UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: **33-2783-S**

SIGMA LABS, INC.
(Exact name of Registrant as specified in its charter)

Nevada	**82-0404220**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

100 Cienega Street, Suite C
Santa Fe, New Mexico 87501
(Address of principal executive offices)

(505) 438-2576
Issuer's telephone number:

Securities registered under Section 12(b) of the Act: None.

Securities registered under Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☑
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ No ☑
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and, (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein and, will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐
(Do not check if a smaller reporting company)		Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ No ☑
State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. $2,743,211.20.
The outstanding number of shares of common stock as of March 31, 2013 was 432,917,400.
Documents incorporated by reference: None.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including any projections of revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under "Risk Factors" and elsewhere in this report.

Introductory Comment

Our predecessor, Framewaves, Inc., was a shell company, as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, immediately prior to the closing of the Reorganization (as defined below in the discussion captioned "Business – The Reorganization"). Throughout this Annual Report on Form 10-K, unless otherwise indicated or the context otherwise requires, the term "Framewaves" refers to our predecessor shell-entity prior to consummation of the Reorganization; the term "B6 Sigma" refers to B6 Sigma, Inc., a Delaware corporation and the operating company acquired in connection with the Reorganization; and the terms the "Company," "Sigma," "we," "us" and "our" refers to Sigma Labs, Inc. (f/k/a Framewaves, Inc.) together with B6 Sigma, Inc., a wholly owned subsidiary of the Company following completion of the Reorganization.

PART I

ITEM 1. BUSINESS.

Summary

Prior to the closing of the Reorganization, Framewaves was a shell corporation with no ongoing operations focused on seeking a business opportunity. In September 2010, Framewaves entered into a share exchange agreement with B6 Sigma and its shareholders. Pursuant to the share exchange agreement, Framewaves acquired all of the issued and outstanding capital stock of B6 Sigma in exchange for shares of Framewaves common stock. In connection with the closing of the Reorganization, the shareholders of Framewaves approved a 150:1 forward stock split, and a change of the name of the corporation to "Sigma Labs, Inc." Additionally, following completion of the Reorganization, B6 Sigma became our wholly owned subsidiary and we conduct our operations through B6 Sigma.

As described below under the discussion captioned "Recent Developments," effective as of December 31, 2011, we acquired Sumner & Lawrence Limited (dba Sumner Associates) ("Sumner") and La Mancha Company ("La Mancha"), private consulting companies that provide consulting services to the public and private sector, respectively, especially with regard to emerging technologies and alternative applications of established technologies. In connection with our acquisition of Sumner and La Mancha, we issued an aggregate of 35,000,000 shares of our common stock to their former stockholders.

B6 Sigma is a company that specializes in the development and commercialization of novel and unique manufacturing and materials technologies. It is the belief of our management that some of these technologies will fundamentally redefine conventional practice by embedding quality assurance into the manufacturing processes in real time. In addition, the Company anticipates that its core technologies will enable its clientele to combine advanced manufacturing protocols with novel materials to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, prosthetic implants, sporting goods, and power generation.

Certain members of our management team at B6 Sigma are uniquely qualified scientists with broad backgrounds in manufacturing and materials technologies. In the past, these members of our management team have worked with some of the largest defense contractors in the world, in such varied projects as advanced armor and anti-armor systems, hypervelocity projectile launch systems, advanced reactive munitions and nuclear weapons stewardship programs.

Our business plan and current principal business activities include the continued development and eventual commercialization of our current suite of technologies, which are described elsewhere in this Annual Report on Form 10-K. Our strategy is to leverage our manufacturing and materials knowledge, experience and capabilities through the following means: (i) identify, develop and commercialize manufacturing and materials technologies designed to improve manufacturing/quality control practices, and create innovative products in a variety of industries; and (ii) provide consulting services in respect of our manufacturing and materials technology expertise to third parties that have needs in developing next-generation technologies for materials and manufacturing projects. We are presently engaged in a variety of activities in which we seek to commercialize technologies and products in the following industry sectors:

- In process quality assurance for manufacturing;
- Aerospace and defense manufacturing;
- Additive Manufacturing
- Active protection systems for defending light armored vehicles;
- Advanced materials for munitions;
- Advanced materials for sporting goods;
- Advanced Manufacturing Technologies; and
- Dental Implant and biomedical prosthetics technologies.

We expect to generate revenues primarily by marketing and selling our manufacturing and materials technologies. We expect that our continued development in fiscal 2012 of our "In Process Quality Assurance" or "IPQA® technology, and munitions technologies will enable us to commercialize these technologies in the remainder of 2013. We will continue to refine those and our other technologies, including our dental implant biomedical prosthetics technology, for commercialization during fiscal 2013-2014. However, we presently make no sales of these technologies and generate no revenues therefrom, except for license fees payable to the Company under the exclusive license agreement, effective as of April 11, 2013, between the Company and Allotrope Sciences Corporation, as described below. Since its inception, B6 Sigma has generated revenues primarily from consulting services it provides to third parties.

B6 Sigma is a company that specializes in the development and commercialization of innovative manufacturing quality control and materials technologies. Pursuant to an asset purchase agreement, B6 Sigma acquired certain assets from a division of TMC in exchange for the surrender of certain securities of TMC previously issued to some of the founders of B6 Sigma. The assets acquired include equipment, contracts, licenses and intellectual property relating to our IPQA® technology.

We believe that our primary manufacturing quality control solutions technology, which we refer to as "In Process Quality Assurance" or "IPQA®," will redefine conventional manufacturing quality control practices primarily by embedding quality assurance protocols in real-time manufacturing processes, thereby reducing the need for and cost of post-manufacturing quality control processes. Additionally, we expect the advanced materials solutions technology we are developing will be beneficial to manufacturers and other businesses that seek to improve the most relevant characteristics of the materials used in their production processes or other business operations. For example, we have worked with the United States Army in connection with the development of a new munitions technology we refer to as Advanced Reactive Materials and Structures or "ARMS™," the goal of which is to either reduce the weight of current munitions by 50%, or improve the explosive power of munitions by 50%, or both. Additionally, we are developing advanced materials technology for the biomedical markets with the objective of improving the "heal time" of dental implants by as much as 50%.

We expect to generate revenues primarily by licensing or marketing and deploying our technology solutions to businesses that seek to improve their production processes and/or manipulate and improve the most functional characteristics of the materials and other input components used in their business operations. Our management anticipates that the Company's technology solutions will allow its clientele to combine advanced manufacturing quality control with innovative materials solutions to achieve breakthrough product potential in many industries including the following industries: aerospace, defense, oil and gas, biomedical prosthetic implants, sporting goods, and power generation.

Our board of directors and management comprise scientists and business professionals with extensive experience in the energy and advanced manufacturing/advanced materials technology market. These individuals have worked with some of the largest defense contractors in the world in varied projects such as advanced armor and anti-armor systems, hypervelocity projectile launch systems, advanced reactive munitions and nuclear weapons stewardship programs. These individuals collectively possess over 100 years of experience working in the advanced manufacturing and materials technology space. As such, we believe we possess the resident expertise to provide consulting services to other companies regarding their manufacturing operations, or to companies seeking to improve the design of their products by using alternative next-generation materials or improving certain characteristics of the original input material, on a fee for services basis. Accordingly, in addition to our primary business focus, we intend to generate revenues by providing such consulting services to businesses seeking the same. Such consulting services may not necessarily involve deployment of our own technologies and may be limited to consulting with respect to the development, exploitation or improvement of the client's own technology.

Additionally, some members of our management team have worked at or with United States Department of Energy ("DOE") national laboratories (including the Los Alamos National Laboratory ("LANL") and Sandia National Laboratory ("SNL")) over the last 30 years. Due to their work with the DOE, members of our management team have developed extensive relationships with the DOE and its network of national laboratories. Accordingly, we expect to leverage these relationships in connection with licensing and developing technologies created at such national laboratories for commercialization in the private sector.

Sumner, based in Santa Fe, New Mexico, provides consulting services to the public sector, especially with regard to emerging technologies and alternative applications of established technologies. Sumner holds ongoing contracts with government agencies and the appropriate levels of security clearance for those contracts. Sumner's current clients include, but are not limited to, the State Department, the Department of Defense, the Department of Energy, various military services and affiliated agencies, the National Laboratories, and contractors to these organizations. La Mancha is engaged in a similar line of business as Sumner, except that La Mancha provides consulting services to the private sector.

Sumner has recently entered into high-level discussions with National Security Technologies, LLC (NSTec) to negotiate the terms of a master task agreement to help NSTec provide technical services to the private sector. There can be no assurance, however, that the parties will enter into a definitive agreement.NSTec was formed in 2006 as a joint venture between Northrop Grumman Corporation, and three other corporate partners. These partners are AECOM, CH2M Hill, and Babcock and Wilcox (B&W). NSTec has 2,700 employees, and manages operations at the 1,360-square-mile Nevada National Security Site and at its related facilities and laboratories for the U.S. Department of Energy (DOE), National Nuclear Security Administration, Nevada Site Office.

RECENT EARLY STAGE TECHNOLOGY COMMERCIALIZATION AND MARKET POSITIONING

Since our inception, we have made tremendous progress in bringing early stage technology from scientific concept and curiosity to practical reality. Sigma Labs has the following developments firmly in hand:

1. In Process Quality Assurance (IPQA®) for Additive Manufacturing. We believe that "additive manufacturing," ("AM") more popularly known as 3D Printing, will significantly impact the manufacturing landscape and revolutionize 21st century industry. AM results in very efficient metal utilization for parts made on-demand, and utilizes a wide variety of rapid prototyping methods. AM and 3D Printing are generic terms applied to these technologies. As a result of AM, parts can go straight from computer designs and 3D computer models to actual, physical parts in a single step. However, there are severe challenges in connection with 3D printing of metal parts. Current manufacturing processes are not capable of making every part right the first time. Also, process consistency and repeatability require further development for metal parts but this is a typical case for emerging technologies. Although many industry experts have lamented that 3D Printing for metal parts is currently a "black art" with limited applications, Sigma is developing its IPQA technology into a breakthrough hardware and software suite of products for AM known as PrintRite3D™, which we expect will fully address these shortcomings and enable metals AM technology to be realized sooner than would otherwise be possible given its current state of maturity.

2. Biomedical Implant Technology. Biomedical implants have greatly improved the quality of life for millions of individuals around the globe. There is a constant search for new technologies which will make implants easier to use, less painful, and easier to integrate into the body. Leveraging decades of Cold War technology, our scientists and engineers are developing an innovative, patent-pending surface treatment that appears to significantly cut down the healing time, reduce the pain and swelling, and reduce the chances for infection associated with implants. The results of our pre-clinical trials in Canada of treated dental implants in human patients so far have shown a remarkable improvement in biointegration time – these treated implants appear able to fully integrate with the human jaw in a period of 4 weeks as opposed to the more typical 8-12 weeks or longer. Also, we've recently concluded protein absorption studies at Sandia National Lab and the results appear to indicate that treated dental implants with our patent-pending surface technology absorb proteins more readily than untreated dental implants. As such these results appear to support the pre-clinical trials work ongoing in Canada. Based on the foregoing, our management is of the opinion that Sigma Labs' biomedical implant technology is positioning itself to have a significant impact on a multi-billion dollar industry that will greatly improve the performance and healing time of biomedical implants for patients around the globe.

3. Advanced Munitions Technology. The current conflicts in Afghanistan, Iraq, and quite possibly in other locales around the globe point to the perpetual need for new technology in our fight against those organizations, countries, and non-nations state aggressors who would harm the vital interests of the United States. Increasingly, there is a shift towards the use of precision strike capability. In urban centers, our troops wish to engage the enemy without harming innocent civilians. Also, the undeniable trend towards the use of drones, UAVs, and UAS systems requires new classes of weapons and munitions that pack a significant punch but with far lower weight. Current munitions have up to 70% steel by weight, which does not release any energy and causes significant collateral damage to innocent bystanders. B6 Sigma has developed several classes of energetic materials which have structural strength until impact, and then release energy into the target without generating dangerous shrapnel which could fly out of the explosion zone. We believe that this selective munitions technology will enable our forces to engage the enemy without harming civilians and will enable drones to have new strike capabilities. Additionally, our technology could be used for specialized bullets that multiply the force of smaller caliber rounds. For example, our Bonded Advanced Munitions (BAM™) reactive metals technology could give an M-16 round the punching power of a much larger caliber round and could have steel penetrating capability plus energy release on target or increased behind-armor effects in an otherwise insensitive munitions.

A detailed description of our three technologies follows.

Additive Manufacturing: Next-Generation Manufacturing Solutions

The Market

An area of increasing interest in the manufacturing world is AM (*aka* 3D Printing). AM is a method of producing functional parts directly from computer design files without any tooling or other processing.

The total AM market size is estimated to reach $5,200,000,000 by 2016 according to Wohlers 2011 Annual Report. Metal parts are a rapidly growing segment of this overall market space as AM or 3D printing move from just making models to making actual, fully functional parts. Large firms such as Honeywell International, Inc., General Electric Company (GE) and Boeing see AM as an enabling process for many components. GE foresees that up to 50 percent of its aero-engine parts will be made by AM by 2016 and seeks to remove 1,000 lb from its current 4,000 lb engines by 2020. Further, both GE and Honeywell have made known their dissatisfaction with the inconsistency of the AM process from part-to-part and from machine-to-machine (*MIT Technology Review*, January/February Issue 2012). We believe that companies such as GE and Honeywell cannot achieve these ambitious weight reduction goals without new quality control technology for metal AM parts because current quality control methods are not sufficient to allow cost-effective manufacturing of the most safety critical metal parts. We believe that our PrintRite3D™ technology would directly address this shortcoming for metal parts and allow such AM applications to move forward. As noted below, we are providing consultant services to GE and Honeywell to assist in these goals.

As further evidence of the demand for new quality control methods for safety-critical additive manufacturing, the US Navy's Chief Scientist, W.E. Frazier, recently commented that the need for real-time quality monitoring and control is essential to achieving the Navy's goals for additive manufacturing. This is precisely the technology that would be provided by our PrintRite3D™ technology. There is currently a very limited supplier base providing high value-added, performance and safety critical metal parts including the OEM captive job shops, and we believe that none are currently capable of addressing the issue of real-time monitoring and quality control. Our PrintRite3D™ is ideally suited to emerge as the market leader.

Recent contract awards include a project with Honeywell funded by the Defense Advanced Projects Agency – DARPA - on the application of our PrintRite3D™ to AM metal parts. This project is vitally important because it provides B6 Sigma an early opportunity to demonstrate how its in-process monitoring and quality control technology (PrintRite3D™) will reduce unnecessary post process inspection costs and improve quality for AM of highly critical aerospace metal components.

Technology and Competitive Advantage

Sigma appears positioned to provide the AM market a product offering for real-time monitoring and quality control based on our core competency in real-time nondestructive inspection (NDI) technology called PrintRite3D™. Our IPQA-enabled PrintRite3D™ technology appears ideally suited to meet the needs of AM at this critical juncture in its development. Our technology will allow AM to be used during manufacturing of safety-critical or performance-critical metal parts, such as used aerospace and defense. Currently these applications are difficult because the part quality cannot be completely guaranteed, and using inspection after manufacturing is difficult and does not find all defects of concern. Therefore, we believe that PrintRite3D™ will be a vital enabler for AM to realize its full potential. B6 Sigma has unique offerings in this field. Furthermore, as a greater number of these AM applications could be cloud-based, the PrintRite3D™ technology is fully compatible with highly networked, cloud-based implementation – subject to the data and intellectual property restrictions which may be imposed by some companies for competitive reasons.

Sigma Labs was awarded a U.S. patent on monitoring and control for processes specifically including AM. Sigma Labs technology compliments proven hardware and software architecture developed and tested at many manufacturing sites around the world. Sigma has unique relationships with several large end users who have validated the PrintRite3D™ INSPECT and SENSOR PAK concepts. In addition, Sigma has strategic relationships with experienced AM companies that are assisting in the validation of our software development.

Business Model

Sigma Labs has signed a Memorandum of Understanding (MOU) with Morris Technologies, Inc. (MORRIS) the world leader in AM metal parts on September 4, 2012. MORRIS and its sister company, Rapid Quality Manufacturing (RQM) were subsequently acquired by General Electric Aviation (GEA) on November 20, 2012. On January 18, 2013, Sigma Labs received a letter from a leading aerospace company stating their intention to negotiate a Joint Technology Development Agreement (JTDA) with Sigma Labs for the purpose of technical collaboration focused on additive manufacturing technologies. Sigma Labs is negotiating the terms of a JTDA with them to further develop and commercialize products based on Sigma Labs core IPQA technology, *a.k.a*., PrintRite3D™. Sigma Labs' management believes the concept would entail utilizing our innovative sensing and process monitoring & quality control technologies to develop integrated and interactive systems of in-process inspection, feedback, data collection and critical analysis. Such systems would benefit users comprising AM equipment manufacturers, aerospace & medical OEMs, as well as other high-margin and high volume OEMs such as oil & gas and automotive, respectively. Sigma Labs has beta-versions of the following product offerings available:

- PrintRite3D™ INSPECT – software which verifies quality layer by layer, mm^2 by mm^2.
- PrintRite3D™ SENSOR PAK – the auxiliary hardware kit that sits on every AM machine to collect the data to drive the software.

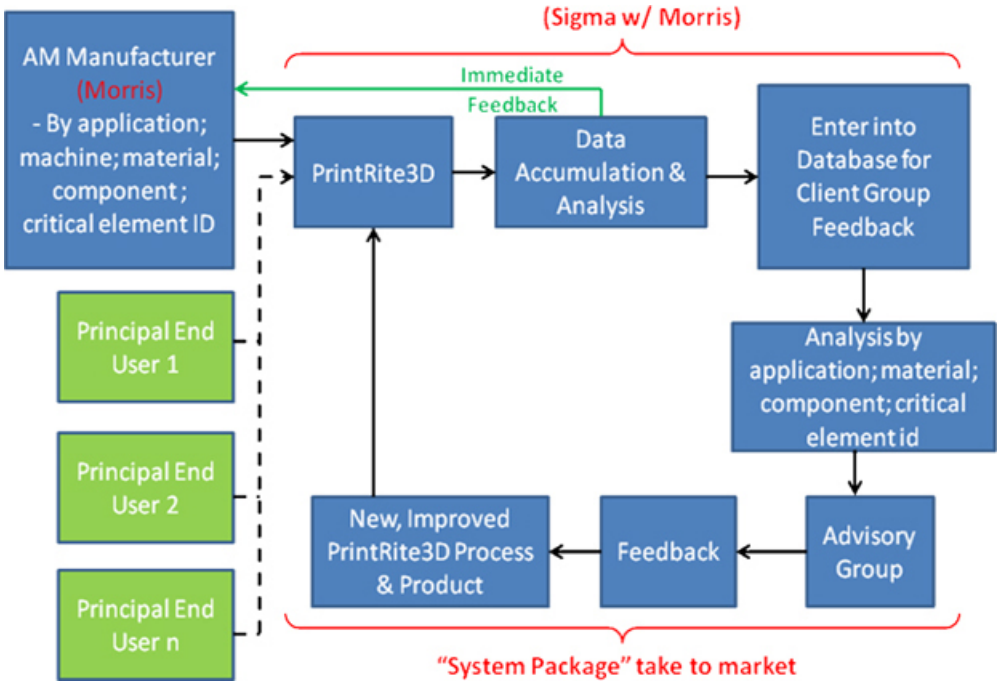
Other software modules are either in development or envisioned as complimentary product offerings, they are:

- PrintRite3D™ DEFORM – software which predicts distortion and calculates the PRE-SHAPE that results in the right final shape.
- PrintRite3D™ THERMAL – software which predicts the thermal profile in the part.

We envision a business model comprising PrintRite3D™ product sales and supporting services to any and all end users and OEMs having an AM machine capable of making metal parts. PrintRite3D™ system sales to end users and OEMs are designed to run on different machine platforms allowing us to maximize our product offering to the entire AM metal market. Also, in the event we enter into a joint venture with leading aerospace company, we envision PrintRite3D™ being used at the leading aerospace company. Including our PrintRite3D™ technology as part of leading aerospace company's quality control offering should provide the objective evidence of compliance to reduce production costs, thereby allowing increased margin and profits initially for aerospace gas turbine components, and eventually to AM manufactured parts for steam turbine components as well. Further, a possible business model for the leading aerospace company and their competitors would include ‘click charge’ for every part made using the PrintRite3D™ technology. We also envision a license and royalty aspect to our PrintRite3D™ technology for AM machine equipment makers wishing to embed our PrintRite3D™ technology into new and existing AM machines worldwide.

We believe another much needed area for AM metal parts manufacturing is in software “Apps” for reducing design and development cycle times, saving the end customer time and money. Theses Apps could utilize the Cloud as the future of AM is moving towards data files and part data being stored in and downloaded from Cloud-based resources. We therefore envision extending our competitive advantage in the future by further developing and offering our PrintRite3D™ CAD Apps which would be specifically developed to improve part designs and significantly reduce traditional trial & error design approaches for features such as distortion control.

By combining the AM manufacturing capability of a leading aerospace company with Sigma’s real-time nondestructive inspection technology, a unique product offering (systems package) will be available to OEMs & end-users. After installing Sigma’s PrintRite3D™ inspection systems, a data-base systems package will be actively marketed to OEM’s and principal end users. Finally, ‘user’ advisory groups can be formed to facilitate exchange of information, needs, new developments, *etc*. utilizing ever-green, annual contracts.



To summarize, as seen in the figure above, Sigma Labs is a small, high-technology company focusing on real-time Quality Assurance of Additive manufacturing allowing enhanced analysis for AM manufacturing, thereby increasing the value of the AM part. It also provides an opportunity for a leading aerospace company to offer a continuing, evolving level of AM technology that can be "packaged" to produce a new, revenue-producing product line for a Sigma/leading aerospace company joint venture.

Biomedical Prosthetics and Implants: Next Generation

The Market

A dental implant is a metal device designed to replace missing teeth. The device is usually made from titanium and is surgically placed into the jawbone where the tooth is missing. Dental implants currently resemble natural teeth and are permanent.

The global dental implants market is expected to grow from $3,200,000,000 in 2010 to $4,200,000,000 in 2015 at a compound annual growth rate (CAGR) of 6 percent from 2010 to 2015. Europe currently forms the world's largest market for dental implants with a 42 percent market share, and is also expected to have the highest CAGR of 7.0 percent from 2010 to 2015.

