liabilities:	
<i>Increase in:</i>	
Accounts payable and accrued expenses	4,740
	(119,392)

**Cash Flows from Investing Activities**

Cash provided in acquisition of Drone USA, LLC	12,000
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**Cash Flows from Financing Activities**

Proceeds from convertible note - related party	119,392
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**Net Increase in Cash and Cash Equivalents**

12,000

**Cash and Cash Equivalents - beginning**

-

**Cash and Cash Equivalents - end**

\$ 12,000

**Supplemental Disclosures of Cash Flow Information**

*Noncash Financing and Investing Activities:*

Conversion of convertible note payable to common stock	\$ 389,268
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Issuance of common stock per settlement	\$ 4,404
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Relinquishment of common stock per settlement	\$ 125
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Acquisition of Drone USA, LLC

Issuance of common stock	\$ 262,139
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Fair value of net liabilities assumed:

Prepaid expenses	1,215
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Property and equipment	957
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Accounts payable and accrued expenses	(15,641)
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Convertible note payable	(260,670)
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Cash provided in acquisition	\$ 12,000
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Unaudited - For Management Purposes Only

1 - ORGANIZATION

Drone USA, Inc. ("the Company") (formerly Texas Wyoming Drilling, Inc.) was incorporated in the State of Delaware on June 26, 1972. The Company is in the process of investigating the possible acquisition of and/or entrance into joint venture agreements with certain entities involved in the field of low altitude Unmanned Aerial Vehicles (UAV). The Company's headquarters are located in New York City, New York.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Company are as follows:

**a) Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**b) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**c) Cash and Cash Equivalents**

The Company considers all highly liquid securities with original maturities of three months or less when acquired to be cash equivalents. There are no cash equivalents at the balance sheet date.

**d) Property and Equipment**

Property and equipment is carried at cost less accumulated depreciation and amortization. Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 7 years. Upon disposition of assets, the related cost and accumulated depreciation and amortization is eliminated, and any gain or loss is included in the statement of operations. Expenditures for major improvements are capitalized, and expenditures for repairs and maintenance are expensed as incurred.

**e) Net (Loss) Per Share**

Basic loss per share is calculated by dividing the loss attributable to stockholders by the weighted-average number of shares outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings (loss) of the Company. Diluted loss per share is computed by dividing the loss available to stockholders by the weighted average number of shares outstanding for the period and dilutive potential shares outstanding unless such dilutive potential shares would result in anti-dilution. The Company does not have any potentially dilutive instruments for the period reported.

**f) Income Taxes**

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company’s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

As of March 31, 2016, the Company’s tax returns for the tax years 2015, 2014, 2013 and 2012 remain subject to audit primarily by the Internal Revenue Service.

The Company did not have material unrecognized tax benefits as of March 31, 2016 and does not expect this to change significantly over the next 12 months. The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of provision for income taxes.

**g) Financial Instruments and Fair Value Measurements**

The carrying value of the Company’s current financial instruments, which include cash and cash equivalents, accounts payable and accrued liabilities approximates their fair values because of the short-term maturities of these instruments.

FASB ASC 820 “Fair Value Measurement” clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**h) Related Party Transactions**

All transactions with related parties are in the normal course of operations and are measured at the exchange amount.

**i) Recent Accounting Pronouncements**

The Company does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Office equipment	\$	957
Less: Accumulated depreciation and amortization		<u>32</u>
	\$	<u>925</u>

Related depreciation and amortization expense was \$32 for the three months ended March 31, 2016.



4 - INCOME TAXES

The Company recognizes deferred tax assets and liabilities for the tax effects of differences between the financial statements and tax basis of assets and liabilities. A valuation allowance is established to reduce the deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

As of March 31, 2016, the Company has net operating loss carryforwards of approximately \$7,870,000, subject to certain change of control limitations, to reduce future taxable income through 2035. A valuation allowance for the entire deferred tax benefit has been established as of March 31, 2016.

5 - CONVERTIBLE NOTE PAYABLE

The Company had a \$400,000 convertible note payable (the "Note") with an entity controlled by the Company's CEO. The Note bore interest of 7% with a maturity date of January 1, 2018, at which time all unpaid principal and interest was due. The holder of the Note had the option to convert the outstanding principal and accrued interest, in whole or in part, into shares of common stock at the conversion price of \$3.00 per share. On March 31, 2016, the holder elected to convert the total unpaid principal and interest of \$389,268 to 129,756 shares of common stock. As of June 8, 2016, these shares have not been issued.

6 - COMMON STOCK

As of March 31, 2016, the Company is authorized to issue 1,499,999,75 shares of \$.0001 par value common stock, of which 489,712,481 shares have been issued. See Note 11.

7 - PREFERRED STOCK

As of March 31, 2016, the Company is authorized to issue 250 shares of \$.0001 par value Series A preferred stock, of which 250 shares have been issued. These preferred shares have voting rights per share equal to the total number of issued and outstanding shares of common stock divided by 0.99. See Note 11.