Dental implants already hold an 18 percent share of the global dental device market; and are also expected to have one of the highest growth rates amongst all dental device submarkets. This is primarily because dental implants offer an effective treatment for edentulism, *i.e.*, the condition of being toothless to at least some degree, and because of the rising demand for cosmetic dentistry worldwide across all age groups.

The need exists to reduce osseointegration (*i.e.*, when the bone adopts the implant and bone tissue grows in close proximity to the metal implant) time of dental implants from many months to weeks. Slow healing is inconvenient to the patient. Poor healing could lead to infection, excessive swelling and pain, and failure of a detail implant. Many current approaches to rapid healing rely on coatings which could come off, or chemicals which are complicated to apply. There appears to be a growing need and market demand for new, rapid-healing technology for dental implants.

Beyond dental implants, there is a much larger market potential for this technology in the broader field of metal implants of many kinds going into hard bone – for both human and animal use. If successful in animals, this could clear the way for human amputee applications. Additionally, there are applications to a wide range of metal plates, screws, pins, and other hardware-used joint reconstruction, as well as other types of implants such as knees, elbows, and hip re-surfacing where adherence to bone is critical. Traditional total hip replacement may also be an application, but since there is strong mechanical interlocking between the bone and the replacement hip into the femur, there is less of a problem as compared to more complex joints.

Technology and Competitive Advantage

Sigma Labs has a patent-pending implant enhancement technique based on surface engineering technology developed at a national laboratory as well as additional trade secrets and proprietary process knowledge. Furthermore, we have exclusive access to the surface engineering equipment and operations knowledge. Our method is therefore extremely difficult to duplicate with a high barrier to entry for others to emulate it. Sigma Labs has applied this surface modification method to dental implants resulting in a rapid healing implant without the use of coatings, chemicals, or other complicated processes.

In preliminary dental implant testing conducted to date, the healing time appears to have been reduced from 8-12 weeks to 4 weeks with less associated pain and inflammation and with better adhesion with bone. This healing time is equivalent to or better than the offerings of the top three dental implant manufacturing companies.

Currently Sigma Labs is planning new pre-clinical trials (up to 90 patients). Also, Sigma Labs has collected other data on how well cells "stick" to the specially treated implants by working with Sandia National Laboratories and other expert consultants. The results to date indicate that cell adhesion is better for implants treated with Sigma Labs proprietary technology.

Business Model

We are in discussions with potential commercialization partners for the sole purpose of commercializing our patent-pending rapid healing bio-medical technology. The earliest we expect to commercialize such technology is late 2013, although there is no assurance that it will be commercialized at all. Furthermore, we expect that our dental implant technology will result in lower pain and inflammation, even if the healing times are similar to other implants, thereby still offering significant value to the end consumer and dentist alike.

Our business model comprises a license/royalty approach with a partner capable of commercializing, marketing and monetizing the patent-pending rapid healing bio-medical technology.

Business Strategy

We have demonstrated the manufacturing feasibility and placed implants in pre-clinical trials in Canada that have shown 4-week healing times. We concluded a protein absorption study with Sandia National Labs, and identified manufacturing process improvements as well as evaluated expanding our production capacity. Recent work has focused on productivity improvements and increasing the throughput of our processes by up to 20 times current rates and provides a corresponding manufacturing cost reduction.

Munitions: Next Generation

The Market

The Department of Defense (DoD) budget for unmanned aerial vehicles (UAVs) in 2011 was close to $3,000,000,000, which is a tenfold increase in spending levels since 2000. This is a growing segment of weapons and defense acquisition. The market size for munitions to go onto these unmanned platforms is similarly large. For example, for Hellfire II missiles alone, which are a preferred weapon for UAVs, there have been close to $1,000,000,000 in orders since 2008, or roughly $250,000,000 annually.

The DoD would like to lower the weight of the missiles, which means increased standoff distance, while maintaining or increasing the same explosive power. Our reactive material may be ideal for such applications, because it is a structural metal-like steel but it releases energy during the explosive event. This is unlike the steel and aluminum that missile bodies are currently made from, which do not contribute any energy release to the final explosion.

Another need for the DoD appears to be a bullet for current forward operations that releases tremendous energy on impact and helps to disintegrate the target through heat and pressure, and yet is safe to handle. The bullet must be compatible with currently deployed large-caliber rifles such as 50cal sniper rifles. In 2012, the total US market size alone for 50cal bullets is estimated to be $250,000,000.

Technology and Product Offering

To meet the needs of reactive structures for missiles and bombs and for future new weapons for UAVs, Sigma Labs has developed a materials technology called Advanced Reactive Materials and Structures (ARMS™). We were awarded a U.S. Patent for our technology and it offers new capabilities over conventional materials for munitions. Our technology can allow bombs, missiles and warheads to be made up to 50 percent lighter, while still delivering the same explosive power, or, alternatively, pack up to twice the explosive power with the same mass. ARMS™ technology has been tested at a proof-of-concept level, but the next step in its development would be component-level testing for specific applications and for specific customers. This again is because our material is a metal alloy that releases energy when exploded, unlike ordinary steel or aluminum. Therefore if a missile or warhead body is made from our material, it would provide structural soundness as well as extra energy release on impact. This technology is ideally suited for arming UAVs, also known as “drones”, which are increasingly being used for combat operations worldwide.

To meet the needs of the bullet application, Sigma Labs has also developed a bullet called Bonded Advanced Munitions (BAM™). Sigma Labs was awarded a U.S. Patent for our BAM™ product that offers new capabilities over conventional bullet technology. Our bullet releases tremendous energy on impact and helps to disintegrate the target through heat and pressure, and is as safe to handle as a conventional bullet. Our product is suitable for making bullets for large-caliber rifles such as 50cal sniper rifles.

To protect these technologies, Sigma Labs has control of the necessary trade secrets as well as decades of process and materials knowledge, and manufacturing and munitions experience gained at top national laboratories.

Business Model

License Agreement

Our business model for ARMS™ and BAM™ is a licensing/royalty model. Effective April 11, 2013 (the "Effective Date"), Sigma Labs entered into an exclusive license agreement with Allotrope Sciences Corporation ("Allotrope"), pursuant to which we granted Allotrope rights to market and sell Sigma Labs' ARMS™ and BAM™ technologies to U.S. and Foreign Government customers. Allotrope is obligated to pay specified license fees and royalties on sales relating to the licensed patents. The initial term of the agreement is five years, unless sooner terminated as provided in the agreement, which may be renewed by Allotrope for up to three additional periods of one year each after the expiration of the initial term. Additionally, Allotrope may consider sales to system integrators requiring enhancements to current weapons systems where it makes business sense. The license fees to be paid by Allotrope to the Company under the agreement are as follows:

- $12,500 upon execution of the license agreement, and $12,500 six months following the Effective Date.
- $25,000 on the second anniversary of the Effective Date.

Under the license agreement, within 30 days following the end of each applicable year following the Effective Date, Allotrope shall pay to Sigma Labs royalty payments, as follows:

- 3.5% of the aggregate gross sales by Allotrope relating to the Licensed Patents (as defined) ("Sales"), if such Sales equal at least $1,000,000 during the first year following the Effective Date;
- 3.5% of Sales, if such Sales equal at least $1,000,000 during the second year following the Effective Date;
- 3.5% of Sales, if such Sales equal at least $1,000,000 during the third year following the Effective Date;
- 3.5% of Sales, if such Sales equal at least $2,000,000 during the fourth year following the Effective Date;
- 3.5% of Sales, if such Sales equal at least $3,000,000 during any year after the fourth year following the Effective Date.

Further, Allotrope must satisfy the following minimum gross revenue requirements to retain its exclusive license under the agreement:

- Allotrope must generate at least $1,000,000 of Sales during the third year following the Effective Date;
- Allotrope must generate at least $2,000,000 of Sales during the fourth year following the Effective Date; and
- Allotrope must generate at least $3,000,000 of Sales during the fifth year following the Effective Date, and during each subsequent year during the term of the agreement.

COMPETITION

We believe our technologies will be beneficial to several industries, including aerospace, defense, oil and gas, prosthetic implants, sporting goods, and power generation. However, developments by others may render our current and proposed technologies noncompetitive or obsolete, or we may be unable to keep pace with technological developments or other market factors. Additionally, our competitive position may be materially affected by our ability to develop or successfully commercialize certain technologies that we have identified for commercialization. Other general external factors may also impact the ability of our products to meet expectations or effectively compete, including pricing pressures.

We anticipate some of our principal competitors in the United States will include Aerojet Ordnance, General Dynamics Ordnance and Tactical Systems, Alliant Techsystems Inc. and Energetic Materials and Processes, Inc., both of which are businesses focused on developing materials technology solutions in the advanced munitions market; and Straumann AG, BioMet 3I, Keystone Dental, HiOssen Dental, and companies that specialize in developing dental implants that heal rapidly; and, IMPACT Engineering, Inc, Computer Weld Technology, Inc. and Vibrant Corporation that specialize in designing and manufacturing automated welding equipment and quality control monitoring devices used in industrial applications. Most of these competitors have significantly greater research and development capabilities than we do, as well as substantially more sales, marketing and financial and managerial resources. These entities represent significant competition for us. In addition, acquisitions of, or investments in, competing companies by large corporations could increase such competitors' research, financial, manufacturing and other resources.

Corporate History

Framewaves, Inc., a Nevada corporation, was incorporated in December 1985 as "Messidor Limited." In December 2000, the corporation's shareholders approved a name change to "Framewaves, Inc." At the same time, the shareholders also approved the acquisition of Corners, Inc., a Nevada corporation ("Corners"), which was originally intended to be used as an operating subsidiary as part of the corporation's business strategy to actively pursue the custom framing business. Ultimately, the corporation decided to pursue a different business opportunity.

B6 Sigma, Inc., a Delaware corporation, was incorporated in February 2010. Four members of our current management team worked together at Technology Management Company, Inc., a New Mexico corporation ("TMC"), before leaving to form B6 Sigma. Pursuant to an asset purchase agreement, B6 Sigma acquired certain assets from a division of TMC in exchange for the surrender of certain securities of TMC previously issued to the founders of B6 Sigma. The assets acquired include equipment, contracts, licenses and intellectual property relating to our IPQA® technology. See further discussion of our IPQA® technology under "Products and Services."

On September 13, 2010, Framewaves entered into a share exchange agreement with B6 Sigma and the shareholders of B6 Sigma pursuant to which it acquired all of the issued and outstanding shares of B6 Sigma. Following the closing of the transactions contemplated by the share exchange agreement, B6 Sigma became a wholly owned subsidiary of the Company.

Our principal executive offices are located at 100 Cienega, Suite C, Santa Fe, New Mexico 87501, and our current telephone number at that address is (505) 438-2576. Our website address is www.sigmalabsinc.com. We do not incorporate the information on our website into this annual report, and you should not consider such information part of this annual report.

The Reorganization

On September 13, 2010, Framewaves entered into a share exchange agreement ("Share Exchange Agreement") with B6 Sigma and the holders of all of the issued and outstanding capital stock of B6 Sigma (collectively, the "B6 Sigma Shareholders"). The transactions contemplated by the Share Exchange Agreement are hereinafter collectively referred to as the "Reorganization." Pursuant to the Share Exchange Agreement, Framewaves issued to the B6 Sigma Shareholders 234,917,400 (post-split) shares (the "Reorganization Shares") of its common stock, $0.001 par value per share, in exchange for all of the issued and outstanding capital stock of B6 Sigma. In connection with the Reorganization, B6 Sigma acquired 110,700,000 (post-split) shares of Framewaves common stock from three shareholders of Framewaves for the cash sum of $195,000, and simultaneously cancelled all such shares (such transactions, collectively, the "Stock Cancellation"). In addition, as a condition to the closing of the Reorganization, B6 Sigma also closed a private offering of $1,000,000 of its common stock contemporaneous with the closing of the Reorganization. In connection with the Reorganization, the Chief Executive Officer (and also a director) of Framewaves resigned and the officers and directors of B6 Sigma were elected to serve as officers and directors of the Company.

Following issuance of the Reorganization Shares to the B6 Sigma Shareholders and the Stock Cancellation, Framewaves had 313,067,400 (post-split) shares of its common stock issued and outstanding. In connection with the closing of the Reorganization, the shareholders of Framewaves approved a 150:1 forward stock split, and a change of the name of the corporation to "Sigma Labs, Inc." Additionally, following completion of the Reorganization, B6 Sigma became a wholly owned subsidiary of the Company.

Recent Developments

During the fourth quarter of 2012 and the first quarter of 2013, the Company announced important developments which are outlined below.

SIGMA LABS, INC. & INTERACTIVE MACHINES, INC. EXECUTE MEMORANDUM OF UNDERSTANDING TO EXPLORE THE DESIGN AND BUILD OF NEXT GENERATION CONCEPTS FOR 3D METAL PRINTING MACHINERY Santa Fe, NM – March 14, 2013 – Sigma Labs, Inc. (OTCBB: SGLB) announced that it has signed a Memorandum of Understanding (MOU) with Interactive Machines, Inc. (IMI) of Southwick, Massachusetts.

SIGMA LABS, INC. FILES PROVISIONAL PATENT APPLICATION TO FURTHER EXTEND PRINTRITE3D™ CAPABILITIES AND RAPID PROCESS QUALIFICATION AND PART CERTIFICATION IN ADDITIVE MANUFACTURING AND 3D PRINTING Santa Fe, N.M., Feb. 6 2013 /PRNewswire/ – Sigma Labs, Inc. (OTCBB: SGLB) announced that it has filed a new provisional patent application that will enable rapid process qualification and part certification for 3D Printing of critical metal parts.

SIGMA LABS, INC. ANNOUNCES TWO NEW PATENT AWARDS FOR LIGHTER AND MORE ENERGETIC MUNITIONS Santa Fe, NM – January 14, 2013 – Sigma Labs, Inc. (OTCBB: SGLB) announced that is has been awarded two U.S. Patents. The first award is for a new class of reactive material known as ARMS - Advanced Reactive Materials and Structures - that could be very useful for the future design of more energetic munitions able to deliver equivalent explosive power in a device of roughly half of the weight.

SIGMA LABS, INC. STRENGTHENS ITS INTELLECTUAL PROPERTY POSITION THROUGH NEW PATENT AWARD AND PATENT FILING Santa Fe, NM – December 12, 2012 – Sigma Labs, Inc. (OTCBB: SGLB) announced that it has expanded and enhanced its intellectual property and patent portfolio. Sigma Labs was recently awarded a patent involving the monitoring and control of fusion processes including those found in Additive Metal Manufacturing (AMM) and 3D printing.

Intellectual Property

We regard our trademarks, domain names, trade secrets, in-licensed technologies, process knowledge, and other intellectual property as critical to our success. We rely on trademark and other intellectual property law, and confidentiality agreements and license agreements with employees, partners, and others to protect our intellectual assets. We were awarded two U.S. patents with respect to our munitions technology. We were also awarded a U.S. patent with respect to our IPQA technology, in addition to filing a new patent application pertaining to our IPQA technology and rapid qualification of additive manufacturing for metal parts. Also, we filed a PCT patent application pertaining to the advanced dental implant technology. There is no guarantee that the patents for which we have applied will offer adequate protection under applicable law.

We also rely on technologies that we license from third parties for further development. For example, we are presently developing technology that was originally licensed from the United States Department of Energy. If we succeed in developing such in-licensed technologies for commercialization, we expect to protect any interests in such further developed technology via a combination of intellectual property law (trademarks, patents, etc.) and confidentiality and non-disclosure agreements with partners and collaborators.

Government Regulation

Our business activities are subject to a variety of federal, state and local laws and regulations. For example, as a company involved with the development of munitions technology, we are required to comply with applicable provisions of the International Traffic in Arms Regulations, as well as register with the US Department of State's Directorate of Defense Trade Controls. These regulations are aimed at preventing the inadvertent disclosure of munitions related data or the export of technical knowledge to foreign countries. The work we do with governmental units may also be subject to laws respecting the confidentiality of any classified or national security information we receive during the course of our activities under any government contract.

Additionally, with respect to our work with government agencies, our sales are driven by pricing based on costs incurred to produce products or perform services under contracts with the U.S. government. U.S. government contracts generally are subject to Federal Acquisition Regulations ("FAR"), agency-specific regulations that implement or supplement FAR, such as the DoD's Defense Federal Acquisition Regulations ("DFAR") and other applicable laws and regulations. These regulations impose a broad range of requirements, many of which are unique to government contracting, including various procurement, import and export, security, contract pricing and cost, contract termination and adjustment, and audit requirements. A contractor's failure to comply with these regulations and requirements could result in reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines and could lead to suspension or debarment from government contracting or subcontracting for a period of time. In addition, government contractors are also subject to routine audits and investigations by U.S. government agencies such as the Defense Contract Audit Agency ("DCAA"). These agencies review a contractor's performance, cost structure, and compliance with applicable laws, regulations, and standards. The DCAA also reviews the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation, and information systems.

Employees

The Company currently employs 4 full-time employees and 3 part-time employees. Newly acquired Sumner and La Mancha together employ 4 full-time employees and 2 part-time employees. We are not a party to any collective bargaining agreements.

ITEM 1A. RISK FACTORS.

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in or maintain your investment in our Company. The risks described below are not intended to be an all-inclusive list of all of the potential risks relating to an investment in our securities. If any of the following or other risks actually occur, our business, financial condition or operating results and the trading price or value of our securities could be materially and adversely affected.

Risks Related to Our Business and Industry

We have a limited operating history, which makes it difficult to evaluate an investment in the Company.

Since we recently commenced business operations, it can be expected that we will continue to incur significant operating expenses and will experience significant losses in the foreseeable future. There is no assurance that any revenues we generate will be sufficient for us to become profitable or thereafter maintain profitability. As a result, the Company cannot predict when, if ever, it might achieve profitability and cannot be certain that it will be able to sustain profitability, if achieved. Our lack of an operating history may make it difficult for you to evaluate our business prospects in connection with an investment in our securities.

We face many of the risks normally associated with a new business.

Because we have had a little under three years of operations, we face all the risks inherent in a new business, including the expenses, difficulties, complications and delays frequently encountered in connection with conducting new operations. These uncertainties include establishing our internal organization structure, developing our brand name, raising capital to meet our working capital requirements and developing a customer base, among others. If we are not effective in addressing these risks, we will not be able to operate profitably in the future, and we may not have adequate working capital to meet our obligations as they become due.

The Company's audited financial statements express substantial doubt about its ability to continue as a going concern.

Our audited financial statements for the period ended December 31, 2012, have been prepared assuming that it will continue as a going concern. However, our auditors have expressed substantial doubt about our ability to continue as a going concern because as of the date of the audited statements, we had generated limited revenues and had not achieved profitable operations. The Company's ability to continue as a going concern is subject to its ability to finance its operations by generating and sustaining profits and/or obtaining necessary funding from outside sources. We have only recently commenced operations, and expect to continue to experience significant losses in the foreseeable future. There can be no assurance that we will ever achieve (or sustain) profitability, or successfully secure outside financing. Accordingly, there can be no assurance about our ability to continue as a going concern.

We have limited financial resources and may need to raise significant additional capital to continue our operations.

We will require significant financial resources to fund our current and future business operations. It is possible that our capital resources will be insufficient to fund all of such requirements and that the Company may be required to obtain additional capital in the future. In doing so, the Company may seek to access the capital markets to fund its capital needs. However, there can be no assurance that we will be able to secure such additional financing, or that we will do so on terms favorable to the Company. In addition, the current global financial crisis has exacerbated the difficulty of obtaining credit on favorable terms or at all, especially by companies with limited operating histories such as ours. Failure to obtain such additional funds as and when we need them, or securing such financing on unfavorable terms, may significantly impair our ability to continue operations.

Any additional financing we may undertake could result in dilution to existing stockholders.

Any additional financings we undertake in the future may be obtained through one or more transactions involving the issuance of our capital stock, which will dilute (either economically or in percentage terms) the ownership interests of our stockholders.

Our business may be adversely affected by the global economic downturn.

The global economy is currently in a pronounced economic downturn. Global financial markets are continuing to experience disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. Given these uncertainties, there is no assurance that there will not be further deterioration in the global economy, the global financial markets and consumer confidence. Any economic downturn generally could cause a drop in government spending and business investment, which would have a material adverse effect on our business. Further, as a result of the current global economic situation, there may be a disruption or delay in performance by the Company's third-party contractors and suppliers. If such third parties are unable to adequately satisfy their contractual commitments to us in a timely manner, our business could be adversely affected.

Although we have hired a chief financial officer, we may still be unable to implement and monitor financial controls sufficient to ensure maximum profitability and compliance with applicable regulatory requirements.

We currently have a part-time consultant acting as our Chief Financial Officer ("CFO") due to the expense of employing a full-time CFO and our limited capital resources. Monica Yaple is a consultant working as our part-time CFO. She is also our Treasurer and presently acts as our principal accounting officer. Due to our limited internal organizational structure, our financial controls may be ineffective. Accordingly, unless we obtain the services of a qualified CFO, we may be unable to implement and monitor financial controls sufficient to ensure maximum profitability and compliance with applicable regulatory requirements. Such regulatory requirements include, among others, certifications and protocols set forth in the Sarbanes Oxley Act of 2002 and related laws and regulations governing accounting, and financial and auditing standards and practices designed to ensure accurate and transparent financial information regarding the financial health and prospects of companies.

We are not subject to certain reporting requirements under the federal securities laws – accordingly, our stockholders do not have the benefit of certain disclosures prior to voting on material transactions or the benefit of reviewing information regarding our officers' and directors' stock ownership and their transactions involving our securities.

We are currently subject to SEC reporting requirements under Section 15(d) of the Exchange Act of 1934, as amended (the "Exchange Act"). Because we have not filed a registration statement under Section 12 of the Exchange Act, we are not subject to the SEC's proxy rules and related information requirements of the Exchange Act. Further, our officers, directors and stockholders owning 10% or more of our outstanding capital stock are not required to file reports with the SEC concerning their stock ownership and stock trading activity under Section 16 of the Exchange Act, which provides for timely disclosure of insider transactions. Accordingly, our shareholders do not have the benefit of (i) certain disclosures required under the SEC's proxy rules in connection with their approval of certain corporate actions (e.g., significant acquisitions and election of directors); and (ii) disclosures about our officers' and directors' ownership of and their transactions involving the Company's securities. We could incur significant damages if we are unable to adequately discharge our contractual obligations.

Our failure to comply with contract requirements or to meet our clients' performance expectations on a contract could materially and adversely affect our financial performance and our reputation. This, in turn, would impact our ability to compete for new clients and contracts. Our failure to meet contractual obligations could also result in substantial actual and consequential damages under the terms of such contracts. In addition, some of our contracts require us to indemnify clients for our failure to meet performance standards and/or contain liquidated damages provisions and financial penalties related to performance failures. Although we do have liability insurance, the policy limits may not be adequate to provide protection against all such potential liabilities.

We have financial exposure on our fixed-price contracts because we are required to complete a project even if the costs exceed the revenues we generate on such fixed-price contract.

We presently provide and expect to provide services under fixed-price and performance-based arrangements. Generally, under our fixed-price contracts, we receive a specified fee regardless of our cost to perform under such contracts (compared with performance-based contracts under which we earn fees on a per-transaction basis). If we underestimate the cost to complete a contract, we will still be required to complete the work specified under such contract, which could result in a loss to us. To earn a profit on these fixed-price contracts, we must accurately estimate costs involved and assess the probability of meeting the specified objectives, realizing the expected units of work or completing individual transactions, within the contracted time period. We expect to recognize revenues on these contracts, including a portion of estimated profit, as costs are incurred.

Requests for Proposals (RFPs) to secure government contracts are time consuming to prepare and our ability to successfully respond to RFPs will impact our operations.

A substantial portion of our clients will be state or local government authorities. To market our services to government clients, we will likely be required to respond to Request for Proposals or "RFPs." To do so effectively, we must estimate accurately our cost structure for servicing a proposed contract, the time required to establish operations and likely terms of the proposals submitted by competitors. We must also assemble and submit a large volume of information within an RFP's rigid timetable. Our ability to respond successfully to RFPs will greatly impact our business. There is no assurance that we will be awarded any contracts through the RFP process, or that our submitted RFPs will result in profitable contracts.

Our government clients may terminate our contracts prior to completion, which could result in revenue shortfalls and reduce profitability or cause losses on government contracts.

Many of our contracts with government agencies contain initial or base periods of one or more years, as well as option periods typically covering more than half of the contract's initial duration. However, our government clients are under no obligation to exercise the option to extend the contract term. The profitability of some of our contracts could be adversely impacted if such options are not exercised and the contract term is not extended accordingly. Additionally, our contracts will likely contain provisions permitting a government client to terminate the contract on short notice, with or without cause. The unexpected termination of significant contracts could result in significant revenue shortfalls. If revenue shortfalls occur and are not offset by corresponding reductions in expenses, our business could be adversely affected. We cannot anticipate if, when or to what extent a client might terminate its contracts with us.

We are subject to government audits and our failure to comply with applicable laws, regulations and standards that could subject us to civil and criminal penalties and administrative sanctions.

The government agencies we contract with have the authority to audit and investigate our contracts with them. As part of that process, a government agency may review our performance on a contract, our pricing practices, our cost structure and our compliance with applicable laws, regulations and standards. If the agency determines that we have improperly allocated costs to a specific contract, we will not be reimbursed for those costs and we will be required to refund the amount of any such costs that have been previously reimbursed. If a government audit identifies improper activities by us or we otherwise determine that these activities have occurred, we could be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with the government. Any adverse determination could adversely impact our ability to bid for Requests for Proposals (RFPs) in one or more jurisdictions.

Unions may interfere with our ability to obtain contracts.

Our success will depend in part on our ability to win profitable contracts to administer and manage programs that may have been previously administered by government employees. Many government employees, however, belong to labor unions with considerable financial resources and lobbying networks. Unions have in the past and are likely to continue to apply political pressure on legislators and other officials seeking to outsource government programs. Union opposition may result in fewer opportunities for us to service government agencies.

We rely on our relationship with government agencies to obtain contracts.

To facilitate our ability to prepare bids in response to RFPs, we expect to rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships will enable us to provide informal input and advice to the government entities and agencies prior to the development of an RFP. We also expect to engage marketing consultants, including lobbyists, to establish and maintain relationships with elected officials and appointed members of government agencies. The effectiveness of these consultants may be reduced or eliminated if a significant political change occurs. We may be unable to successfully manage our relationships with government entities and agencies and with elected officials and appointees and any failure to do so may adversely affect our ability to bid successfully for RFPs.

We have significant competition in bidding for government contracts from large national and international organizations.

The government contracting industry is subject to intense competition. Many of our competitors are national and international in scope and have greater resources than we do. Substantial resources could enable certain competitors to "low bid" on government RFPs or take other measures in an effort to gain market share. In addition, we may be unable to compete for a certain large government contract because we may not be able to meet an RFP's requirement to obtain and post a large cash performance bond. Also, in some geographic areas, we face competition from smaller consulting firms with established reputations and political relationships. There is no assurance that we will compete successfully against our existing or any new competitors.

We may not be able to effectively control and manage our growth, which would negatively impact our operations.

We have operated our current line of business for a little over three years, and we expect to grow in the near future as our business develops and becomes established. If our business grows as we anticipate, it will be necessary for us to manage our expansion in an orderly fashion. Any significant growth in our activities or in the market for our services will require extension of our managerial, operational, marketing and other resources. Future growth will also impose significant additional responsibilities upon the members of management to identify, recruit, maintain, integrate, and motivate new employees. Our failure to manage growth effectively may lead to operational inefficiencies that will have a negative effect on our profitability. Additionally, if our growth comes at the expense of providing quality service and generating reasonable profits, our ability to successfully bid for contracts and our profitability will be adversely affected. We cannot assure investors that we will be able to effectively manage any future growth we may experience.

Failure to obtain adequate insurance coverage could put the Company at risk for uninsured losses.

We do currently have liability insurance. Some or all of the Company's customers may require insurance as a requirement to conduct business with the Company. We may be unable to obtain or maintain adequate liability insurance on acceptable terms, if at all, and there is a risk that our insurance will not provide adequate coverage against our potential losses. Additionally, there are certain types of losses that may not be insurable at a cost that the Company can afford or at all. Claims or losses in excess of any insurance coverage we may obtain, or the lack of insurance coverage, could put the Company at risk of loss for any uninsured loss, which would have a material adverse effect on our business and financial condition.

We are dependent on our senior executive officers and other key personnel, loss of which could harm our business.

The Company depends on its senior executive officers as well as key scientific and other personnel. The loss of any of these individuals could harm the Company's business and significantly delay or prevent the achievement of business objectives. In addition, our delivery of services will be labor-intensive: when the Company is awarded a government contract, we may need to quickly hire project leaders and case management personnel. The additional staff may also create a concurrent demand for increased administrative personnel. The success of our business will require that we attract, develop, motivate and retain:

- experienced and innovative executive officers;
- senior managers who have successfully managed or designed government services programs in the public sector; and
- Information technology professionals who have designed or implemented complex information technology projects

Innovative, experienced and technically proficient individuals are in great demand and are likely to remain a limited resource. We may be unable to continue to attract and retain desirable executive officers and senior managers. Our inability to hire sufficient personnel on a timely basis or the loss of significant numbers of executive officers and senior managers could adversely affect our business.

Because we have limited capital resources, we expect to be dependent on cash flow and payments from customers in order to meet our expense obligations.

A number of factors may cause our revenues, cash flow and operating results to vary from quarter to quarter, including the following:

- the progression of contracts;
- the levels of revenues earned on fixed-price and performance-based contracts (including any adjustments in expectations for revenue recognition on fixed-price contracts);
- the commencement, completion or termination of contracts during any particular quarter;
- the schedules of government agencies for awarding contracts; and
- the term of awarded contracts and potential acquisitions.

Changes in the volume of activity and the number of contracts commenced, completed or terminated during any quarter may cause significant variations in our cash flow from operations because a significant portion of our expenses are fixed. Fixed expenses include, rent, payroll, insurance, employee benefits, taxes and other administrative costs and overhead. Moreover, we expect to incur significant operating expenses during the start-up and early stages of large contracts and typically do not receive corresponding payments in that same quarter.

We may make acquisitions in the future that we are unable to effectively manage given our limited resources.

We may choose to grow our business by continuing to acquire other entities. We may be unable to manage businesses that we have acquired or integrate them successfully without incurring substantial expenses, delays or other problems that could negatively impact our results of operations. Moreover, business combinations involve additional risks, including:

- diversion of management's attention;
- loss of key personnel;

- our becoming significantly leveraged as a result of the incurrence of debt to finance an acquisition;
- assumption of unanticipated legal or financial liabilities;
- unanticipated operating, accounting or management difficulties in connection with the acquired entities;
- amortization of acquired intangible assets, including goodwill; and
- dilution to existing shareholders and our earnings per share.

Also, client dissatisfaction or performance problems with an acquired firm could materially and adversely affect our reputation as a whole. Further, the acquired businesses may not achieve the revenues and earnings we anticipated.

The Company must keep up with new and rapidly evolving technologies.

Some of the Company's activities involve developing products or processes that are based upon new, rapidly evolving technologies. The ability to commercialize these technologies could fail for a variety of reasons, both within and outside of the Company's control.

Our success depends upon our ability to protect our intellectual property rights.

Our success in part depends on the Company's ability to maintain the proprietary nature of our technology and other trade secrets. To do so, we will be required to prosecute and maintain patents, obtain new patents and pursue trade secret and other intellectual property protection. We were awarded two U.S. patents with respect to our munitions technology. We were also awarded a U.S. patent with respect to our IPQA technology, in addition to filing a new patent application pertaining to our IPQA technology and rapid qualification of additive manufacturing for metal parts. Also, we filed a PCT patent application pertaining to the advanced dental implant technology. However, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Our business is also subject to the risk that our issued patents will not provide us with significant competitive advantages if, for example, a competitor were to independently develop or obtain similar or superior technologies. Prosecuting infringement claims can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent owned by us is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the Company's patents do not cover its technology. An adverse determination of any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put the Company's patent applications at the risk of not issuing. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. The unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results.

We may be sued by third parties who claim that we have infringed their intellectual property rights.

We may be exposed to future litigation by third parties based on claims that our research, development and commercialization activities infringe the intellectual property rights of third parties to which the Company does not hold licenses or other rights, or that we have misappropriated the trade secrets of others. Any litigation or claims against us, whether or not valid, could result in substantial costs, and could place a significant strain on our financial and human resources. In addition, if successful, such claims could cause the Company to pay substantial damages. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Our services are subject to government regulation, changes in which may have an adverse effect on the Company.

Our business activities subject us to a variety of federal, state and local laws and regulations. For example, we are required to comply with applicable provisions of the International Traffic in Arms Regulations, as well as other export controls and laws governing the manufacture and distribution of munitions technology. Changes in the laws and regulations applicable to our business activities may have an adverse effect on our operations and profitability by making it more expensive and less profitable for us to do business. Additionally, the market for our services depends largely on federal and state legislative programs. These programs can be modified or amended at any time by acts of federal and state governments. Further, if additional programs are not proposed or enacted, or if previously enacted programs are challenged, repealed or invalidated, our growth strategy could be adversely impacted.

Our Bylaws contain provisions indemnifying our officers and directors against all costs, charges, and expenses incurred by them.

Our Bylaws contain provisions with respect to the indemnification of our officers and directors against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by an officer or director, including an amount paid to settle an action or satisfy a judgment in a civil, criminal, or administrative action or proceeding to which he is made a party by reason of being or having been one of our directors or officers.

Our Bylaws do not contain anti-takeover provisions, which could result in a change of our management and directors if there is a takeover of us.

We do not currently have a shareholder rights plan or any anti-takeover provisions in our Bylaws. Without any anti-takeover provisions, there is no deterrent for a takeover of our company, which may result in a change in our management and directors.

Our operating costs could be higher than we expect, and this could reduce our future profitability.

In addition to general economic conditions, market fluctuations and international risks, significant increases in operating, development and implementation costs could adversely affect our company due to numerous factors, many of which are beyond our control.

Our existing directors, officers and key employees hold a substantial amount of our common stock and may be able to prevent other shareholders from influencing significant corporate decisions.

As of April 10, 2013, our directors and executive officers beneficially owned approximately 23% of our outstanding common stock. These shareholders, if they act together, may be able to direct the outcome of matters requiring approval of the shareholders, including the election of our directors and other corporate actions such as:

- our merger with or into another company;
- a sale of substantially all of our assets; and
- amendments to our articles of incorporation.

The decisions of these shareholders may conflict with our interests or those of our other shareholders.

Risks Related to Our Common Stock

We do not foresee paying cash dividends in the foreseeable future and, as a result, our investors' sole source of gain, if any, will depend on capital appreciation, if any.

We do not plan to declare or pay any cash dividends on our shares of common stock in the foreseeable future and currently intend to retain any future earnings for funding growth of the Company's business. As a result, investors should not rely on an investment in our securities if they require the investment to produce dividend income. Capital appreciation, if any, of our shares may be investors' sole source of gain for the foreseeable future.

Our securities are considered highly speculative.

Our securities must be considered highly speculative, generally because of our limited operating history. We have neither generated any material revenues nor have we realized a profit from our operations to date and there is no assurance that we will operate on a profitable basis. Since we have not generated any material revenues and have only limited capital, we expect that we will need to raise additional monies through the sale of our equity securities or debt in order to continue our business operations.

Our stock is thinly traded, so you may be unable to sell your shares at or near the quoted bid prices if you need to sell a significant number of your shares.

Although the shares of our common stock are quoted on the OTC Bulletin Board, there has been very limited trading in our shares, meaning that the number of persons interested in purchasing our common shares at any given time is relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a new company, our business is still in the early stages, and that we are a small company which is unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume. Even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven, early stage company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common shares will develop or be sustained, or that current trading levels will be sustained. Due to these conditions, we can give you no assurance that you will be able to sell your shares if you need money or otherwise desire to liquidate your shares or that any such sale would be at or near ask prices.

The price of our common stock could be highly volatile.

It is likely that our common stock will be subject to price volatility, low volumes of trades, and large spreads in bid and ask prices quoted by market makers. Due to the low volume of shares that may be traded on any trading day, persons buying or selling in relatively small quantities may easily influence prices of our common stock. This low volume of trades could also cause the price of our stock to fluctuate greatly, with large percentage changes in price occurring in any trading day session. Holders of our common stock may also not be able to liquidate their investment readily or may be forced to sell at depressed prices due to low volume trading. If high spreads between the bid and ask prices of our common stock exist at the time of a purchase, the price of the common stock would need to appreciate substantially on a relative percentage basis for an investor to recoup an investment in our shares. Broad market fluctuations and general economic and political conditions may also adversely affect the market price of our common stock. No assurance can be given that an orderly and active market in our common stock will develop or be sustained. If an orderly and active market does not develop, holders of our common stock may be unable to sell their shares, if at all.

Our common stock may be considered a "penny stock," and thereby be subject to additional sale and trading regulations that may make it more difficult to sell.

Our common stock may be a "penny stock" if it meets one or more of the following conditions (i) the stock trades at a price less than $5.00 per share; (ii) it is not traded on a "recognized" national exchange; (iii) it is not quoted on the Nasdaq Capital Market, or even if so, has a price less than $5.00 per share; or (iv) is issued by a company that has been in business less than three years with net tangible assets less than $5 million.

The principal result or effect of being designated a "penny stock" is that securities broker-dealers participating in sales of our common stock will be subject to the "penny stock" regulations set forth in Rules 15-2 through 15g-9 promulgated under the Exchange Act. For example, Rule 15g-2 requires broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document at least two business days before effecting any transaction in a penny stock for the investor's account. Moreover, Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult and time consuming for holders of our common stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, the price and trading volume of our common stock could decline.

The future trading market for our common stock will be influenced in part by any research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of us the trading price for our common stock and other securities would be negatively affected. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our securities, the price of our securities would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our securities could decrease, which could cause the price of our common stock and other securities and their trading volume to decline.

If we are deemed to be an issuer of "penny stock", the protection provided by the federal securities laws relating to forward-looking statements will not apply to us.

Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, if we are a penny stock, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. Such an action could hurt our financial condition.

Financial Industry Regulatory Authority (FINRA) sales practice requirements may also limit a stockholder's ability to buy and sell our common stock.

FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

We may incur significant costs to ensure compliance with U.S. corporate governance and accounting requirements.

We may incur significant costs associated with our public company reporting requirements, costs associated with applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, and other rules implemented by the Securities and Exchange Commission. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

As a public reporting company, we are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. Any failure of these controls could also prevent us from maintaining accurate accounting records and discovering accounting errors and financial frauds.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual assessment of our internal control over financial reporting. The standards that must be met for management to assess the internal control over financial reporting as effective are complex, and require significant documentation, testing and possible remediation to meet the detailed standards. We may encounter problems or delays in completing activities necessary to make an assessment of our internal control over financial reporting. If we cannot assess our internal control over financial reporting as effective, investor confidence and share value may be negatively impacted. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting (including those weaknesses identified in our periodic reports), or disclosure of management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

Obtaining additional capital through the sale of common stock will result in dilution of equity interests.

We plan to raise additional funds in the future by issuing additional shares of common stock or other securities, which may include securities such as convertible debentures, warrants or preferred stock that are convertible into common stock. Any such sale of common stock or other securities will lead to further dilution of the equity ownership of existing holders of our common stock. Additionally, the existing options, warrants and conversion rights may hinder future equity offerings, and the exercise of those options, warrants and conversion rights may have an adverse effect on the value of our stock. If any such options, warrants or conversion rights are exercised at a price below the then current market price of our shares, then the market price of our stock could decrease upon the sale of such additional securities. Further, if any such options, warrants or conversion rights are exercised at a price below the price at which any particular shareholder purchased shares, then that particular shareholder will experience dilution in his or her investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

On February 29, 2012, we terminated our lease for our prior office space located at 3900 Paseo del Sol, Santa Fe, New Mexico 87507, unit A341, after such lease was extended from November 1, 2011 until February 29, 2012. Thus, on March 1, 2012, we entered into a lease with Russ Hedrick dba Hedrick Group LLC for our office space located at 223 East Palace Avenue, Suite B, Santa Fe, New Mexico 87501. The office space consisted of 400 square feet. We leased the property for a term of one year for a lump sum payment at signing of $8,500. The term of the lease was due to expire on February 28, 2013, unless earlier terminated in accordance with the lease. On October 1, 2012, we terminated our lease for our prior office space located at 223 East Palace Avenue, Suite B, Santa Fe, New Mexico 87501, and entered into a new lease with Russ Hedrick dba Hedrick Group LLC for our office space located at 100 Cienega Street, Suite C, Santa Fe, New Mexico 87501. The office space consists of 1,348 square feet. We leased the property for a term of one year at a monthly rate of $3,000 and received a credit for the 5 months remaining on our prior lease in the amount of $3,542. The term of the lease expires on September 30, 2013.

On October 16, 2012, we renewed our lease commencing on November 1, 2012 for our development lab space located at 3900 Paseo del Sol, Santa Fe, New Mexico 87507, unit A201-202. Such property is leased at a monthly rate of $730, and consists of 807.2 square feet. The term of the lease expires on October 31, 2013.

Sumner leased a 1,500 square foot facility located at 100 Cienega, Suites D and E, Santa Fe, New Mexico 87501. The lease for this space, which Sumner and La Mancha shared, was entered into with Russ Hedrick dba Hedrick Group LLC on January 15, 2012 and was to expire on January 14, 2013. On October 1, 2012, Sumner terminated its lease for the sole purpose of joining the Sigma Labs lease stated in paragraph 1 of this section, receiving a credit for 15 days in the amount of $1,175.

We believe that our facilities are suitable for our current needs.

ITEM 3. LEGAL PROCEEDINGS.

Neither Sigma Labs, Inc., nor any of its subsidiaries are currently a party to any legal proceedings. However, we may occasionally become subject to legal proceedings and claims that arise in the ordinary course of our business. It is impossible for us to predict with any certainty the outcome of pending disputes, and we cannot predict whether any liability arising from pending claims and litigation will be material in relation to our consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Prior to the Reorganization, our predecessor entity, Framewaves, Inc., had shares of its common stock quoted on the OTC Bulletin Board under the symbol "FWAV." To our knowledge, there was limited or no trading in such shares prior to the Reorganization.

Since the Reorganization, shares of our common stock have been quoted on the OTC Bulletin Board under the symbol "SGLB." Additionally, during 2010, 2011 and 2012, there were many days in which no shares were traded. While trading has increased in our stock in 2012, that trading has been limited and sporadic. The highest and lowest closing prices per share for our common stock (on a split adjusted basis) from the date of closing the Reorganization on September 13, 2010 through December 31, 2012 is $0.14 and $0.0035, respectively.

The following table sets forth the range of closing prices for our common stock for the quarters indicated. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ended December 31, 2012	High Bid	Low Bid
First Quarter	$ 0.009	$ 0.0035
Second Quarter	$ 0.01	$ 0.0055
Third Quarter	$ 0.03	$ 0.0056
Fourth Quarter	$ 0.019	$ 0.009

Shareholders

As of March 31, 2013, there were approximately 577 shareholders of record.

Dividends

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the amount of funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other factors that the Board of Directors may think are relevant. However, we currently intend for the foreseeable future to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do not expect to pay any dividends on our common stock in the foreseeable future.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table contains information regarding our equity compensation plans as of December 31, 2012:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity Compensation Plans Approved by Security Holders(1)	0	0	6,875,000

(1) On March 9, 2011, the Company's Board of Directors approved the Company's 2011 Equity Incentive Plan, which was approved on March 31, 2011 by holders of at least a majority of the issued and outstanding shares of common stock of the Company. As of December 31, 2012, the Company issued an aggregate of 24,125,000 shares of the Company's common stock, subject to restrictions, pursuant to the Company's 2011 Equity Incentive Plan.

Recent Issuances Of Unregistered Securities

Not applicable.

Repurchase of Shares

We did not repurchase any of our shares during the fourth quarter of the fiscal year covered by this report.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of SEC Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported assets, liabilities, sales and expenses in the accompanying financial statements. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. Such critical accounting policies, including the assumptions and judgments underlying them, are disclosed in Note 1 to the Consolidated Financial Statements included in this Annual Report. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material affect on our financial statements.

Recent Acquisition of Sumner and La Mancha

On December 31, 2011, we acquired 100% of the outstanding capital stock of Sumner & Lawrence Limited (dba Sumner Associates, Inc.) ("Sumner") and La Mancha Company. We paid an aggregate of $350,000 for Sumner and La Mancha, through the issuance of an aggregate of 35,000,000 shares of our common stock to the five former stockholders of such corporations. The results of Sumner's and La Mancha's operations during fiscal 2011 have not been included in the Company's consolidated results of operations.