8 - EQUITY EXCHANGE AGREEMENT

On January 26, 2016, the Company entered into an equity exchange agreement (the "Agreement") whereby the Company acquired all of the issued and outstanding membership interests in Drone USA, LLC ("DUSA") in exchange for 440,425,388 shares of common stock and 250 shares of Series A preferred stock, subsequent and pursuant to the Company completing a 1 for 150 share reverse stock split on all issued and outstanding common stock which resulted in total issued and outstanding shares of common stock of 6,368,224 immediately prior to this issuance.

In connection with the Agreement, 1,253,202 shares of common stock were relinquished and an additional 44,042,539 shares of common stock were issued pursuant to a previous settlement agreement.

In connection with the Agreement, effective January 26, 2016, the Company accepted the resignation of Margaret Cadena, the former Chief Executive Officer and board member, and Richard Kugelman, Dr. Robert Michet, and Dr. David Durkin, the remaining former officers and board members, and appointed Michael Bannon as Chief Executive Officer, President, Chairman and board member and Dennis Antonelos as Chief Financial Officer, Secretary, Treasurer, and board member.

9 - COMMITMENTS AND CONTINGENCIES

In May 2016, the Company entered into a lease agreement for office space. The lease provides for monthly rent of approximately \$5,000 per month with a rent free period from May 1, 2016 through July 31, 2016. The lease term begins May 1, 2016 and expires April 30, 2017.

The officers of the Company provide management and other services to the Company through a separate entity. For the three months ended March 31, 2016, approximately \$58,000 related to these services is reported as *professional fees* on the statement of operations.

10 - Concentration of Credit Risk

The Company places its cash with high quality credit institutions. Cash in banks is insured by the Federal DIC up to \$250,000 per institution. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

11 - Subsequent Events

Subsequent to March 31, 2016, the Company changed its corporate name from Texas Wyoming Drilling, Inc. to Drone USA, Inc. in order to accurately reflect its current business and operations following its acquisition of Drone USA. LLC.

Subsequent to March 31, 2016, the Company entered into a joint venture agreement with BRVANT Technologic Solutions, a Brazilian entity in the drone technology market. The agreement provides that the Company will acquire exclusive rights to BRVANT's UAV technology and intellectual property that includes research and development efforts completed by BRVANT. The Company will also secure exclusive export and representation rights to BRVANT's products along with the option to acquire full ownership of BRVANT should the companies agree at a later date it would be in the best interest of both businesses. The financial terms of the agreement will be disclosed at a later date.

Subsequent to March 31, 2016, the Company entered into a letter of intent to purchase a Washington based entity with customers in the defense industry. The letter of intent provides that the Company will acquire all outstanding shares of stock of this entity. In exchange for these shares, the Company will pay \$3,500,000 in cash and notes and to this entity. In addition to the payment in the form of cash and notes, 1,000,000 shares of common stock and additional contingent payments are required. The Company has engaged an investment bank to raise capital for this transaction.

On April 1, 2016, the Company entered into a line of credit agreement with a financial institution in the amount of \$50,000 with interest at prime, currently 3.50%, plus 4.25%.

On April 1, 2016, the Company entered into a \$400,000 revolving credit agreement (the "Agreement") with an entity controlled by the Company's CEO at an interest rate of 7.5%, payable quarterly, and a maturity date of December 31, 2018, at which time all unpaid principal and interest would be due. The Agreement provides an option to the lender to convert the outstanding principal and accrued interest, in whole or in part, into shares of common stock at a conversion price equal to the greater of the 30 day volume weighted average price per share or \$3.00 per share.

On April 20, 2016, the Company approved a 1 for 12 reverse stock split for all shareholders of record as of March 24, 2016. In addition, the Company approved and adopted an amendment to the certificate of incorporation to authorize 200,000,000 shares of \$.0001 par value common stock and 5,000,000 shares of \$.0001 par value preferred stock with designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors of the Company. These preferred shares are in addition to the 250 shares of Series A preferred shares with a par value of \$.0001.

## OTC Pink Basic Disclosure Guidelines

### 1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Drone USA, Inc. (as of May 2016)  
(formerly Texas Wyoming Drilling, Inc.)

### 2) Address of the issuer's principal executive offices

Company Headquarters  
Address 1: 1 World Trade Center  
Address 2: 285 Fulton Street, 85<sup>th</sup> Floor  
Address 3: New York, NY 10007  
Phone: (212) 220-8795  
Email: info@drone1usa.com  
Website(s): www.drone1usa.com

#### IR Contact

Address 1: The Equity Group Inc.  
Address 2: 800 Third Avenue, 36th Floor  
Address 3: New York, NY  
Phone: (212) 836-9606  
Email: tdowns@equityny.com  
Website(s): www.theequitygroup.com

### 3) Security Information

Trading Symbol: TWDL (expected to change to DRUS in mid-June 2016)  
Exact title and class of securities outstanding: Common Stock  
CUSIP: 88288L 309 (expected to change to 26210T 107 in mid-June 2016)