Results Of Operations

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

We expect to generate revenues primarily by marketing and deploying our technology solutions to businesses that seek to improve their production processes and/or manipulate and improve the most functional characteristics of the materials and other input components used in their business operations. During the fiscal year ended December 31, 2011, B6 Sigma generated $797,354 in revenues, as compared to $986,499 in revenues that were generated by B6 Sigma and Sumner during the fiscal year ended December 31, 2012 ("fiscal 2012"). The revenues we generated during fiscal 2011 and fiscal 2012 were primarily generated from engineering consulting services we provided to third parties during these periods.

In fiscal 2011, B6 Sigma generated $797,354 in revenues from consulting contracts. Specifically, we generated:

- $30,149 in revenues in connection with consulting contracts with Honeywell International, Inc. concerning the application of our IPQA technology to the development of next-generation manufacturing technology of aero-engine components;
- $421,087 in revenues in connection with a consulting contract with the US Air Force concerning the application of our IPQA technology to Additive Manufacturing using aero-frame materials;
- $77,050 in revenues with respect to a consulting contract with the US Navy concerning the application of our IPQA technology to Additive Manufacturing for aero-frame components;
- $9,196 in revenues in connection with a consulting agreement with Alcoa, Inc. concerning the application of our IPQA technology to the development of next-generation joining technology for oil and gas materials;
- $99,487 in revenues in connection with a contract with Aerojet, a GenCorp Inc. (NYSE: GY) company to supply reactive materials for development testing of munition case liners for the US Army;
- $75,311 in revenues in connection with a consulting contract with Los Alamos National Laboratory to supply upgraded machine controls technology for packaging of nuclear materials for long-term storage and disposition;
- $7,820 in revenues in connection with a contract with Messier-Bugatti-Dowty concerning the application of our IPQA technology for next-generation landing gear materials joining;
- $26,404 in revenues in connection with a contract with Manufacturing Technologies, Inc. concerning application of machine health monitoring for a rotary friction welding; and
- $50,850 in revenue in connection with a contract with Pratt & Whitney concerning application of our IPQA technology for development of next-generation joining technology for aero-engine components.

In fiscal 2012, B6 Sigma along with Sumner Associates generated $986,499 in revenues from consulting contracts. Specifically, we generated:

- $184,016 in revenues in connection with consulting contracts with Honeywell International, Inc. concerning the application of our IPQA technology to the development of next-generation manufacturing technology of aero-engine components;
- $7,606 in revenues in connection with a contract with Aerojet, a GenCorp Inc. (NYSE: GY) company to supply reactive materials for development testing of munitions case liners for the US Army;

- $527,036 in revenues in connection with consulting contracts with Los Alamos National Laboratory to supply scientific consulting services and upgraded machine controls technology for packaging of nuclear materials for long-term storage and disposition;
- $1,355 in revenues in connection with a contract with Alliant to supply scientific consulting services;
- $2,666 in revenues in connection with a contract with USACE to supply scientific consulting services;
- $10,832 in revenues in connection with a contract with Sandia Laboratories to supply scientific consulting services; and
- $252,988 in revenue in connection with a contract with General Electric concerning application of our IPQA technology for development of next-generation repair technology for land-based gas turbine components.

Our general and administrative expenses for fiscal 2012 were $649,926, as compared to $426,519 in fiscal 2011. Our payroll expenses for fiscal 2012 were $326,242, as compared to $650,181 for fiscal 2011. Our expenses relating to non-cash compensation for fiscal 2012 were $141,500, as compared to $219,500 for fiscal 2011.

General and administrative expenses principally include organizational expenses and outside services fees, the largest component of which consists of services in connection with our obligations as an SEC reporting company, in addition to other legal and accounting fees. The net decrease in general and administrative expenses, payroll expenses and non-cash compensation expenses in fiscal 2012 as compared to fiscal 2011 is principally the result of increased outside services costs offset by decreased payroll obligations and decreased incentive compensation associated with our operations. The Company incurred $141,500 of non-cash compensation expenses during 2012. $75,000 was the result of the vesting of 3,750,000 shares of the 20,000,000 shares of Company common stock, subject to restrictions, issued to five of our employees pursuant to the Company's 2011 Equity Incentive Plan. The other $66,500 was noncash compensation paid to consultants during 2012.

We expect our general and administrative expenses to remain consistent for the remainder of 2013, as we continue to actively pursue our business plans, develop our technology, and increase our operations and marketing. We expect our payroll and non-cash compensation expenses to increase as we continue to grow our business.

Our net loss for fiscal 2012 decreased overall and totaled $685,566, as compared to $910,129 for fiscal 2011. This decrease in fiscal 2012 is primarily the result of the increased revenue and decreased payroll expenses and non-cash compensation expenses which outweighed the increased general & administration expenses related to our operations.

Liquidity And Capital Resources

As of December 31, 2012, we had $150,071 in cash and a working capital surplus of $315,574, as compared with $653,113 in cash and a working capital surplus of $770,579 as of December 31, 2011. Effective April 15, 2011, in a private placement offering with accredited investors, we sold an aggregate of 55,875,000 shares of our common stock, for aggregate net proceeds of $1,011,765. We plan to obtain additional funding through private sales of equity and/or debt securities.

We plan to generate revenues primarily by marketing and selling our manufacturing and materials technologies. However, for the period from our inception through fiscal 2012, we generated revenues and financed our operations primarily from engineering consulting services we provided during this period and through private sales of our common stock.

Our continued development in fiscal 2012 of our IPQA® and munitions technologies will enable us to commercialize these technologies in the remainder of 2013. We will continue to refine those and our other technologies, including our dental implant biomedical prosthetics technology, for commercialization during fiscal 2013. However, until commercialization of such technologies, we plan to fund our development activities and operating expenses by providing consulting services concerning our areas of expertise, i.e., materials and manufacturing quality technologies, and through the use of proceeds from sales of our securities.

Our revenues have increased on a consolidated basis as a result of consulting contracts that we and Sumner have. As of March 31, 2013, B6 Sigma has one active consulting contract with respect to which we expect to perform and generate up to $45,363 in revenues in fiscal 2013. As of March 31, 2013, Sumner has four active consulting contracts, which Sumner expects to perform and generate up to $388,298 of revenues in fiscal 2013. La Mancha has no active consulting contracts.

Some of these consulting contracts are fixed price contracts, for which we will receive a specified fee regardless of our cost to perform under such contract. In connection with entering into these fixed-contract consulting arrangements, we are required to estimate our costs of performance. To actually earn a profit on these contracts, we must accurately estimate costs involved and assess the probability of meeting the specified objectives, realizing the expected units of work or completing individual transactions, within the contracted time period. Accordingly, if we under-estimate the cost to complete a contract, we remain obligated to complete the work based on our initial cost estimate, which would reduce the amount of profit actually earned under the contract. Similarly, some of Sumner's consulting contracts are fixed price contracts with the same cost considerations faced by the Company, as described above.

We have no credit lines or facilities as of March 31, 2013, nor have we ever had a credit facility since our inception.

Based on the funds we have as of March 31, 2013 and the proceeds that we, Sumner and La Mancha expect to receive under our respective consulting agreements and from private offerings of the Company's stock, we believe that we will have sufficient funds to pay our respective administrative and other operating expenses during 2013. Until we are able to generate significant revenues from sales of our technologies, our ability to continue to fund our liquidity and working capital needs will be dependent upon revenues from existing and future consulting contracts of B6 Sigma and Sumner, and proceeds received from sales of the Company's securities.

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

We have no off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to a "smaller reporting company."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Financial Statements are referred to in Item 15, listed in the Index to Financial Statements and filed and included elsewhere herein as a part of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Rule 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), defines the term "disclosure controls and procedures" as those controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon an evaluation of the effectiveness of our disclosure controls and procedures performed by our management, with the participation of our Chief Executive Officer and Principal Accounting Officer, as of the end of the period covered by this annual report, our management concluded that our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 15d-15(f) under the Exchange Act. Our management, with the participation of our Chief Executive Officer and Principal Accounting Officer, conducted an evaluation of the effectiveness of our control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on management's evaluation under the framework, management has concluded that our internal control over financial reporting was effective as of December 31, 2012.

We continuously seek to improve and strengthen our control processes to ensure that all of our controls and procedures are adequate and effective. Any failure to implement and maintain improvements in the controls over our financial reporting could cause us to fail to meet our reporting obligations under the Securities and Exchange Commission's rules and regulations. Any failure to improve our internal controls to address the weakness we have identified could also cause investors to lose confidence in our reported financial information, which could have a negative impact on the trading price of our common stock.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to Securities and Exchange Commission rules that permit us to provide only management's report in this annual report.

There have been no changes in our internal controls over financial reporting during the fourth quarter of the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

Effective April 11, 2013, Sigma Labs entered into an exclusive license agreement with Allotrope Sciences Corporation ("Allotrope"), pursuant to which we granted Allotrope rights to market and sell Sigma Labs' ARMS™ and BAM™ technologies to U.S. and Foreign Government customers. Allotrope is obligated to pay specified license fees and royalties on sales relating to the licensed patents. The initial term of the agreement is five years, unless sooner terminated as provided in the agreement, which may be renewed by Allotrope for up to three additional periods of one year each after the expiration of the initial term. A more detailed description of the license agreement is included in Part I , Item 1 (Business) of this Form 10-K under the discussion captioned "Munitions: Next Generation," under "Recent Early Stage Technology Commercialization and Market Positioning."

Effective February 8, 2013 and February 27, 2013, James Stout resigned as our Chairman of the Board and as a director, respectively. Effective February 20, 2013, Allen Mason was appointed as interim Chairman of the Board. Effective April 4, 2013, Valerie Vekkos resigned as a director of the Company. Neither Mr. Stout's nor Ms. Vekkos' resignation was the result of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

The following table sets forth the name, age and position held by each of our executive officers and directors as of April 10,, 2013.

Name	Age	Position
Mark Cola	52	President, Chief Executive Officer, Chief Operating Officer and Director
Dr. Vivek Dave	43	Executive Vice President and Director
Michael Thacker	76	Director and Secretary
Allen Mason	80	Interim Chairman
Dr. Damon Giovanielli	69	Director
Monica Yaple	33	Chief Financial Officer

Each director will serve until the next annual meeting of the stockholders of the Company or until his or her successor is elected and qualified, except for Allen Mason, who agreed to serve as interim Chairman of the Board of Directors until we identify a full-time Chairman.

Business Experience of Directors and Management

The following describes the significant business experience of our directors and executive officers:

Mark Cola was appointed as Chief Executive Officer of the Company on September 20, 2012 and President, Chief Operating Officer and a director of the Company in September 2010. From June 2006 through April 2010, Mr. Cola served as Director of Operations for the Beyond6 Sigma Division of TMC Corporation. In addition, Mr. Cola has over 29 years of experience in the aerospace and nuclear industries, including with Rockwell International, SPECO Division of Kelsey-Hayes Co., Westinghouse in the Naval Nuclear Reactors Program, Houston Lighting & Power, and within the NNSA Weapons Complex at Los Alamos National Laboratory at which he held various technical and managerial positions including team leader and group leader of the welding and joining section as well as an advanced manufacturing technology group. He has also worked as a Research Engineer at Edison Welding Institute and for Thermadyne's Stoody Division, a leading manufacturer of wear-resistant materials.

At Beyond6 Sigma, Mr. Cola worked with a wide range of clients ranging from aerospace to defense systems. His expertise is in manufacturing process development, friction welding, light alloys such as titanium and aluminum, mechanical, physical and welding metallurgy, and nickel-based super-alloys for harsh environments. Mr. Cola served as the Technical Co-Chairman for the inaugural National Nuclear Security Administration Future Technologies Conference held in May 2004, and he is a principal reviewer for the American Welding Society's Welding Journal. Mr. Cola earned a B.S. in Metallurgical Engineering and an M.S. in Welding Engineering from The Ohio State University.

Dr. Vivek Dave was appointed as Executive Vice President and a director of the Company in September 2010. From 2006 through April 2010, Dr. Dave served as Director of Business Development for the Beyond6 Sigma Division of TMC Corporation. Prior thereto, Dr. Dave worked at Pratt & Whitney / United Technologies (UTC), where he developed experience working closely with manufacturing clients to resolve production quality issues. Dr. Dave also worked within the National Nuclear Security Administration Weapons Program at the Los Alamos National Laboratory ("LANL"), at which he held various technical and managerial positions including group leader of a manufacturing technology development group as well as director of the Los Alamos Manufacturing Sciences Institute.

At Beyond6 Sigma, Dr. Dave has worked with a wide range of clients ranging from renewable energy to defense systems. His expertise is in solid state joining, materials engineering, fusion welding, electron beam processing, reduced order process modeling, and designing manufacturing processes. Dr. Dave served as a co-organizer of the inaugural Small Lot Intelligent Manufacturing Conference held in 2003. Further, in 2001, he was awarded the Achieved American Welding Society Award for Best Original Contribution to Brazing Technology. Dr. Dave earned a Ph.D. in Materials Engineering and an M.S. in Materials Engineering from the Massachusetts Institute of Technology. He also received a B.S. (with honors) in Engineering and Applied Science from the California Institute of Technology.

Michael Thacker was appointed as a Director of Sigma Labs on May 4, 2012 and Secretary on September 20, 2012. Mr. Thacker also serves as a Director and Secretary for Sumner Associates, a wholly-owned subsidiary of Sigma Labs. Mr. Thacker has over 40 years experience in marketing, sales, management, computer and earth science technology. Mr. Thacker's career includes employment by IBM, the A.C. Nielson Co, and Dun and Bradstreet. Mr. Thacker graduated from Stanford, the Colorado School of Mines, and served as a reserve officer in the U.S. Army/Artillery.

Dr. Allen Mason was appointed as interim Chairman and interim Director of Sigma Labs on February 20, 2013. From February 1993 to the present he was vice president and treasurer of Sumner Associates. From January 1981 to October 1993 he was project leader and staff member at the Los Alamos National Laboratory in the area of atmospheric chemistry tracer studies. From June 1974 to December 1980 he was research associate professor at the School of Marine and Atmospheric Science of the University of Miami. From February 1960 to June 1974 he was superintendant of performance evaluation at the Aerospace Services Division of Pan American World Airways, responsible for assessment of the performance of the division on all launches from Cape Canaveral. Additionally, he was an officer in the United States Air Force (regular and reserve) from May 1954 to September 1990, retiring as Brigadier General. Dr. Mason graduated from the University of Miami earning a Ph.D. in Atmospheric Chemistry.

Monica Yaple was appointed Chief Financial Officer and Treasurer of Sigma Labs on September 20, 2012. Ms. Yaple is a Certified Public Accountant and has been providing accounting and consulting services for Sigma Labs since January, 2012. Ms. Yaple has been practicing public accounting in New Mexico since 2001, and became a CPA in 2003. She spent five years with Accounting & Consulting Group, a New Mexico regional public accounting firm. She then was a partner of Griego Professional Services, an Albuquerque public accounting firm, for six years. She is currently the sole owner of her own firm, Monica Yaple, CPA, where she provides accounting and consulting services for a variety of clients. Ms. Yaple graduated from Hardin-Simmons University with a BBA degree in Accounting.

Dr. Damon Giovanielli was appointed a Director of Sigma Labs on May 4, 2012, and also serves as Chairman of the Board of Directors of Sumner Associates, a wholly-owned subsidiary of Sigma Labs. Dr. Giovanielli has over 40 years of experience in scientific research, management and teaching. He was employed by Yale University, Los Alamos National Laboratory and Sumner Associates. Dr. Giovanielli graduated from Princeton University with an AB (physics major) in 1965, and Dartmouth College with a Ph.D. (physics) in 1970.

Family Relationships

There are no family relationships among any of the executive officers and directors.

Involvement in Certain Legal Proceedings

There have been no events under any bankruptcy act, no criminal proceedings and no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any director, executive officer, promoter or control person of the Company during the past ten years. The Company is not aware of any legal proceedings in which any director, nominee, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, nominee, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Code of Ethics

Our Board of Directors has adopted a code of ethics that applies to our officers, directors and employees ("Code of Ethics"). A copy of our Code of Ethics will be furnished without charge to any person upon written request. Requests should be sent to: Secretary, Sigma Labs, Inc., 100 Cienega, Suite C, Santa Fe, New Mexico 87501.

Nominations of Directors

There are no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

Board Committees

Pursuant to our Bylaws, our Board of Directors may establish committees of one or more directors from time-to-time, as it deems appropriate. Our common stock is quoted on the OTC Bulletin Board under the symbol "SGLB." The OTC Bulletin Board does not maintain any standards requiring us to establish or maintain an audit, nominating or compensation committee. As of March 31, 2013, our Board of Directors does not maintain any audit, nominating or compensation committee, or any other committees.

ITEM 11. EXECUTIVE COMPENSATION.

The Company has no compensatory plans or arrangements whereby any executive officer would receive payments from the Company or a third party upon his resignation, retirement or termination of employment, or from a change in control of the Company or a change in the officer's responsibilities following a change in control. The Company has not entered into any written employment agreements, change-of-control, severance or similar agreements with any of our directors or executive officers.

Summary Compensation Table.

The following table sets forth certain information concerning the compensation for services rendered to us in all capacities for the fiscal years ended December 31, 2011 and 2012 of all persons who served as our principal executive officer and principal accounting officer during the fiscal year ended December 31, 2012, and to each executive officer, other than our principal executive officer, who earned over $100,000 during the fiscal year ended December 31, 2012 (collectively, the "named executive officers"). No other executive officers of the Company earned annual compensation during the fiscal year ended December 31, 2012 that exceeded $100,000.

Summary Compensation Table

Name and Principal Position	Fiscal Year Ended 12/31	Salary Paid or Accrued ($)	Bonus Paid or Accrued ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Richard Mah	2012	0	0	0	0	0	0
Former CEO and Director (Former Principal	2011	28,968	0	0	0	0	28,968
Executive Officer)	2010	14,384	0	0	0	0	14,384
Mark J. Cola	2012	91,300(1)	0	0	0	0	91,300
President, Chief Executive Officer, Chief Operating	2011	138,990	0	0	0	0	138,990
Officer, and Director (Principal Executive Officer)	2010	104,117	0	0	0	0	104,117
Vivek R. Dave	2012	46,332(1)	0	0	0	0	46,332
Executive Vice President and	2011	134,499	0	0	0	0	134,499
Director	2010	98,558	0	0	0	0	98,558
James Stout	2012	0	0	0	0	0	0
Former Chairman of the Board	2011	28,968	0	0	0	0	28,968
	2010	14,384	0	0	0	0	14,384
Monica Yaple, Chief Financial Officer	2012	38,966	0	5,500	0	0	44,466

(1) Actual amounts paid.

Equity Awards

There were no options, warrants or other security awards outstanding for any named executive officer as of December 31, 2012.

Unwritten Employment Arrangements with Executive Officers

Each of our executive officers, except for Monica Yaple, our Chief Financial Officer, who is a consultant to the Company, has entered into an "at will" unwritten employment arrangement with the Company.

Under Mark J. Cola's and Vivek R. Dave's respective employment arrangement, Mr. Cola was entitled to receive a monthly salary of $11,856 in 2010, commencing on April 17, 2010, and in 2011, and Dr. Dave was entitled to receive a monthly salary of $12,029 in 2010, commencing on April 17, 2010, and in 2011. As a cost saving measure, (i) on December 15, 2011, Messrs. Cola and Dave agreed with the Company to reduce their salary to $9,484.80 and $9,623.20, respectively, per month, effective January 1, 2012, and (ii) on March 1, 2012, Messrs. Cola and Dave agreed with the Company to further reduce their respective salary to $6,000 per month each, effective retroactively to February 16, 2012.

Under their respective employment arrangements, all executive officers are eligible to receive medical and dental benefits, life insurance, and long term and short term disability coverage. Further, Messrs. Cola and Dave are eligible to participate in the Company's 2011 Equity Incentive Plan and 2013 Equity Incentive Plan as employees and directors of the Company. The Company has not agreed to pay bonuses to any executive officer.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information regarding beneficial ownership of our common stock as of April 10, 2013 (a) by each person known by us to own beneficially 5% or more of any class of our common stock, (b) by each of our named executive officers and each of our directors and (c) by all executive officers and directors of this company as a group. As of March 31, 2013, there were 432,917,400 shares of our common stock issued and outstanding. Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all the shares beneficially owned by them.

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned (2)	Percent of Class
Directors/Named Executive Officers:		
Mark J. Cola	32,016,000(3)	7.40%
Dr. Vivek R. Dave	32,016,000	7.40%
Damon Giovanielli	15,312,500(4)	3.54%
Allen Mason	6,559,000	1.52%
Michael Thacker	4,112,500	0.95%
Monica Yaple	500,000	0.12%
All Named Executive Officers and Directors as a group (6 persons)	90,516,000	20.93%
5% or greater owners:		
James Stout	30,514,800(5)	7.05
Richard Mah	31,000,200(6)	7.16

(1) Unless otherwise indicated, the address of each person listed is c/o Sigma Labs, Inc., 100 Cienega, Suite C, Santa Fe, New Mexico 87501.

(2) For purposes of this table, shares are considered beneficially owned if the person directly or indirectly has the sole or shared power to vote or direct the voting of the securities or the sole or shared power to dispose of or direct the disposition of the securities. Shares are also considered beneficially owned if a person has the right to acquire beneficial ownership of the shares within 60 days of March 30, 2013.

(3) Shares shown are owned of record by The Mark & Amanda Cola Revocable Trust, U/A August 31, 2012.

(4) Shares shown are owned of record by the Giovanielli Trust, Damon V. Giovanielli and Eleanor R. Giovanielli, and their successors, as Trustee, under Trust Agreement dated September 8, 2008.

(5) Consists of 28,014,750 shares of common stock which are owned by James Stout and Sally Stout as joint tenants, with the shared power to vote or dispose of such shares.

(6) Consists of 28,500,000 shares of common stock which are owned by Richard Mah and Mary Mah as joint tenants, with the shared power to vote or dispose of such shares.

Equity Compensation Plans

On March 9, 2011, the Company's Board of Directors approved the Company's 2011 Equity Incentive Plan, which was approved on March 31, 2011 by holders of at least a majority of the issued and outstanding shares of common stock of the Company. See the discussion of the 2011 Equity Incentive Plan under the caption "Securities Authorized For Issuance Under Equity Compensation Plans" included under Item 5, Part II of this Annual Report on Form 10-K.

On March 15, 2013, the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan. The 2013 Equity Incentive Plan has not yet been approved by holders of at least a majority of the issued and outstanding shares of common stock of the Company. Pursuant to the 2013 Equity Incentive Plan, the Company is authorized to grant "incentive stock options" and "non-qualified stock options", grant or sell common stock subject to restrictions or without restrictions, and grant stock appreciation rights to employees, officers, directors, consultants and advisers of the Company and its subsidiaries. A total of 30,000,000 shares of common stock of the Company are reserved for issuance under our 2013 Equity Incentive Plan. Incentive stock options granted under the 2013 Equity Incentive Plan are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Non-qualified stock options granted under the 2013 Equity Incentive Plan are not intended to qualify as incentive stock options under the Code. As of the date of this Annual Report on Form 10-K, no awards have been granted under the 2013 Equity Incentive Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Certain Relationships and Related Transactions

Monica Yaple, the Company's Chief Financial Officer/Treasurer, has a consulting arrangement with Sigma Labs and its wholly owned subsidiaries to provide general accounting, book keeping and financial records management as well as quarterly and annual SEC filings, and preparation of annual tax returns. Under the consulting arrangement, the term of which is from June 1, 2012 to May 31, 2013, we agreed to pay Ms. Yaple $75/hour, provided that our financial obligation to Ms. Yaple during the term of the agreement shall not exceed $108,675. Ms. Yaple's consultant agreement also recognizes her responsibility as the Company's Chief Financial Officer, Treasurer and Principal Accounting Officer and as such affords her the responsibility and authority to ensure the Company complies with, implements and monitors financial controls in accordance with Generally Accepted Accounting Principles.

Director Independence

Our common stock is traded on the OTC Bulletin Board under the symbol "SGLB.OB." The OTC Bulletin Board electronic trading platform does not maintain any standards regarding the "independence" of the directors on our company's Board of Directors, and we are not otherwise subject to the requirements of any national securities exchange or an inter-dealer quotation system with respect to the need to have a majority of our directors be independent.

In the absence of such requirements, we have elected to use the definition for "director independence" under the NASDAQ stock market's listing standards, which defines an "independent director" as "a person other than an officer or employee of us or its subsidiaries or any other individual having a relationship, which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director." The definition further provides that, among others, employment of a director by us (or any parent or subsidiary of ours) at any time during the past three years is considered a bar to independence regardless of the determination of our Board of Directors.

All of our Board members, except Ms. Yaple and Messrs. Thacker, Giovanelli and Mason, are employee-directors and therefore not deemed "independent" under the NASDAQ Stock Market's listing standards. Although a majority of our Board of Directors is not "independent" under NASDAQ's listing standards, due to their combined business and financial experience and because our common stock is not currently listed on any of the NASDAQ stock markets, we believe that our employee-directors can competently perform the functions required of them as directors of the Company.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Fees

The aggregate fees accrued by Pritchett, Siler & Hardy, P.C. during the fiscal years ended December 31, 2012 and 2011 for professional services for the audits of our financial statements and the reviews of financial statements included in our SEC filings was $74,681 and $32,924, respectively.

Audit-Related Fees

Pritchett, Siler & Hardy, P.C. did not provide and did not bill and it was not paid any fees for, audit-related services in the fiscal year ended December 31, 2012 or 2011. Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported above under "Audit Fees."

Tax Fees

Pritchett, Siler & Hardy, P.C. did not provide, and did not bill and was not paid any fees for tax compliance, tax advice, and tax planning services for the fiscal year ended December 31, 2012 or 2011.

All Other Fees

Pritchett, Siler & Hardy, P.C. did not provide, and did not bill and were not paid any fees for, any other services in the fiscal years ended December 31, 2012 or 2011.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Our financial statements and related notes thereto are listed and included in this Annual Report beginning on page F-1. The following documents are furnished as exhibits to this Form 10-K. Exhibits marked with an asterisk are filed herewith. The remainder of the exhibits previously have been filed with the Commission and are incorporated herein by reference.

Number	Exhibit
2.1	Share Exchange Agreement effective August 23, 2010, among Framewaves, Inc., B6 Sigma Group, Inc. and the shareholders thereof (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed September 17, 2010, and incorporated herein by reference).
3.1	Amended and Restated Articles of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K/A filed September 17, 2010, and incorporated herein by reference).
3.2	Certificate of Correction to Amended and Restated Articles of Incorporation, as filed with the Nevada Secretary of State on May 25, 2011 (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed June 1, 2011, and incorporated herein by reference).

3.3	Amended and Restated Bylaws of the Company (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed August 14, 2012, and incorporated herein by reference).
4.1	Form of Convertible Note of B6 Sigma, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K/A filed November 12, 2010, and incorporated herein by reference).
10.1	Asset Purchase Agreement dated April 17, 2010 between B6 Sigma, Inc. and Technology Management Company, Inc. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K/A filed November 12, 2010, and incorporated herein by reference).
10.2	Form of B6 Sigma, Inc. Subscription Agreement (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K/A filed November 12, 2010, and incorporated herein by reference).
10.3	2011 Equity Incentive Plan adopted by the Board of Directors as of March 9, 2011 (filed as Exhibit 10.1 to the Company's Form 10-Q, filed on May 16, 2011, for the period ended March 31, 2011, and incorporated herein by reference).
10.4	Lease, dated October 1, 2012, between Sigma Labs, Inc. and Russ Hedrick dba Hedrick Group LLC.*
10.5	Development Lease, dated October 16, 2012, between Santa Fe Business Incubator, Inc. and B6 Sigma, Inc.*
10.6	Summary of unwritten employment arrangements with executive officers (filed as Exhibit 10.14 to the Company's Form 10-K, filed on April 16, 2012, for the fiscal year ended December 31, 2012, and incorporated herein by reference.)
10.7	License agreement dated April 11, 2013 made by and among Sigma Labs, Inc. and Allotrope Sciences Corp.*
10.8	Consulting Agreement, effective February 14, 2013, between Sigma Labs, Inc. and Udo Rettberg.*
10.9	2013 Equity Incentive Plan adopted by the Board of Directors as of March 15, 2013.*
10.10	Consulting Agreement dated June 1, 2012 between B6 Sigma, Inc. and Monica Yaple.*
14.1	Sigma Labs, Inc. (formerly Framewaves, Inc.) Code of Ethics and Business Conduct (filed as Exhibit 99.3 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002, and incorporated herein by reference).
21.1	Subsidiaries of Sigma Labs, Inc. (filed as Exhibit 21.1 to the Company's Form 10-K, filed on April 16, 2012, for the fiscal year ended December 31, 2012, and incorporated herein by reference).
23.1	Consent of Pritchett, Siler & Hardy, P.C.*
31	Certificate of principal executive officer and principal accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*.*
32	Certificate of principal executive officer and principal accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

* Filed herewith.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGMA LABS, INC.

April 16, 2013	By:	/s/ Mark Cola Mark Cola President and Chief Executive Officer (Principal Executive Officer)
April 16, 2013	By:	/s/ Monica Yaple Monica Yaple Chief Financial Officer and Treasurer (Principal Accounting Officer)

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mark Cola Mark Cola	President & Chief Executive Officer (Principal Executive Officer) and Director	April 16, 2013
/s/ Monica Yaple Monica Yaple	Chief Financial Officer and Treasurer (Principal Accounting Officer)	April 16, 2013
/s/ Allen Mason Allen Mason	Chairman of the Board of Directors	April 16, 2013
/s/ Vivek Dave Vivek Dave	Executive Vice President and Director	April 16, 2013
/s/ Michael Thacker Michael Thacker	Secretary and Director	April 16, 2013
/s/ Damon Giovanielli Damon Giovanielli	Director	April 16, 2013

Sigma Labs, Inc.

Index to Financial Statements

Financial Statements:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Sigma Labs, Inc. and Subsidiaries
Santa Fe, New Mexico

We have audited the accompanying consolidated balance sheets of Sigma Labs, Inc. and Subsidiaries, as of December 31, 2012 and 2011 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2012. Sigma Labs, Inc. and Subsidiaries' management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sigma Labs, Inc. and Subsidiaries as of December 31, 2012 and 2011 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming Sigma Labs, Inc. and Subsidiaries will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, Sigma Labs, Inc. and Subsidiaries has incurred losses since inception and has not yet achieved profitable operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. Management's plans in regards to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Pritchett, Siler & Hardy, P.C.

PRITCHETT, SILER & HARDY, P.C.

Salt Lake City, Utah
April 16, 2013

Sigma Labs, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2012 and December 31, 2011

	December 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash	$ 150,071	$ 653,113
Accounts Receivable, net	273,282	263,973
Prepaid Assets	26,163	28,195
Total Current Assets	**449,516**	**945,281**
Other Assets		
Furniture and Equipment, net	10,393	31,674
Intangible Assets, net	231,803	299,241
Total Other Assets	**242,196**	**330,915**
TOTAL ASSETS	**$ 691,712**	**$ 1,276,196**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 106,595	$ 153,852
Accrued Expenses	27,347	20,850
Total Current Liabilities	**133,942**	**174,702**
TOTAL LIABILITIES	133,942	174,702
Stockholders' Equity		
Preferred Stock, $0.001 par; 10,000,000 shares authorized;		
None issued and outstanding	-	-
Common Stock, $0.001 par; 750,000,000 shares authorized;		
429,167,400 issued and 425,167,400 outstanding at December 31, 2012 and 429,667,400 issued and 414,917,400 outstanding at December 31, 2011	429,167	429,667
Additional Paid-In Capital	2,226,244	2,298,902
Less Deferred Compensation		
4,000,000 and 14,750,000 common shares, respectively	(80,000)	(295,000)
Retained Earnings (Deficit)	(2,017,641)	(1,332,075)
Total Stockholders' Equity	**557,770**	**1,101,494**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 691,712**	**$ 1,276,196**

The accompanying notes are an integral part of these consolidated financial statements

Sigma Labs, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2012 and 2011

	Years Ended December 31, 2012	2011
INCOME		
Services	$ 986,499	$ 797,354
Total Revenue	**986,499**	**797,354**
COST OF SERVICE REVENUE	554,828	412,396
GROSS PROFIT	**431,671**	**384,958**
EXPENSES		
General & Administration	649,926	426,519
Payroll Expense	326,242	650,181
Non-cash Stock Compensation	141,500	219,500
Total Expenses	**1,117,668**	**1,296,200**
OTHER INCOME (EXPENSE)		
Interest Income	543	1,236
Interest Expense	(112)	(123)
Total Other Income (Expense)	**431**	**1,113**
INCOME (LOSS) BEFORE INCOME TAXES	**(685,566)**	**(910,129)**
Current Income Tax Expense	-	-
Deferred Income Tax Expense	-	-
Net Income (Loss)	**$ (685,566)**	**$ (910,129)**
Loss per Common Share - Basic and Diluted	**$ (0)**	**$ (0)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**427,940,003**	**370,568,975**

The accompanying notes are an integral part of these consolidated financial statements

Sigma Labs, Inc. and Subsidiaries
Statement of Stockholders' Equity
Years Ended December 31, 2012 and 2011

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Deferred Compensation	Retained Earnings (Deficit)	Totals
Balance December 31, 2010	313,067,400	$ 313,067	$ 539,237	$ -	$ (421,946)	$ 430,358
Shares issued in a noncash transactions	25,725,000	25,725	488,775	(295,000)	-	219,500
Shares issued for cash in a private offering	55,875,000	55,875	955,890	-	-	1,011,765
Warrants issued for offering costs (7,931,250 shares)	-	-	-	-	-	-
Shares issued in an acquisition	35,000,000	35,000	315,000	-	-	350,000
Net loss for the year ended December 31, 2011	-	-	-	-	(910,129)	(910,129)
Balance December 31, 2011	429,667,400	$ 429,667	$ 2,298,902	$ (295,000)	$ (1,332,075)	$ 1,101,494
Shares issued in noncash transactions	6,500,000	6,500	60,000	-	-	66,500
Unvested shares cancelled	(7,000,000)	(7,000)	(133,000)	140,000	-	-
Shares vested	-	-	-	75,000	-	75,000
Contributions made during the period	-	-	342	-	-	342
Net loss for the year ended December 31, 2012	-	-	-	-	(685,566)	(685,566)
Balance December 31, 2012	429,167,400	$ 429,167	$ 2,226,244	$ (80,000)	$ (2,017,641)	$ 557,770

The accompanying notes are an integral part of these consolidated financial statements

Sigma Labs, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	Years Ended December 31, 2012	2011
OPERATING ACTIVITIES		
Net Income (Loss)	$ (685,566)	$ (910,129)
Adjustments to reconcile Net Income (Loss) to Net Cash used by operations:		
Noncash Expenses:		
Amortization	88,347	1,011
Depreciation	21,832	20,151
Stock Compensation	141,500	219,500
Change in assets and liabilities:		
(Increase) Decrease in Accounts Receivable	(9,309)	70,220
Decrease (Increase) in Prepaid Assets	2,032	(27,825)
(Decrease) Increase in Accounts Payable	(47,257)	32,224
Increase In Accrued Expenses	6,497	19,379
NET CASH (USED) BY OPERATING ACTIVITIES	**(481,924)**	**(575,469)**
INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(551)	(8,904)
Purchase of Intangible Assets	(20,909)	(13,160)
NET CASH (USED) BY INVESTING ACTIVITIES	**(21,460)**	**(22,064)**
FINANCING ACTIVITIES		
Contributions	342	-
Proceeds from Sale of Stock Subscription	-	-
Net Proceeds from Sale of Common Stock	-	1,011,765
Cash Acquired (Paid) in Reorganization	-	12,613
NET CASH PROVIDED BY FINANCING ACTIVITIES	**342**	**1,024,378**
NET CASH INCREASE (DECREASE) FOR PERIOD	**(503,042)**	**426,845**
CASH AT BEGINNING OF PERIOD	653,113	226,268
CASH AT END OF PERIOD	**$ 150,071**	**$ 653,113**
Supplemental Disclosure for Cash Flow Information		
Cash paid during the period for:		
Interest	$ 112	$ -
Income Taxes	$ -	$ -

Supplemental Schedule of Noncash Investing and Financing Activities:

For the year ended December 31, 2012

5,000,000 shares of common stock issued for consulting services at $0.01 per share

1,500,000 shares of common stock issued for consulting services at $0.011 per share

7,000,000 unvested shares of common stock were cancelled, and deferred compensation was reduced by $140,000, or $0.02 per share

3,750,000 shares vested relating to the Company's 2011 Equity Incentive Plan, reducing deferred compensation by $75,000

For the year ended December 31, 2011

5,725,000 shares of common stock issued for consulting services at $0.02 per share

20,000,000 shares of common stock issued for employee equity plan at $0.02 per share

The Company issued 7,931,250 warrants valued at $158,625 as a stock offering cost.

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1 – Summary of Significant Accounting Policies

Nature of Business – On September 13, 2010 Sigma Labs, Inc., formerly named Framewaves, Inc., a Nevada corporation (the "Company"), acquired 100% of the shares of B6 Sigma, Inc. by exchanging 6.67 shares of Framewaves, Inc. restricted common stock for each issued and outstanding share of B6 Sigma, Inc. The acquisition has been accounted for as a "reverse purchase", and accordingly the operations of Framewaves, Inc. prior to the date of acquisition have been eliminated.

B6 Sigma, Inc., incorporated February 5, 2010, was founded by a group of scientists, engineers and businessmen to develop and commercialize novel and unique manufacturing and materials technologies. Management believes the Company's In Process Quality Assurance (IPQA®) technology is a technology that will fundamentally redefine manufacturing practices by embedding quality assurance in the manufacturing processes in real time. Management also anticipates that the Company's core competencies will allow its clientele to combine advanced manufacturing with novel material to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, prosthetic implants, sporting goods, and power generation.

As of December 31, 2011, Sigma Labs, Inc. acquired 100% of the shares of Sumner & Lawrence Limited ("Sumner"), a New Mexico Corporation, and La Mancha Company, a New Mexico Corporation, in exchange for 35,000,000 shares of Sigma Labs, Inc. common stock. The operations of Sumner and La Mancha Company prior to the date of acquisition have been eliminated.

Sumner is a small business with a broad spectrum of scientific disciplines that provides consulting services to the public sector, especially with regard to emerging technologies, alternative applications of established technologies, and assessment of development and maintenance programs for strategic technologies. Sumner's principal product is scientific and technological knowledge, gained through academic discipline, research activities and application experience. Sumner, formed in 1985, expanded in 1993 with the addition of retired senior scientists and technical managers from the Los Alamos National Laboratory. Sumner offers consulting services that are based on sound science, an unprejudiced perspective and multi-disciplined capabilities at reasonable rates. Sumner holds ongoing contracts with government agencies that provide a framework of audited fees and burden, as well as appropriate levels of security clearance. Major clients include the State Department, the Department of Defense, the Department of Energy, various military services and affiliated agencies, the National Laboratories, and contractors to these organizations.

La Mancha Company is currently inactive.

Basis of Presentation – The accompanying consolidated financial statements have been prepared by the Company in accordance with Article 8 of U.S. Securities and Exchange Commission Regulation S-X. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 2012 and 2011 and for the periods then ended have been made.

Reclassification – Certain amounts in prior-period financial statements have been reclassified for comparative purposes to conform to presentation in the current-period financial statements.

Principles of Consolidation – The consolidated financial statements for December 31, 2012 include the accounts of Sigma Labs, Inc., B6 Sigma, Inc., Sumner and Lawrence Limited and La Mancha Company. All significant intercompany balances and transactions have been eliminated.

Property and Equipment – Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated life has been determined to be three years unless a unique circumstance exists, which is then fully documented as an exception to the policy.

Fair Value of Financial Instruments – The Company estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheets because of the short-term maturity of these financial instruments.

Income Taxes – The Company accounts for income taxes in accordance with ASC Topic No. 740, "Accounting for Income Taxes."

The Company adopted the provisions of ASC Topic No. 740, "Accounting for Income Taxes," at the date of inception on February 5, 2010. As a result of the implementation of ASC Topic No. 740, the Company recognized no increase in the liability for unrecognized tax benefits.

The Company has no tax positions at December 31, 2012 and 2011 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended December 31, 2012, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at December 31, 2012 or 2011. All tax years starting with 2009 are open for examination.

Loss Per Share – The computation of loss per share is based on the weighted average number of shares outstanding during the period in accordance with ASC Topic No. 260, "Earnings Per Share."

Allowance for Doubtful Accounts - The Company establishes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained based on a variety of factors, including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The allowance for doubtful accounts at December 31, 2012 and 2011 is $4,884 and $4,884, respectively.

Long-Lived and Intangible Assets – Long-lived assets and certain identifiable definite life intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment was recorded during the years ended December 31, 2012 or 2011.

Recently Enacted Accounting Standards – The FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Accounting Standards Update ("ASU") ASU's No. 2009-2 through ASU No. 2013-05 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

Cash Equivalents - The Company considers all highly liquid investments with an original maturity of three months or less at date of purchase to be cash equivalents.

Concentration of Credit Risk - The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Organization Expenditures – Organizational expenditures are expensed as incurred for Securities Exchange Commission (SEC) filings, but capitalized and amortized for income tax purposes.

Stock Based Compensation – The Company recognizes compensation costs to employees under ASC Topic No. 718, "Compensation – Stock Compensation." Under ASC Topic No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by ASC Topic No. 505, "Equity Based Payments to Non-Employees." In general, the measurement date is when either (a) a performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Amortization - Utility patents are amortized over a 17 year period. Patents which are pending are not amortized. Customer contacts intangible asset is being amortized over a 3 year period.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosures 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 estimated by management.

Revenue Recognition – The Company's revenue is derived primarily from providing services under contractual agreements. The Company recognizes revenue in accordance with ASC Topic No. 605 based on the following criteria: Persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured.

NOTE 2 – Stockholders' Equity

Common Stock

The Company has authorized 750,000,000 shares of common stock, $0.001 par value.

On September 13, 2010 the Company closed a share exchange transaction (the "Reorganization") with the shareholders of B6 Sigma, Inc., a Delaware corporation ("B6 Sigma"), which resulted in B6 Sigma becoming a wholly-owned subsidiary of the Company. Each share of B6 Sigma, Inc. common stock outstanding as at the closing of the Reorganization was exchanged for 6.67 shares of the Company's common stock. At the closing, B6 Sigma, Inc. also acquired and cancelled 110,700,000 (post-split) shares of the Company's common stock from three shareholders for the sum of $195,000. Upon the closing of the Reorganization, the Company ceased to be a "Shell" company (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended). As a condition to the closing of the Reorganization, B6 Sigma, Inc. also closed a private offering of $1,000,000 of its common stock contemporaneously with the closing of the Reorganization, which included the conversion of $300,000 of previously issued convertible notes and related interest by B6 Sigma, Inc. into the private offering of common stock.

Following issuance of the Reorganization shares to the B6 Sigma shareholders and the stock cancellation, the Company had 313,067,400 (post split) shares of its common stock issued and outstanding. In connection with the closing of the Reorganization, the shareholders of the Company approved a 150:1 forward stock split, and a change of the name of the corporation to Sigma Labs, Inc. Additionally, following completion of the Reorganization, B6 Sigma became a wholly owned subsidiary.

On January 6, 2011, the Company issued an aggregate of 1,100,000 shares of the Company's common stock to two consultants as noncash compensation for services rendered valued at $22,000 or $0.02 per share.

In January 2011, the Company commenced a private offering of up to 75,000,000 shares of common stock, $0.001 par value per share, at an issue price of $0.02 per share of common stock. On April 15, 2011, the Company closed the private offering, pursuant to which the Company issued 55,875,000 shares of the Company's common stock. Gross proceeds amounted to $1,117,500.

Hudson Valley Capital Management Corp. ("Hudson") acted as placement agent and received a total of $105,735 in commissions. The Company also issued to Hudson in connection with the offering five year warrants to purchase up to 7,931,250 shares of the Company's common stock. Such warrants have an exercise price of $0.025 per share and are valued at $158,625. As of December 31, 2012 none of the warrants have been exercised. The direct cost associated with the stock offering has been reflected as a reduction to Additional Paid-in-Capital. Net proceeds from the sale of stock were $1,011,765.