Par or Stated Value: \$.0001  
Total shares authorized: 200,000,000 as of: 6/8/2016  
Total shares outstanding: 40,830,447 as of: 6/8/2016

Additional class of securities (if necessary):  
Exact title and class of securities outstanding: Preferred Series "A"  
Par or Stated Value: \$.0001  
Total shares authorized: 250 as of: 6/8/2016  
Total shares outstanding: 250 as of: 6/8/2016

Exact title and class of securities outstanding: Preferred Stock  
Par or Stated Value: \$.0001  
Total shares authorized: 5,000,000 as of: 6/8/2016  
Total shares outstanding: 0 as of: 6/8/2016

#### Transfer Agent

Name: Action Stock Transfer Company  
Address 1: 2469 E. Fort Union Blvd Suite #214  
Address 2: Salt Lake City, Utah 84121  
Address 3: \_\_\_\_\_  
Phone: (801) 274-1088

Is the Transfer Agent registered under the Exchange Act?\*

Yes:

No:

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On January 26, 2016, the Company entered into an equity exchange agreement (the "Agreement") whereby the Company acquired all of the issued and outstanding membership interests in Drone USA, LLC ("DUSA") in exchange for 440,425,388 shares of common stock and 250 shares of Series A preferred stock, subsequent and pursuant to the Company completing a 1 for 150 share reverse stock split on all issued and outstanding common stock which resulted in total issued and outstanding shares of common stock of 6,368,224 immediately prior to this issuance.

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**See Note 11. "Subsequent Events" contained within the Company's financials for additional information**

#### **4) Issuance History**

**See statement of Stockholder's Equity.**

#### **5) Financial Statements**

The following Statements posted on OTCIQ.com 06/08/16

Drone USA, Inc. Financial Statements are Filed Separate from the Disclosure Statement  
The Statements provide reporting for first quarter of 2016 (January 1, 2016 to March 31, 2016)

- Balance Sheet
- Statement of Operations
- Statement of Stockholder's Equity
- Statement of Cash Flows
- Financial notes

#### **6) Describe the Issuer's Business, Products and Services**

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

Drone USA, Inc. ("the Company") (formerly Texas Wyoming Drilling, Inc.) was incorporated in the State of

Delaware on June 26, 1972. The Company is in the process of investigating the possible acquisition of and/or entrance into joint venture agreements with certain entities involved in the field of low altitude Unmanned Aerial Vehicles (UAV). The Company's headquarters are located in New York City, New York.

B. Date and State (or Jurisdiction) of Incorporation:

June 28, 1972 Delaware Corporation

C. the issuer's primary and secondary SIC Codes;

D. the issuer's fiscal year end date;

12/31

E. principal products or services, and their markets;

The Company markets, sells and distributes a portfolio of low altitude UAV systems, including both quadcopter and fixed-wing models. The Company is targeting (a) foreign militaries (b) foreign and U.S. civil defense, police, fire and rescue organizations and (c) select commercial markets globally.

**7) Describe the Issuer's Facilities:**

The Company has leased office space for its headquarters at 1 World Trade Center, 85<sup>th</sup> Floor, New York, NY 10007

**8) Officers, Directors, and Control Persons**

A. Names of Officers, Directors, and Control Persons.

Michael Bannon, Chairman, President & CEO  
Dennis Antonelos, CFO, COO & Secretary

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

No

C. Beneficial Shareholders.

Mike Bannon, approx. 90% ownership of issued & outstanding shares  
One World Trade Center, 85<sup>th</sup> Floor  
285 Fulton Street  
New York, NY 10007

**9) Third Party Providers**

Legal Counsel

Name: Peder Davisson  
Firm: Davisson & Associates, PA  
Address 1: 4124 Quebec Avenue North, Suite 306  
Address 2: Minneapolis, MN 55427  
Phone: **763.355.5678**  
Email: [pederd@davissonpa.com](mailto:pederd@davissonpa.com)

Accountant or Auditor

Name: Michael Cohen  
Firm: **Friedman LLP**  
Address 1: 100 Eagle Rock Avenue, Suite 200  
Address 2: East Hanover, NJ 07936  
Phone: 973-929-3630  
Email: [macohen@friedmanllp.com](mailto:macohen@friedmanllp.com)

Investor Relations Consultant

Name: Terry Downs  
Firm: The Equity Group  
Address 1: 800 Third Avenue, 36th Floor  
Address 2: New York, NY 10022  
Phone: 212-836-9606  
Email: [tdowns@equityny.com](mailto:tdowns@equityny.com)

**10) Issuer Certification**

I, Mike Bannon and Dennis Antonelos certify that:

1. I have reviewed this quarterly disclosure statement of Drone USA, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/8/2016 [Date]

/s/ [Mike Bannon]  
Mike Bannon, CEO

/s/ [Dennis Antonelos]  
Dennis Antonelos, CFO