The fair value of the warrants issued was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 2.14%; Volatility of 470 and an expected life of five years. It is assumed that no dividends will be paid during the periods of calculation, resulting in a respective weighted-average fair value per warrant of $0.02. Management believes the resulting warrant values are reasonable.

On March 9, 2011, our Board of Directors adopted the 2011 Equity Incentive Plan (the "Equity Plan"). On March 31, 2011, the holders of at least a majority of the issued and outstanding shares of common stock of the Company approved the Equity Plan. Pursuant to the Equity Plan, the Company is authorized to grant options, restricted stock and stock appreciation rights to purchase up to 31,000,000 shares of common stock to its employees, officers, directors, consultants and advisors. The Equity Plan provides for awards of incentive stock options, non-statutory stock options, and rights to acquire restricted stock. Incentive stock options granted under the Equity Plan are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Non-statutory stock options granted under the Equity Plan are not intended to qualify as incentive stock options under the Code.

In April 2011, the Company issued an aggregate of 3,625,000 shares of the Company's common stock to one consultant and two professionals as noncash compensation for services rendered to the Company, which services were valued at $72,500 or $0.02 per share.

On May 16, 2011, the Company issued 1,000,000 shares of the Company's common stock to a consultant as noncash compensation for services rendered valued at $20,000 or $0.02 per share.

On December 31, 2011, the Company issued 35,000,000 shares of the Company's common stock to acquire 100% of the shares of Sumner & Lawrence Limited and La Mancha Company.

On June 7, 2012, the Company issued 5,000,000 shares of the Company's common stock to two consultants as noncash compensation for services rendered valued at $50,000 or $0.01 per share.

On December 12, 2012, the Company issued 1,500,000 shares of the Company's common stock to three consultants as noncash compensation for services rendered valued at $16,500 or $0.011 per share.

The Company has authorized 750,000,000 shares of common stock, $0.001 par value. At December 31, 2012, there were 429,167,400 shares issued and 425,167,400 shares outstanding, reflecting 4,000,000 issued but unvested shares pursuant to the Company's Equity Incentive Plan. At December 31, 2011, there were 429,667,400 shares issued and 414,917,400 shares outstanding, reflecting 14,750,000 issued but unvested shares pursuant to the Company's 2011 Equity Incentive Plan.

Deferred Compensation

During April 2011, the Company issued to five employees an aggregate of 20,000,000 shares of the Company's common stock, subject to restrictions, pursuant to the 2011 Equity Incentive Plan. Such shares were valued at the fair value of $400,000 or $0.02 per share. This compensation is being expensed over the vesting period. As of December 31, 2011, 5,250,000 of the shares had vested. As of December 31, 2012, the balance of unvested compensation cost expected to be recognized is $80,000 and is recorded as a reduction of stockholders' equity. The unvested compensation is expected to be recognized over the weighted average period of approximately 1.5 years (through April 8, 2014).

During the year ended December 31, 2012, 7,000,000 shares of unvested common stock valued at $140,000 (previously included in deferred compensation) were cancelled or forfeited.

During the year ended December 31, 2012, an additional 3,750,000 shares of common stock valued at $75,000 vested and were recorded to expense and as a reduction to deferred compensation.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, $0.001 par value. There were none issued and outstanding at December 31, 2012 and December 31, 2011.

NOTE 3 – Going Concern

The Company has sustained losses since its inception. The ability of the Company to continue as a going concern is dependent on expanding income opportunities. Management anticipates that additional contracts and their recent business acquisitions will allow the Company to achieve profitable operations. There is no assurance that the Company will be successful in raising additional capital or in achieving profitable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 4 – Income Taxes

The Company accounts for income taxes in accordance with ASC Topic No. 740. This standard requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards.

The Company has available at December 31, 2012, unused operating loss carryforwards of approximately $1,954,666, which may be applied against future taxable income and which expire in various years through 2031. However, if certain substantial changes in the Company's ownership should occur, there could be an annual limitation on the amount of net operating loss carryforward which can be utilized. The amount of and ultimate realization of the benefits from the operating loss carryforwards for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the loss carryforwards, the Company has established a valuation allowance equal to the tax effect of the loss carryfowards of approximately $293,200 and $189,589 at December 31, 2012 and 2011, respectively, and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The change in the valuation allowance is approximately $103,611 and $137,296 for the years ended December 31, 2012 and 2011, respectively.

Deferred tax assets are comprised of the following:

	2012	2011
Deferred tax assets:		
NOL carryover	$ 293,200	$ 189,589
Valuation allowance	(293,200)	(189,589)
Net deferred tax asset	$ -	$ -

The reconciliation of the provision for income taxes computed at the U.S. federal statutory tax rate to the Company's effective tax rate for the period ended December 31, 2012 and 2011 is as follows:

	2012	2011
Book Income	$ (102,834)	$ (136,519)
Organization costs	(777)	(777)
Valuation allowance	103,611	137,296
Tax at statutory rate	$ -	$ -

NOTE 5 – Loss Per Share

The following data show the amounts used in computing loss per share and the effect on income and the weighted average number of shares of dilutive potential common stock for the period ended December 31, 2012 and 2011:

	Year Ended December 31	
	2012	2011
Loss from continuing Operations available to Common stockholders (numerator)	$ (685,566)	$ (910,129)
Weighted average number of common shares Outstanding used in loss per share during the Period (denominator)	427,940,003	370,568,975

Dilutive loss per share was not presented as the Company had no common equivalent shares for all periods presented that would affect the computation of diluted loss per share or its effect is anti-dilutive.

NOTE 6 – Furniture and Equipment

The following is a summary of property and equipment, purchased, used and depreciated over a three-year period, less accumulated depreciation, as of December 31, 2012 and 2011:

	Year Ended December 31,	
	2012	2011
Furniture and Fixtures	$ 101,758	$ 101,207
Less: Accumulated Depreciation	(91,365)	(69,533)
Net Property and Equipment	$ 10,393	$ 31,674

Depreciation expense on property and equipment was $21,832 and $20,151 for the years ended December 31, 2012 and 2011.

NOTE 7 – Intangible Assets

The Company's intangible assets consist of Patents, Patent Pending Applications and Customer Contacts.

Provisional patent applications are not amortized until a patent has been granted. Once a patent is granted, the Company will amortize the related costs over the estimated useful life of the patent. If a patent application is denied, then the costs will be expensed at that time.

The customer contacts were acquired in a business acquisition on December 31, 2011 (See Note 10) and will be amortized over their estimated useful life of 3 years.

The following is a summary of definite-life intangible assets less accumulated amortization as of December 31, 2012 and 2011:

	Year Ended December 31, 2012	2011
Provisional Patent Applications	$ 42,669	$ 21,760
Utility Patents	17,200	17,200
Customer Contacts	262,009	262,009
Less: Accumulated Amortization	(90,075)	(1,728)
Net Intangible Assets	$ 231,803	$ 299,241

Amortization expense on intangible assets was $88,347 and $1,011 for the years ended December 31, 2012 and 2011.

The estimated aggregate amortization expense for each of the succeeding years ending December 31 is as follows:

2013	$ 88,348
2014	88,348
2015	1,012
2016	1,012
2017	1,012
Thereafter	9,402
	$ 189,134

NOTE 8 – Commitments and Contingencies

Operating Leases – The Company leases office and laboratory space under operating leases. Expense relating to these operating leases was $42,797 for the year ended December 31, 2012. The future minimum lease payments required under non-cancellable operating leases at December 31, 2012 was $34,300. All the future minimum lease payments are currently due during 2013.

NOTE 9 – Concentrations

Revenues – During the years ended December 31, 2012 and 2011, the Company had the following significant customers. The loss of the revenues generated by these customers would have a significant effect on the operations of the Company.

Customer	2012	2011
A	53%	9%
B	26%	0%
C	19%	4%
D	1%	12%
E	0%	53%

Accounts Receivable – The Company had the following significant customers who accounted for more than 10% each of the Company's accounts receivable balance at December 31, 2012 and 2011, respectively.

Customer	2012	2011
A	41%	64%
C	55%	11%
D	2%	22%

NOTE 10 – Acquisition of Sumner and La Mancha

On December 31, 2011, Sigma Labs acquired 100% of the issued and outstanding common stock of Sumner & Lawrence Limited and La Mancha Company, both companies with services which complement its own. Information related to the acquisition is as follows:

Consideration paid:

Equity instruments:	$	350,000
(35,000,000 common shares of Sigma Labs)		
	$	350,000

The fair value of the 35,000,000 common shares issued as consideration was determined on the basis of the closing market price of Sigma Lab's stock on the acquisition date. The excess cost over net assets acquired of $262,009 was recorded as an intangible asset and is being amortized over 3 years.

Assets acquired and liabilities assumed:

Cash	$	12,613
Accounts receivable, net		153,338
Property and equipment, net		143
Intangible – Customer Contacts		262,009
Accounts payable		(76,632)
Accrued expenses		(1,471)
	$	350,000

Revenues and earnings:

The following unaudited pro forma summary presents the consolidated results of operations of the combined entities as if the business acquisition had occurred at the beginning of the year on January 1, 2011:

	Year Ended December 31, 2011
Total Revenues (unaudited)	$ 1,899,773
Net Income (Loss) (unaudited)	$ (935,439)
Earnings (Loss) per share	$ (0.00)

NOTE 11 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were issued and determined there are the following items to disclose:

In January 2013, the Company issued 1,000,000 shares of stock to a consultant, which were subsequently cancelled. An additional 500,000 shares of previously issued but unvested shares were also subsequently cancelled.

In January 2013, the Company entered into a three month consulting agreement for 250,000 shares, valued at $0.03 or $7,500.

In February 2013, the Company entered into a twelve month consulting agreement for 4,000,000 shares, valued at $0.03 or $120,000.

In March 2013, the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan, but has not yet received approval by holders of at least a majority of the issued and outstanding shares of common stock of the Company. Pursuant to the Equity Plan, the Company is authorized to grant options, restricted stock and stock appreciation rights to purchase up to 30,000,000 shares of common stock to its employees, officers, directors, consultants and advisors.

Exhibit 10.4

OFFICE SPACE LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective **October 1, 2012** , by and between **Russ Hedrick dba Hedrick Group LLC** ("Landlord") and _ **Sigma Labs, Inc.** ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as **100 Cienega Street, Santa Fe, New Mexico 87501 -The Hedrick Building** (the "Building"):

Landlord makes available for lease a portion of the Building designated as **Suites C, D and E** (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term.

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning **October 1, 2012** and ending **September, 2013.**

B. Tenant may renew the Lease for one extended term of **1 year**. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. Rental.

A. Tenant shall pay to Landlord during the Initial Term rental of **$36,000** per year, in installments of **$3,000.00** per month. Each installment payment shall be due in advance on the **first** day of each calendar month during the lease term to the Landlord at **Barbra Hedrick, 2888 Plaza Blanca, Santa Fe, NM 87507** or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months shall be prorated on a daily basis. Tenant shall also pay to Landlord a "Security Deposit" in the amount of **0.00** [Security Deposit].

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be **negotiated** by August 1, 2013.

3. Use

Allowed use is strictly for traditional office activity as required by Landlord's Insurance. Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

4. Sublease and Assignment.

Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent.

5. Repairs.

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease. Note: Landlord agrees to continue to provide such repairs as performed in the past under the Sumner Lease (e.g. carpet repair / cleaning, light bulb replacement, plumbing maintenance, etc…).

6. Alterations and Improvements.

Any alteration or improvements to the Leased Premises shall require Landlord's consent and shall be negotiated between Landlord and Tenant.

7. Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

8. Insurance.

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or a bated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

9. Utilities.

Landlord shall pay all charges for water, sewer, gas, and electricity, Tenant shall pay for all other services. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilize excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

10. Signs.

Tenant shall not place any sign on the Building without Landlord's consent. Landlord shall pay for a sign in the Tenant's name in front of the Tenant's assigned Parking Space.

11. Entry.

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

12. Parking.

During the term of this Lease, Tenant shall have four exclusively assigned parking spaces (four spaces from north of parking area). Building parking assignments are strictly enforced, and cooperation with other Tenants is required. Any use of the assigned parking space by clients, associates and friends and family of the Tenant shall be closely monitored by the Tenant. Landlord shall have shared use of the most northern parking space when he is in Santa Fe.

13. Building Rules.

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. There shall be no whining.

14. Damage and Destruction.

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

15. Default.

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

16. Quiet Possession.

Landlord shall provide Tenant with Quiet Possession in accordance with the laws New Mexico.

17. Condemnation.

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Ten ant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

18. Subordination.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein require d to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

19. Security Deposit.

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

20. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:
Russ Hedrick, Hedrick Group LLC
P.O Box 2185
Santa Fe, New Mexico 87504-2185

If to Tenant to:

Mark Cola
Sigma Labs, Inc.
100 Cienega Street Ste D
Santa Fe, NM 87501

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

21. Brokers.

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

22. Waiver.

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

23. Memorandum of Lease.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

24. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

25. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

26. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

27. Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.

28. Compliance with Law.

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

29. Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

30. Governing Law.

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of New Mexico.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

/s/ Russ Hedrick
Russ Hedrick, Landlord

/s/ Mark Cola
Mark Cola
President
Sigma Labs, Inc.

Exhibit 10.5

LEASE FOR PREMISES AT

SANTA FE BUSINESS INCUBATOR, INC

Santa Fe, New Mexico

Production Space

THIS LEASE is made at Santa Fe, New Mexico on this **16th** day of **October 2012** by and between SANTA FE BUSINESS INCUBATOR, INC., a New Mexico nonprofit corporation ("Landlord"), and **B6 Sigma, Inc.** ("Tenant").

WITNESSETH:

That in consideration of the mutual promises, covenants, conditions, and terms to be kept and performed, it is agreed between the parties hereto as follows:

1. Business Assistance Program

The Landlord and Tenant understand that Landlord desires to assist and encourage Tenant's business by providing certain extraordinary business assistance services in addition to the Lease of the Premises. The parties agree that no default, defect, or omission by Landlord in the providing and performance of such services shall be deemed to be a default by Landlord under this Lease.

2. Description

Landlord leases to Tenant, and Tenant shall pay rent for the Premises identified as production unit A201-202 ("Premises") at 3900 Paseo del Sol, Santa Fe, New Mexico.

3. Term

Tenant shall lease the Premises for a term of one (1) year commencing the **1st** day of **November 2012** and ending on the **31st** day of **October 2013** . Landlord and Tenant shall each have the right to terminate this Lease upon giving the other at least thirty (30) days written notice of their intent to terminate, such termination to be at the end of such thirty (30) day period or at such later date as is indicated in the notice to terminate, but not prior to the end of the next monthly cycle.

4. Rent / Additional Rent / Utilities

For the Premises and Term set forth above, the Tenant agrees to pay a total rent of **Eight Thousand Seven Hundred and Sixty Dollars ($8,760.00)** . Rent shall be paid in equal monthly installments of **Seven Hundred and Thirty Dollars ($730.00)** in advance on the first day of each calendar month.

Tenant agrees to pay any and all charges incurred under separate agreement or otherwise for services furnished by Landlord as well as any other amounts due Landlord as additional rent which shall be paid along with the monthly installment of rent.

The rent in the Production space shall include the following: real property taxes and assessments. Utilities are not included in the monthly rent for the production spaces and will be invoiced separately.

5. Insurance Costs of Lessor

Tenant shall pay, as additional rent, any increase in premiums for insurance against direct loss that may be charged during the term of this Lease on the amount of insurance now carried by the Landlord on the Premises and on the improvements situated on the Premises resulting from the business carried on therein by the Tenant or from the character of its occupancy, even if the Landlord has consented thereto.

6. Security Deposit

As additional security for the faithful performance of its obligations hereunder, Tenant shall pay to Landlord the sum of**Seven Hundred Dollars ($730.00)** . Unless otherwise agreed by landlord and tenant in advance, in writing, Tenant shall pay the security deposit in one (1) payment on or before the 1st day of **November 2012** . The security deposit may be applied by Landlord for the purpose of curing any default or defaults of Tenant under this Lease, in which event Tenant shall replenish said deposit in full by promptly paying to Landlord the amount so applied. If Tenant has not defaulted or Landlord has applied the deposit to cure a default and Tenant has replenished same, then the deposit, or such applicable portion thereof, shall be repaid in Cash to Tenant promptly after the termination of this Lease. The deposit shall not be deemed an advance payment of rent or a measure of Landlord's damages for and default by Tenant. No interest shall be paid on Tenant's security deposit.

**$700.00 carried over from Lease Agreement dated October 17, 2011.*

_____
INITIAL HERE

7. Late Charges

Tenant agrees to pay a surcharge of fifteen percent (15%) on any amount ten (10) or more days past due, and a surcharge of twenty-five percent (25%) on any amount fifteen (15) or more days past due. All payments received shall be first applied to any past due amounts and then to current charges. No payment by Tenant or acceptance by Landlord of a lesser amount than the basic rent, additional rent, or other payments to Landlord due hereunder shall be deemed to be other than part payment of the full amount due. Landlord may accept such part payment without prejudice to Landlord's right to recover the balance due and payable or to pursue any other remedy provided in this Lease.

8. Place of Payment

Any payment due from the Tenant to the Landlord under this Lease shall be made the Landlord's office at 3900 Paseo del Sol, Santa Fe, New Mexico, or at such other place the Landlord designates from time to time in writing.

9. Holding Over

In the event that Tenant holds over after expiration of this Lease without a written agreement between the parties to renew, extend, or otherwise renegotiate the leasehold such holding over shall be construed as a month-to-month tenancy on the terms and conditions, so far as applicable, of this Lease.

10. Condition of Premises at Time of Leasing

The Tenant acknowledges that it has examined the Premises prior to the making of this Lease and knows its condition, and that no representations as to its conditions or state of repair has been made by the Landlord or its agents that are not expressed in this Lease. The Tenant hereby accepts the Premises in its present condition at the date of the execution of this Lease.

11. Delay in Obtaining Possession

If the Tenant cannot take possession of the Premises at the time provided above because the Premises are not ready, or because another tenant is holding over, or because of any cause beyond the control of the Landlord, the Landlord shall not be liable in damages to the Tenant; but rent shall fully abate during the period of any such delay. Landlord shall not be liable for failure to deliver the Premises to Tenant on the beginning date of this Lease for reasons beyond the Landlord's control.

12. Use and Occupancy

The Premises shall be used during the term of this Lease for the business of Tenant described as**B6 Sigma, Inc.** and for no other purpose. The Premises shall not be used, occupied, or kept in violation of any law, municipal ordinance, or regulation.

13. Unlawful or Dangerous Activity

Tenant shall neither use nor occupy the demised Premises or any part thereof for any unlawful, disreputable, or ultrahazardous business purpose, nor operate or conduct business in a manner constituting a nuisance of any kind. Tenant shall immediately, on discovery of any unlawful, disreputable, or ultrahazardous use, take action to halt such activity. Tenant agrees to comply with all applicable laws, ordinances, and regulations of the City of Santa Fe, the State of New Mexico, and the United States Government, and to conform to all reasonable rules and regulations which Landlord may establish; not to damage any part of the premises; and not to permit any employee, agent, customer, or visitor to be in violation of any obligation of Tenant under this Lease.

14. Care of Premises

The Tenant shall not perform any act or carry on any practices that may injure the Building or be a nuisance to other tenants in the Building and shall keep the Premises clean and free from rubbish and dirt at all times.

15. Casualty

Subject to the conditions set forth in Section 15, if the Premises are damaged or destroyed, in whole or in part, during the Term of this Lease, the Landlord shall repair and restore them to good and tenable condition with reasonable dispatch. If the Premises are untenable in whole, the rent shall abate in full until they are restored to good and tenable condition. If the premises are untenable in part, rent shall abate pro rata until they are restored to good and tenable condition. Provided that:

(A) If delay in repair or restoration is caused by the Tenant failing to adjust its own insurance or to remove its damaged goods, wares, equipment, or other property within a reasonable time, the rent shall not abate during the period of such delay;

(B) If casualty damage is caused by the negligent or willful acts of the Tenant, its agents or employees, there shall be no rent abatement;

(C) If during the time of repair, the Tenant uses a portion of the Premises for storage, Tenant shall be liable for a reasonable storage fee;

(D) In the event the Premises or the Building are destroyed to the extent of more than one-half its value, the Landlord may terminate the Lease by a written notice to Tenant.

16. Loss Caused by Other Tenants

The Landlord shall not be liable to the Tenant for damages occasioned by the acts or omissions of persons occupying adjoining Premises or any part of its Building of which the Premises are a part, or for any loss or damage resulting to the Tenant of its property from bursting, stoppage, or leaking of water, gas, or sewer pipes.

17. Insurance to be Obtained by Tenant

The Tenant shall carry the following minimum amounts of insurance during the life of this Lease with the Landlord listed as additional insured:

(A) Comprehensive General Liability insurance issued by a reputable insurance company licensed to do business in New Mexico for bodily injuries, including those resulting in death, and property damage in an amount not less than a combined single limit of Three Hundred Thousand Dollars ($1,000,000), and an additional Fifty Thousand Dollars ($100,000) for Fire Legal Liability.

(B) At the sole discretion of the Tenant, insurance for all contents, and Tenant’s trade fixtures, machinery, equipment, furniture, furnishings, and inventory in the leased Premises. Tenant must be advised the Landlord is not responsible for loss of business contents or business income of the Tenant.

(C) Insurance for any leasehold improvement made by Tenant upon the Premises against all risks of direct physical loss, including water pipe and sprinkler breakage and damage. The insurance coverage shall be for not less than One Hundred Percent (100%) of the then current full replacement cost of such improvements with all proceeds of insurance payable to Landlord provided, however, that such proceeds shall be used to restore the improvements.

The insurance shall be in companies and in form, substance, and amount (where not stated above) satisfactory to the Landlord. The insurance shall not be subject to cancellation except after at least thirty (30) days prior written notice to the Landlord. Certificate of insurance together with satisfactory evidence of payment of the premiums thereon, shall be deposited with Landlord at the commencement date of this Lease and renewals thereof not less than thirty (30) days prior to the end of the term of such coverage.

Should Landlord receive notice of cancellation of said insurance, it shall notify the Tenant to cease operations immediately and not to start again until Landlord receives new copies evidencing that insurance describe above is in full force and effect.

18. Indemnification

The Tenant shall indemnify and save the Landlord, and the President of Santa Fe Business Incubator, Inc. harmless from all claims or liabilities of any type of nature or any person, firm, or corporation, including any agents or employees of the Tenant, arising in any manner from the Tenant's performance of operations and business covered by this Lease. Landlord shall not be liable to the Tenant, or to any other person, for any damage to any person or property caused by act, omission or neglect of Tenant. Tenant agrees to indemnify or hold Landlord harmless from any such liability or claim of liability against Landlord, including attorney's fees.

19. Repairs and Alterations by Tenant

Tenant shall, at its own expense, keep the Premises in good repair, and will, at the expiration of this Lease, deliver the Premises to the Landlord in like condition as when taken, reasonable use and wear thereof and damage by the elements excepted. The Tenant shall not make any alterations, additions, or improvements to the Premises without the Landlord's prior written consent. All alterations, additions, and improvements made by either party upon the Premises during the Term hereof, except movable office furniture and trade fixtures put in at Tenant's expense, shall become property of the Landlord at the expiration of the Term. Tenant covenants to pay as they become due all just claims for labor and materials used in making any such additions, alterations, or improvements and to indemnify and save Landlord and the Premises harmless of and from all costs, expenses, and damages, including reasonable attorney's fees and costs of suit arising out of or connected with any statutory or other liens against the Premises, the Building, or the Property for or on account of such labor and materials.

Tenant covenants both for itself and its servants, agents, and employees, to observe and keep all necessary rules and regulations of the Building which affect said Premises and will at its own cost and expense make any and all necessary alterations or changes in the Premises which may be necessary because of any act of the Tenant, its servants, agents, and employees, in violation of any law, ordinance, rule or regulation of any city, state, or government body. Upon the failure of the Tenant to make or proceed to make, any such changes or alterations within thirty (30) days after being required to by any other rule, regulation, or ordinance above referred to within ten (10) days of the receipt of said order or notice, then Landlord may enter the Premises at its option and do and perform said alterations or make such changes at the cost and expense of the Tenant, which said expense shall be deemed as rent and added to the next monthly installment of rent then accruing and be collectible as such.

20. Access to Premises and Common Areas

Landlord may enter the Premises at any reasonable time for any reasonable purpose. If the Landlord deems any repair necessary for which the Tenant is responsible, Landlord may demand that the Tenant perform the repair. If Tenant refuses or neglects to make the repair in a reasonable time, the Landlord may make the repair and charge the Tenant in accordance with Section 6. The Landlord may enter the premises at reasonable times to install or repair pipes, wires, or other appliances or to make any repair the Landlord deems essential to the use and occupancy of the other parts of the Building. Landlord shall give reasonable advance notice to Tenant of its intention to make non-emergency repairs.

In addition to the Premises, the Tenant shall have a non-exclusive right to access to such common areas as Landlord determines to be necessary to the use of the Premises as appropriate.

21. Advertising Displays

No sign or advertising shall be displayed upon the Premises unless approved in writing by the Landlord.

22. Nondiscrimination

The Tenant agrees not to discriminate against any client, employee, or applicant for employment or for services because of race, creed, color, national origin, sex, sexual orientation, or age, with regard to, but not limited to, the following: employment upgrading; demotion or transfer, recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; selection for training; rendition of services.

23. Assignment

The Tenant shall not assign, transfer, or mortgage this lease or sublet the Premises in whole or in part without the Landlord's prior written consent. Any assignment or subletting shall not relieve Tenant of any of its obligations under this lease.

24. Trash Service

Landlord agrees to provide at its cost a suitable external trash receptacle and regularly scheduled external garbage pick-up sufficient to service Tenants in order to prevent the unsightly accumulation of trash and other debris. Tenant shall be responsible for trash collection charges that exceed a normal service minimum charge. Tenant will dispose of all hazardous waste according to local laws and ordinances.

25. Default

It is expressly understood and agreed that if the rents above, or any part thereof, shall be in arrears, or if default shall be made in any of the covenants of agreements herein contained to be kept by Tenant, Landlord may, at Landlord's election, give Tenant ten (10) days written notice of Landlord's intent to terminate said Lease; provided however, that during said ten (10) day period, Tenant may correct defaults as set forth in said notice and avoid forfeiture thereof.

Upon termination of this Lease pursuant to the preceding paragraph, Tenant shall peacefully surrender the premises to Landlord, and Landlord may upon such termination or at any time after such termination, without further notice, rent the Premises. If Tenant fails to peacefully surrender the Premises, the Landlord may repossess it by force, summary proceedings, ejectment, or otherwise and may dispossess Tenant and remove Tenant and all other persons and property from the Premises. At any time after such termination, Landlord may relet the Premises or any part thereof in the name of Landlord or otherwise for such term (which may be greater or lesser than the period which would otherwise have constituted the balance of the term of this Lease) and on such conditions (which may include concessions or free rent) as Landlord, in Landlord's discretion may determine and may collect and receive the rents therefor. Landlord shall in no way be responsible for or liable for any failure to relet the Premises or any part thereof or for any failure to collect any rent due upon such reletting.

No such termination of this Lease shall relieve Tenant of Tenant's liability and obligations under this Lease, and such liability and obligations shall survive any such termination. In the event of any such termination, whether or not the Premises or any part thereof shall have been relet, Tenant shall pay to Landlord the rent required to be paid up by Tenant up to the time of such termination, and thereafter, Tenant, until the end of what would have been the term of this Lease in the absence of such termination shall be liable to Landlord for, and shall pay to Landlord as and for liquidated and agreed damages for Tenant's default;

(A) The equivalent of the amount of rent which would be payable under this Lease by Tenant if this Lease were still in full force and effect, Less

(B) The net proceeds of any reletting effected pursuant to the provisions of the preceding subparagraph, after deducting all of Landlord's reasonable expenses in connection with such reletting, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, alteration costs and expenses of preparation for such reletting.

26. Landlord's Lien for Rent

Tenant hereby grants a lien to Landlord on Tenant's interest in all improvements, fixtures, or personal property, including inventory on the Premises. In the event Tenant fails to cure a default under this Lease, Tenant authorizes Landlord to take possession of the property free and clear of Tenant's interest therein.

27. Cumulative Remedies

Remedies, rights, and benefits of this Lease are cumulative and shall not be exclusive of any other remedy, right, or benefit contained herein or of any remedy, right, or benefit allowed by law.

28. Jurisdiction and Attorney's Fees

The prevailing party is entitled to any and all attorney fees or other costs incurred in enforcing the provisions set forth in this Lease. This paragraph shall also apply to any court action or appeals therefrom.

29. Waiver

One of more waivers by the Landlord or Tenant of any of this Lease's provisions shall not be construed as a waiver of a further breach of the same provision.

30. Bankruptcy and Insolvency

The Landlord may cancel this Lease in the event that the estate created hereby is taken in execution or by other process of law; or, if the Tenant is declared bankrupt or insolvent according to law; or if any receiver is appointed for the business and property of the Tenant; or if any assignment is made of the Tenant's property for the benefit of creditors.

31. Rules and Regulations

Tenant, its agents, employees, and invitees will use the common areas of the Building (reception area, conference rooms, halls, steps, passageways, toilet rooms, delivery area, parking area, and so forth) subject to rules as the Landlord may make from time to time for the general safety and convenience of the occupants and tenants of the Building.

32. Substitute Space

It is understood that Landlord may substitute space within the Building of similar quality for the Premises leased to the tenant. Landlord shall be responsible for all expenses in moving Tenant to the new Premises.

33. Quiet Enjoyment

Upon performing the foregoing covenants, the Landlord agrees that the Tenant shall and may peaceably and quietly have, hold, and enjoy the Premises of the Term herein.

34. Partial Validity

If any provision of this Lease shall be invalid, the remainder of this Lease shall not be affected thereby.

35. Notice

Whenever this Lease requires notice to be served on Landlord or Tenant, notice shall be effective the day after mailing, and shall be sufficient if mailed by first-class mail with postage fully paid, to the following address:

Tenant: **B6 Sigma Inc.**
3900 Paseo del Sol
Santa Fe, New Mexico 87507

Landlord: **Santa Fe Business Incubator, Inc.**
3900 Paseo del Sol
Santa Fe, New Mexico 87507

36. Amendments and Modifications

Except for the provisions in Section 1 relating to the Business Assistance Program, Landlord and Tenant agree that this Lease contains the entire agreement, express or implied, of the parties hereto. There shall be no amendments or modifications to this Lease, unless agreed to in writing, signed by Landlord and Tenant.

37. Binding Successors

This Lease is binding on the respective heirs, successors, representatives, and assigns of the parties.

38. Applicable Law

This Lease shall be constructed according to the laws of the State of New Mexico.

IN WITNESS WHEREOF, the parties have signed this Lease in Santa Fe, New Mexico, the day and year written below.

LANDLORD: **Santa Fe Business Incubator, Inc**

Dated: 10/29/2012

By: /s/ Marie A. Longserre
Marie A. Longserre
President/CEO

TENANT: **B6 Sigma, Inc.**

Dated: 10/24/2012

By: /s/ Mark J. Cola
Mark J. Cola
President

DISCLAIMER

THIS AGREEMENT of understanding is prepared for the benefit of the INCUBATOR PROGRAM, hereinafter referred to as "Program,"**and B6 Sigma, Inc.** , hereinafter referred to as "Business," both parties which desire to clearly understand the relationship developed for the benefit of promoting and assisting in this limited arrangement.

Program and Business are neither a partnership nor a venture of any description, in fact or law, but rather are independent entities forming a voluntary arrangement wherein Program is a general business advisor of Business. Business is under no compulsion or constraint to accept or implement the suggestions and advisement of Program.

Business specifically acknowledges and agrees that Program has no liability, past, present, or future, as to the final and ultimate decisions of Business, nor is Business compelled in any fashion to accept the advisement and suggestions of Program.

Program neither assumes nor authorizes Business to assume any liability of behalf of Program or suggest to third parties, either expressly or implied, that Program is in any way a principal, agent, or associated entity of Business, and

Business specifically acknowledges its responsibility for all decisions and business matters related to its operation and control.

The Business shall indemnify and save the program; the Landlord, and the President of Santa Fe Business Incubator, Inc.; and any of the Programs' agents, advisors, representatives, and employees, harmless from all claims or liabilities of any type of nature or any person, firm, or corporation, including any agents or employees of the Business, arising in any manner from the Business's performance of operations and business covered by this Lease and this disclaimer.

Program and Business agree herein to represent accurately the relationship between Program and Business and to abide by these provisions.

Executed this 26 day of October, 2012, in Santa Fe, New Mexico.

Incubator Program

/s/ Marie Longserre
Marie Longserre
President/CEO

Business: **B6 Sigma, Inc.**

/s/ Mark J. Cola
Mark J. Cola
President

Exhibit 10.7

LICENSE AGREEMENT

This Agreement is made by and among Sigma Labs, Inc., a Nevada corporation, and its wholly-owned subsidiary, B6 Sigma, Inc., a Delaware corporation (referred to jointly as "Licensor" unless the context otherwise requires), and Allotrope Sciences Corp., a Delaware corporation ("Licensee"), and is effective as of April 11, 2013 ("Effective Date").

RECITALS

A. Licensor is the owner of the Licensed Patents, which relate toprojectile and munitions-related technologies developed by Licensor, and,subject to the terms and conditions of this Agreement, is prepared to grant an exclusive license to Licensee to exploit and practice such Licensed Patents throughout the Territory; and

B. Licensee wishes to acquire an exclusive license under the Licensed Patents as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration for the mutual covenants and promises contained in this Agreement, the parties agree as follows:

1. **Definitions**

(a) The term "*Licensed Patents*" means the patents set forth on Exhibit A.

(b) The term "*Territory*" means the United States of America and ITAR compliant countries.

2. **Grant of Rights**

(a) Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee an exclusive license to make, have made, use, offer to sell, sell, manufacture, practice and otherwise commercialize the Licensed Patents in the Territory.

(b) Ownership of any development, improvement, design, layout of the technology licensed herein shall always be the property of Licensor. Notwithstanding anything to the contrary, all rights to the patents or intellectual property rights now existing or to be obtained in the future, which are based on the Licensed Patents, shall be the sole property of Licensor.

3. **Investment.** Licensee anticipates that it will need to spend approximately $150,000 on the composite projectile and approximately $250,000 on the Structurally Sound Reactive Material in order to bring these technologies to a point where they are directly marketable. This amount of additional investment required may include, but is not limited to:

(a) Additional focused engineering development. For example, for the projectile the additional work required includes mass balancing of the projectile so it will be aerodynamically stable, investigating alternative materials such as tungsten carbide (WC) to keep the cost down, and the manufacturing of a limited number of additional projectiles to offer to Government customers for trials and evaluation.

(b) Limited additional ballistic testing. There may be additional ballistic testing required to meet the needs of various Government clients.

(c) Focused marketing. There will be materials, animations, and presentations that will be required to effectively sell to Government program managers and key decision makers.

For the Structurally Sound Reactive Materials, similar work needs to be carried out, with the addition of more alloy development to enhance the brittleness and breakup of the alloy, as well as working with weapons designers to figure out exactly which components on which system are the best candidates for initial introduction of this material.

Licensee may offer subcontracts to pre-existing development partners or vendors (*e.g.*. New Lenox Ordnance, VForge, *etc.*) for any "additional focused engineering development", "limited additional ballistic testing", "alloy development", "weapons design work".

Licensee will require engineering services support and may consider contracting directly with Licensor for some of the above mentioned additional development and testing trials.

4. **Marketing Plans.** Licensee represents that it has excellent connectivity to both US Government clients as well as defense contractors. Licensee will directly sell the projectile technology licensed hereunder to U.S. Federal or Foreign Government clients. Licensee will sell the Reactive Structural Material technology licensed hereunder to U.S. Federal or Foreign contractors who are in need of specialized munitions for UAV and other systems as emerging growth markets. Additionally, Licensee may consider sales to system integrators requiring enhancements to current weapons systems where it makes business sense. Should international clients be identified as possible sales prospects, Licensee will ensure compliance with and bear all costs associated with all existing International Traffic in Arms Regulations regulations and requirements. Licensee agrees that export-controlled technical data will not be disclosed under this Agreement. Also, Licensee will ensure compliance with and bear all costs associated with any licensing or registration required by the U.S. Department of State Directorate of Defense Trade Controls Compliance & Registration Division or any other such agency governing sales of arms and munitions, *e.g.*. Form DS-2032.

5. **License Fees**. Licensee agrees to pay Licensor license fees, as follows:

(a) $12,500 upon execution of this Agreement, and $12,500 six months following the Effective Date.

(b) $25,000 on the second anniversary of the Effective Date.

6. **Royalty Payments**. Royalty payments will replace license fees starting in the third year in accordance with the following: Within 30 days following the end of each applicable year following the Effective Date, Licensee shall pay to Licensor royalty payments, as follows:

(a) 3.5% of the aggregate gross sales by Licensee relating to the Licensed Patents ("*Sales*"), if such Sales equal at least $1,000,000 during the first year following the Effective Date;

(b) 3.5% of Sales, if such Sales equal at least $1,000,000 during the second year following the Effective Date;

(c) 3.5% of Sales, if such Sales equal at least $1,000,000 during the third year following the Effective Date;

(d) 3.5% of Sales, if such Sales equal at least $2,000,000 during the fourth year following the Effective Date;

(e) 3.5% of Sales, if such Sales equal at least $3,000,000 during any year after the fourth year following the Effective Date.

7. **Mandatory Performance Targets.** The following minimum gross revenue requirements will be the main condition of exclusive licensing hereunder. If any such revenue target is not met, such exclusive licensing shall terminate immediately. However, the parties hereto may negotiate a non-exclusive license to the Licensed Patents in the event Licensee's exclusive license shall terminate:

(a) Third Year after the Effective Date. Licensee shall generate at least $1,000,000 of Sales during the third year following the Effective Date.

(b) Fourth Year after the Effective Date. Licensee shall generate at least $2,000,000 of Sales during the fourth year following the Effective Date.

(c) Fifth Year after the Effective Date and Subsequent Years. Licensee shall generate at least $3,000,000 of Sales during the fifth year following the Effective Date, and during each subsequent year during the term of this Agreement.

8. **Reports**.

(a) Quarterly Reports. Within 45 days of the end of each calendar quarter, Licensee will deliver to Licensor a full and accurate accounting for such quarter of Sales, earned royalties due and satisfaction of milestones in Section 7. Quarterly reports are required regardless of whether any payments are required for such calendar quarter. Information about Sales will be provided on a Licensed Patent and country-by-country basis for Licensee. The report will identify all Sales in connection with the Licensed Patents that were sold by Licensee during that reporting period. The report will also include such other information reasonably requested by Licensor from time to time.

(b) Records and Audit. Licensee will keep accurate books of account and records to document the derivation of all amounts payable to Licensor under this Agreement. These books and records will be kept at Licensee's principal place of business for at least five years following the end of the calendar year to which they pertain. Licensee will provide Licensor access to these books upon reasonable notice, during normal business hours, for audit by a Licensor representative or agent for the purpose of verifying Licensee's royalties statement or Licensee's compliance in other respects with this Agreement. Should an audit by Licensor show an underpayment, Licensee will immediately pay all past due amounts. In addition, should an audit by Licensor show an underpayment by more than 5% in any reporting period, Licensee will pay all of Licensor's actual out-of-pocket audit expenses immediately upon request. Should an audit by Licensor show an overpayment, Licensor will credit such overpayment against the next payment due from Licensee under this Agreement. Audits will not occur more than once in any 12 month period; however, if an audit shows an underpayment, thereafter audits may occur every 6 months, at Licensor's sole option.

9. **Infringement of Licensed Patents by Third Parties.** Should Licensor or Licensee become aware of any infringement or alleged infringement of any intellectual property constituting any portion of the Licensed Patents, that party shall immediately notify the other party in writing of the name and address of the alleged infringer, the alleged acts of infringement, and any available evidence of infringement. Licensor and Licensee agree to work jointly (on a best effort basis) to prevent any infringement.

10. **Term and Termination**

(a) Term. The initial term of this Agreement shall be five (5) years, unless sooner terminated as provided below. Subject to the satisfaction by Licensee of the milestones in Section 7, Licensee may renew this Agreement for up to three (3) additional periods of one (1) year each (each a "*renewal term*") after the expiration of the initial term, by giving written notice of renewal to Licensee at least one hundred twenty (120) days prior to the expiration of the initial term or any renewal term unless, at the expiration of the initial term or any renewal term, Licensee has failed to make any payment to Licensor which is due and payable hereunder. No termination of this Agreement shall operate to deny either party of its rights or remedies, either at law or in equity, and shall not relieve Licensee of its obligations to pay royalties and other financial obligations hereunder up through the date of termination.

(b) Termination by Licensee or Licensor for Convenience. Either party may terminate this Agreement by giving 90 days prior written notice of termination to the other party.

(c) Termination for Breach. Either party may terminate this Agreement by written notice if the other party breaches this Agreement and fails to cure such breach within 30 days of written notice of breach for payment defaults, or within 90 days of written notice of breach for non-payment defaults.

(d) Immediate Termination by Licensor. This Agreement will terminate immediately upon written notice from Licensor if any of the following occur: (a) Licensee uses or Licensee attempts to transfer or assign its rights or obligations under this Agreement in any manner contrary to the terms of this Agreement or in derogation of Licensor's proprietary rights; or (b) Licensee is determined to be insolvent, makes an assignment for the benefit of creditors, has a bankruptcy petition filed by or against it (which is not dismissed within 60 days), or a receiver or trustee in bankruptcy or similar officer is appointed to take charge of all or part of Licensee's property..

(e) Obligations on Termination. Upon termination of this Agreement: (i) Licensee shall immediately cease and desist from using the Licensed Patents and all right, title and interest that Licensee may have in the Licensed Patents shall vest in Licensor immediately and automatically, without the need of further action. No termination of this Agreement by either party shall relieve such party from any obligation or liability that arose prior to such termination.

11. **Relationship of Parties**. Nothing in this Agreement will be deemed or construed to create the relationship of principal and agent, or of partnership or joint venture, and neither party will hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant, or employee of the other. Neither party, nor any of their officers, employees, or representatives, will have any right, collectively or individually, to bind the other party, to make any representations or warranties, to accept service of process, to receive notice, or to perform any act on behalf of the other party except as expressly authorized under this Agreement or in writing by the other party in its sole discretion.

12. **Indemnification**. Licensee shall defend, indemnify and hold Licensor harmless against all claims or expenses (including reasonable attorneys' fees) arising out of or relating to Licensee's manufacture, use, sale, offer for sale, or disposition in connection with the Licensed Patents, except to the extent such claims are caused by the negligence or willful misconduct of Licensor.

13. **Confidentiality and Non-Disclosure; Return of Proprietary Information.**

(a) Licensee acknowledges that Licensor has furnished to Licensee copies of all internal formal and informal Licensor reports, notes, sketches or mock ups associated with documenting engineering development efforts to date for the Licensed Patents (collectively, the "*Proprietary Information*"), and has disclosed and will disclose to Licensee in connection with this Agreement other confidential or proprietary information, including business plans, strategies, trade secrets and other non-public information ("*Confidential Information*," which includes the Proprietary Information). Licensee will inform Licensor of any disclose of Confidential Information to any other party. Licensee shall not use any Confidential Information for any purpose other than with respect to the license granted hereunder. Confidential information does not include information that Licensee can establish (i) is or becomes publicly available other than as a result of a breach of this Agreement by, or other fault of, Licensee, (ii) is lawfully received from a third party which is not under an obligation of confidentiality for the benefit of Licensor, (iii) was either in the possession of or known to Licensee at the time of disclosure without any limitation on use or disclosure for the benefit of Licensee, (iv) is independently developed by Licensee without the use or benefit of Licensor's Confidential information, or (vi) must be disclosed pursuant to any law, regulation or judicial or governmental order.

(b) Licensee agrees that it will not trade in the securities of Licensor at any time Licensee is in possession of material non-public information about Licensor. Licensee further agrees not to provide "tips" for trading by other persons by disclosing material nonpublic information to them. Licensee acknowledges that it is aware that violation of the insider trading laws can result in substantial civil liability, administrative penalties and other sanctions imposed on Licensee.

(c) Licensee shall return all Confidential Information, including any copies thereof made by Licensee, to Licensor upon the termination of the exclusive license hereunder. Licensee shall certify to Licensor that all such Confidential Information was returned.

14. **Assignment; Sublicense**

(a) Licensee shall have the right to assign or otherwise transfer this Agreement and the rights acquired by Licensee hereunder, with the prior written consent of Licensor (which consent may be withheld in Licensor's sole and absolute discretion).

(b) Licensee shall have the right to sublicense the Licensed Patents to any third party, with the prior written consent of Licensor (which consent may be withheld in Licensor's sole and absolute discretion).

(c) Licensor shall have the right to assign or otherwise transfer this Agreement and the rights herein, to any third party, without the prior written consent of Licensee.

(d) During the term of this Agreement, no patent owner or assignee may designate additional assignees.

15. **Notices**

(a) All notices, demands, and other communications under this Agreement shall be deemed to have been duly given and delivered one (1) day after sending, if sent by fax or email, and five (5) days after posting, if sent by registered airmail, postage prepaid, to the parties at the following addresses:

For Licensor: 100 Cienega Street, Suite C
Santa Fe, New Mexico 87501

For Licensee: 1107 Key Plaza
#106,
Key West, FL 33040

The parties hereto may give written notice of change of address, and, after such notice has been received, any notice of request shall thereafter be given to such party at the changed address.

16. **Arbitration**.

(a) Parties' Consent to Arbitration. Except as otherwise provided in this Agreement, Licensor and Licensee consent and submit to the exclusive jurisdiction and venue of the State of California, County of Los Angeles, for the adjudication of any dispute between Licensor and Licensee that arises out of or relates to this Agreement. Except as provided in this Agreement, any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration heard by one (1) arbitrator (who shall be an attorney with experience in patent and intellectual property matters), in accordance with the Commercial Arbitration Rules ("*Rules*") of the American Arbitration Association. The arbitrator shall be appointed in accordance with the Rules. The parties hereto agree that the venue of such arbitration shall be the County of Los Angeles, California.

(b) Powers. The arbitrator shall be bound by the terms and conditions of this Agreement and shall have no power, in rendering the award, to alter or depart from any express provision of this Agreement, and the failure to observe this limitation shall constitute grounds for vacating the award. Except as otherwise provided in this Agreement, the arbitrator shall apply the law specified in Section 17 below. Any award of the arbitrator shall be final and binding upon the parties and judgment may be entered in any court of competent jurisdiction, including, without limitation, the courts of the State of California or any federal court in California, or any court of competent jurisdiction within the Territory. The award and judgment thereon shall include interest at the legal rate from the date that the sum awarded to the prevailing party was originally due and payable, and attorneys' fees and other arbitration costs, including, without limitation, costs associated with expert witnesses.

(c) Entitlement to Costs. If any legal action or dispute arises under this Agreement, arises by reason of any asserted breach of it, or arises between the parties and is related in any way to the subject matter of the Agreement, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, investigative costs, reasonable accounting fees and charges for experts. The "prevailing party" shall be the party who obtains a provisional remedy such as a preliminary injunction or who is entitled to recover its reasonable costs of suit, whether or not the suit proceeds to final judgment; if there is no court action, the prevailing party shall be the party who wins any dispute. A party need not be awarded money damages or all relief sought in order to be considered the "prevailing party" by the arbitrator(s) or a court.

17. **Governing Law.** All questions concerning this Agreement, the rights and obligations of the parties, enforcement and validity, effect, interpretation and construction which are governed by state law shall be determined under the laws of the State of California. United States federal law shall apply to all other issues; however, if a provisional remedy is sought, the law of the place where such remedy is sought shall apply.

18. **General Provisions**

(a) The parties hereto have read this Agreement and agree to be bound by all its terms. The parties further agree that this Agreement shall constitute the complete and exclusive statement of the Agreement between them with respect to the subject matter herein, and supersedes all proposals, oral or written, and all other communications between them relating to the Licensed Patents.

(b) No modifications or amendments to this Agreement shall be binding upon the parties unless made in writing and duly executed by the parties.

(c) The provisions of this Agreement are severable, and in the event that any provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(d) Failure of any of the parties hereto to enforce any of the provisions of this Agreement or any rights with respect thereto or to exercise any election provided for therein, shall in no way be considered a waiver of such provisions, rights, or election or in any way to affect the validity of this Agreement. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. The failure by any of the parties hereto to enforce any of said provisions, rights, or elections shall not preclude or prejudice other provisions, rights, or elections which it may have under this Agreement. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent or waiver of, or excuse for any other, different or subsequent breach. All remedies herein conferred upon any party shall be cumulative and no one shall be exclusive of any other remedy conferred herein by law or equity.

(e) This Agreement shall be binding not only upon the parties hereto, but also upon without limitations thereto, their assignees, successors, heirs, devices, divisions, subsidiaries, officers, directors and employees.

(f) Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

(g) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original all of which constitute one and the same agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

LICENSOR

SIGMA LABS, INC.

By: /s/ Mark Cola
Its: 4-11-13

LICENSEE

ALLOTROPE SCIENCES CORP.

By: /s/ Alan Yarborough
Its: 4-11-13

B6 SIGMA, INC.

By: /s/ Mark Cola
Its: 4-11-13

EXHIBIT A

LICENSED PATENTS

United States Patent Number 8,359,979 - Composite Projectile
United States Patent Number 8,372,224 -Structurally Sound Reactive Materials

Exhibit 10.8

CONSULTANT AGREEMENT

This Agreement is made and entered into as of the 14th day of February, 2013 between Sigma Labs, Inc. (the "Company") and Udo G. Rettberg (the "Consultant").

In consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Appointment. The Company hereby retains the Consultant on a non-exclusive basis during the Term (as defined below) to render public relations and marketing services to the Company, upon the terms and conditions as set forth herein.

2. Term. This Agreement shall be effective for a one-year period (the "Term"), extensions to be negotiated, commencing on the date hereof, provided; however, that the Company may terminate this Agreement for any reason and at any time upon ten (10) days' written notice to the Consultant.

3. Duties of Consultant. During the term of this Agreement, the Consultant shall provide to the Company: (a) public relations and marketing services to build market awareness for the Company's business as directed by the Company; and (b) public relations/marketing progress reports which are to be delivered to the Company in writing on or before the 15th day of each month during the Term. It is understood and acknowledged by the parties that the Consultant: (a) shall perform its analysis and reach its conclusions about the Company independently, and that the Company shall have no involvement therein; (b) shall not render advice and/or services to the Company in any manner, directly or indirectly, that is in connection with the offer or sale of securities in a capital raising transaction or that could result in market marking, and (c) and any affiliates of Consultant shall not perform any services that require such parties to be licensed as a securities broker dealer under federal or state law.

4. Compensation. For services to be rendered by the Consultant hereunder, the Consultant shall receive from the Company the equivalent of $120,000 in shares of common stock of the Company, based on a stock price of $0.03 per share (the "Shares"), which is equal to the closing price of the Company's common stock on the date hereof, under the Company's 2011 Equity Incentive Plan (the "Plan"). A copy of the Plan, as in effect on the date hereof, is attached as Exhibit A. The Shares will "vest" in accordance with the following schedule, and shall have such other terms as are set forth in the restricted stock agreement, attached hereto as Exhibit B, entered into by the Company and the Consultant concurrently with the execution of this Agreement:

   1,000,000 shares immediately, and

   250,000 shares will vest on the last day of each month of the Term commencing on February 28, 2013, provided that such vesting shall cease immediately as to any unvested Shares if the Consultant's services as described herein are terminated.

5. Confidentiality. Consultant acknowledges that as a consequence of its relationship with the Company, it may be given access to confidential information which may include the following types of information: trade secrets, products, product development, future marketing materials, business plans, certain methods of operations, procedures, improvements, systems, customer lists, supplier lists and specifications, and other private and confidential materials concerning the Company's business (collectively, "Confidential Information"). Consultant covenants and agrees to hold such Confidential Information strictly confidential and shall only use such information solely to perform its duties under this Agreement, and Consultant shall refrain from allowing such information to be used in any way for its own private or commercial purposes. Consultant shall also refrain from disclosing any such Confidential Information to any third parties. Consultant further agrees that upon termination or expiration of this Agreement, it will return all Confidential Information and copies thereof to the Company and will destroy all notes, reports and other material prepared by or for it containing Confidential Information. Consultant understands and agrees that the Company might be irreparably harmed by violation of this Agreement and that monetary damages may be inadequate to compensate the Company. Accordingly, the Consultant agrees that, in addition to any other remedies available to it at law or in equity, the Company shall be entitled to injunctive relief to enforce the terms of this Agreement.

6. Miscellaneous.

(a) This Agreement embodies the entire Agreement and understanding between the Company and the Consultant and supersedes any and all negotiations, prior discussions and preliminary and prior arrangements and understandings related to the central subject matter hereof.
(b) This Agreement has been duly authorized, executed and delivered by and on behalf of the Company and the Consultant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereof.

SIGMA LABS, INC

By: /s/ Mark J. Cola
Name: Mark J. Cola
Title: President and Chief Executive Officer

By: /s/ Udo Rettberg
Name: Udo Rettberg
Title:
Address: Grethenweg 67
60598 Frankfurt am Main
Germany

Exhibit 10.9

2013 EQUITY INCENTIVE PLAN
OF
SIGMA LABS, INC.

1. PURPOSES OF THE PLAN

The purposes of the 2013 Equity Incentive Plan (the "Plan") of Sigma Labs, Inc., a Nevada corporation (the "Company"), are to:

1.1 Encourage selected employees, directors, consultants and advisers to improve operations and increase the profitability of the Company;

1.2 Encourage selected employees, directors, consultants and advisers to accept or continue employment or association with the Company or its Affiliates; and

1.3 Increase the interest of selected employees, directors, consultants and advisers in the Company's welfare through participation in the growth in value of the common stock of the Company (the "Common Stock"). All references herein to stock or shares, unless otherwise specified, shall mean Common Stock.

2. TYPES OF AWARDS; ELIGIBLE PERSONS

2.1 The Administrator (as defined below) may, from time to time, take the following action, separately or in combination, under the Plan: (i) grant "incentive stock options" ("ISOs") intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"); (ii) grant "non-qualified options" ("NQOs," and together with ISOs, "Options"); (iii) grant or sell Common Stock subject to restrictions ("restricted stock") or without restrictions, and (iv) grant stock appreciation rights (any such right would permit the holder to receive the excess of the fair market value of Common Stock on the exercise date over its fair market value (or a greater base value) on the grant date ("SARs")), either in tandem with Options or as separate and independent grants. Any such awards may be made to employees, including employees who are officers or directors, and to individuals described in Section 1 of the Plan who the Administrator believes have made or will make a contribution to the Company or any Affiliate (as defined below); provided, however, that only a person who is an employee of the Company or any Affiliate at the date of the grant of an Option is eligible to receive ISOs under the Plan. The term "Affiliate" as used in the Plan means a parent or subsidiary corporation as defined in the applicable provisions (currently Sections 424(e) and (f), respectively) of the Code. The term "employee" includes an officer or director who is an employee of the Company. The term "consultant" includes persons employed by, or otherwise affiliated with, a consultant. The term "adviser" includes persons employed by, or otherwise affiliated with, an adviser.

2.2 Except as otherwise expressly set forth in the Plan, no right or benefit under the Plan shall be subject in any manner to anticipation, alienation, hypothecation, or charge, and any such attempted action shall be void. No right or benefit under the Plan shall in any manner be liable for or subject to debts, contracts, liabilities, or torts of any option holder or any other person except as otherwise may be expressly required by applicable law.

3. STOCK SUBJECT TO THE PLAN; MAXIMUM NUMBER OF GRANTS

Subject to the provisions of Sections 6.1.1 and 8.2 of the Plan, the total number of shares of Common Stock which may be offered, or issued as restricted stock or unrestricted stock on the exercise of Options or SARs under the Plan shall not exceed 30,000,000 shares of Common Stock. The shares subject to an Option or SAR or otherwise granted under the Plan which expire, terminate or are cancelled unexercised shall become available again for grants under the Plan. If shares of restricted stock awarded under the Plan are forfeited to the Company or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the Plan. Where the exercise price of an Option is paid by means of the optionee's surrender of previously owned shares of Common Stock or the Company's withholding of shares otherwise issuable upon exercise of the Option as may be permitted herein, only the net number of shares issued and which remain outstanding in connection with such exercise shall be deemed "issued" and no longer available for issuance under the Plan. No eligible person shall be granted Options or other awards during any twelve-month period covering more than 5,000,000 shares.

4. ADMINISTRATION

4.1 The Plan shall be administered by the Board of Directors of the Company (the "Board") or by a committee (the "Committee") to which administration of the Plan, or of part of thereof, is delegated by the Board (in either case, the "Administrator"). The Board shall appoint and remove members of the Committee in its discretion in accordance with applicable laws. At the Board's discretion, the Committee may be comprised solely of "non-employee directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or "outside directors" within the meaning of Section 162(m) of the Code. The Administrator may delegate non-discretionary administrative duties to such employees of the Company as the Administrator deems proper and the Board, in its absolute discretion, may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

4.2 Subject to the other provisions of the Plan, the Administrator shall have the authority, in its discretion: (i) to grant Options and SARs and grant or sell restricted stock or unrestricted stock; (ii) to determine the fair market value of the Common Stock subject to Options or other awards; (iii) to determine the exercise price of Options granted, which shall be no less than the fair market value of the Common Stock on the date of grant, the economic terms of SARs granted, which shall provide for a benefit of the appreciation on Common Stock over not less than the value of the Common Stock on the date of grant, or the offering price of restricted stock; (iv) to determine the persons to whom, and the time or times at which, Options or SARs shall be granted or restricted stock granted or sold, and the number of shares subject to each Option or SAR or the number of shares of restricted stock or unrestricted stock granted or sold; (v) to construe and interpret the terms and provisions of the Plan, of any applicable agreement and all Options and SARs granted under the Plan, and of any restricted unrestricted stock award under the Plan; (vi) to prescribe, amend, and rescind rules and regulations relating to the Plan; (vii) to determine the terms and provisions of each Option and SAR granted and award of restricted stock or unrestricted stock (which need not be identical), including but not limited to, the time or times at which Options and SARs shall be exercisable or the time at which the restrictions on restricted stock shall lapse; (viii) with the consent of the grantee, to rescind any award or exercise of an Option or SAR and to modify or amend the terms of any Option, SAR or restricted stock; (ix) to reduce the purchase price of restricted stock or unrestricted stock; (x) to accelerate or defer (with the consent of the grantee) the exercise date of any Option or SAR or the date on which the restrictions on restricted stock lapse; (xi) to issue shares of restricted stock to an optionee in connection with the accelerated exercise of an Option by such optionee; (xii) to authorize any person to execute on behalf of the Company any instrument evidencing the grant of an Option. SAR or award of restricted stock or unrestricted stock; (xiii) to determine the duration and purposes of leaves of absence which may be granted to participants without constituting a termination of their employment for the purposes of the Plan; and (xiv) to make all other determinations deemed necessary or advisable for the administration of the Plan, any applicable agreement, Option, SAR or award of restricted stock or unrestricted stock.

4.3 All questions of interpretation, implementation, and application of the Plan or any agreement or Option, SAR or award of restricted stock shall be determined by the Administrator, which determination shall be final and binding on all persons.

5. GRANTING OF OPTIONS AND SARS; AGREEMENTS

5.1 No Options or SARs shall be granted under the Plan after ten (10) years from the date of adoption of the Plan by the Board.

5.2 Each Option and SAR shall be evidenced by a written agreement, in form satisfactory to the Administrator, executed by the Company and the person to whom such grant is made. In the event of a conflict between the terms or conditions of an agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall govern.

5.3 Each agreement shall specify whether the Option it evidences is an NQO or an ISO,provided, however, all Options granted under the Plan to non-employee directors, consultants and advisers of the Company are intended to be NQOs.

5.4 Subject to Section 6.3.3 with respect to ISOs, the Administrator may approve the grant of Options or SARs under the Plan to persons who are expected to become employees, directors, consultants or advisers of the Company, but are not employees, directors, consultants or advisers at the date of approval.

6. TERMS AND CONDITIONS OF OPTIONS AND SARS

Each Option and SAR granted under the Plan shall be subject to the terms and conditions set forth in Section 6.1. NQOs and SARs shall also be subject to the terms and conditions set forth in Section 6.2, but not those set forth in Section 6.3. ISOs shall also be subject to the terms and conditions set forth in Section 6.3, but not those set forth in Section 6.2. SARs shall be subject to the terms and conditions of Section 6.4.

6.1 Terms and Conditions to Which All Options and SARs Are Subject. All Options and SARs granted under the Plan shall be subject to the following terms and conditions:

6.1.1 Changes in Capital Structure. Subject to Section 6.1.2, if the Common Stock of the Company is changed by reason of a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification, or if the Company effects a spin-off of the Company's subsidiary, appropriate adjustments shall be made by the Administrator, in its sole discretion, in (a) the number and class of shares of stock subject to the Plan and each Option and SAR outstanding under the Plan, and (b) the exercise price of each outstanding Option; provided, that the Company shall not be required to issue fractional shares as a result of any such adjustments. Any adjustment, however, in an outstanding Option shall be made without change in the total price applicable to the unexercised portion of the Option but with a corresponding adjustment in the price for each share covered by the unexercised portion of the Option. Adjustments under this Section 6.1.1 shall be made by the Administrator, whose determination as to the nature of the adjustments that shall be made, and the extent thereof, shall be final, binding, and conclusive. If an adjustment under this Section 6.1.1 would result in a fractional share interest under an option or any installment, the Administrator's decision as to inclusion or exclusion of that fractional share interest shall be final, but no fractional shares of stock shall be issued under the Plan on account of any such adjustment.

6.1.2 Corporate Transactions. Except as otherwise provided in the applicable agreement, in the event of a Corporate Transaction (as defined below), the Administrator shall notify each holder of an Option or SAR at least thirty (30) days prior thereto or as soon as may be practicable. To the extent not then exercised all Options and SARs shall terminate immediately prior to the consummation of such Corporate Transaction unless the Administrator determines otherwise in its sole discretion; provided. however, that the Administrator, in its sole discretion, may (i) permit exercise of any Options or SARs prior to their termination, even if such Options or SARs would not otherwise have been exercisable, and/or (ii) provide that all or certain of the outstanding Options and SARs shall be assumed or an equivalent Option or SAR substituted by an applicable successor corporation or entity or any Affiliate of the successor corporation or entity. A "Corporate Transaction" means (i) a liquidation or dissolution of the Company; (ii) a merger or consolidation of the Company with or into another corporation or entity (other than a merger with a wholly-owned subsidiary); (iii) a sale of all or substantially all of the assets of the Company; or (iv) a purchase or other acquisition of more than 50% of the outstanding stock of the Company by one person or by more than one person acting in concert.

6.1.3 Time of Option or SAR Exercise. Subject to Section 5 and Section 6.3.4, an Option or SAR granted under the Plan shall be exercisable (a) immediately as of the effective date of the of the applicable agreement or (b) in accordance with a schedule or performance criteria as may be set by the Administrator and specified in the applicable agreement. However, in no case may an Option or SAR be exercisable until a written agreement in form and substance satisfactory to the Company is executed by the Company and the grantee.

6.1.4 Grant Date. The date of grant of an Option or SAR under the Plan shall be the date approved or specified by the Administrator and reflected as the effective date of the applicable agreement.

6.1.5 Non-Transferability of Rights. Except with the express written approval of the Administrator, which approval the Administrator is authorized to give only with respect to NQOs and SARs, no Option or SAR granted under the Plan shall be assignable or otherwise transferable by the grantee except by will or by the laws of descent and distribution. During the life of the grantee, an Option or SAR shall be exercisable only by the grantee or permitted transferee.

6.1.6 Payment. Except as provided below, payment in full, in cash, shall be made for all Common Stock purchased at the time written notice of exercise of an Option is given to the Company and the proceeds of any payment shall be considered general funds of the Company. The Administrator, in the exercise of its absolute discretion after considering any tax, accounting and financial consequences, may authorize any one or more of the following additional methods of payment:

(a) Subject to the Sarbanes-Oxley Act of 2002, acceptance of the optionee's full recourse promissory note for all or part of the Option price, payable on such terms and bearing such interest rate as determined by the Administrator (but in no event less than the minimum interest rate specified under the Code at which no additional interest or original issue discount would be imputed), which promissory note may be either secured or unsecured in such manner as the Administrator shall approve (including, without limitation, by a security interest in the shares of the Company);

(b) Subject to the discretion of the Administrator and the terms of the stock option agreement granting the Option, delivery by the optionee of shares of Common Stock already owned by the optionee for all or part of the Option price, provided the fair market value (determined as set forth in Section 6.1.9) of such shares of Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by delivery of such stock;

(c) Subject to the discretion of the Administrator, through the surrender of shares of Common Stock then issuable upon exercise of the Option, provided the fair market value (determined as set forth in Section 6.1.9) of such shares of Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by surrender of such stock; and

(d) By means of so-called cashless exercises as permitted under applicable rules and regulations of the Securities and Exchange Commission and the Federal Reserve Board.

6.1.7 Withholding and Employment Taxes. At the time of exercise and as a condition thereto, or at such other time as the amount of such obligation becomes determinable, the grantee of an Option or SAR shall remit to the Company in cash all applicable federal and state withholding and employment taxes. Such obligation to remit may be satisfied, if authorized by the Administrator in its sole discretion, after considering any tax, accounting and financial consequences, by the holder's (i) delivery of a promissory note in the required amount on such terms as the Administrator deems appropriate, (ii) tendering to the Company previously owned shares of Common Stock or other securities of the Company with a fair market value equal to the required amount, or (iii) agreeing to have shares of Common Stock (with a fair market value equal to the required amount), which are acquired upon exercise of the Option or SAR, withheld by the Company.

6.1.8 Other Provisions. Each Option and SAR granted under the Plan may contain such other terms, provisions, and conditions not inconsistent with the Plan as may be determined by the Administrator, and each ISO granted under the Plan shall include such provisions and conditions as are necessary to qualify the Option as an "incentive stock option" within the meaning of Section 422 of the Code.

6.1.9 Determination of Value. For purposes of the Plan, the fair market value of Common Stock or other securities of the Company shall be determined as follows:

(a) If the stock of the Company is listed on a securities exchange or is regularly quoted by a recognized securities dealer, and selling prices are reported, its fair market value shall be the closing price of such stock on the date the value is to be determined, but if selling prices are not reported, its fair market value shall be the mean between the high bid and low asked prices for such stock on the date the value is to be determined (or if there are no quoted prices for the date of grant, then for the last preceding business day on which there were quoted prices).

(b) In the absence of an established market for the stock, the fair market value thereof shall be determined in good faith by the Administrator, with reference to the Company's net worth, prospective earning power, dividend-paying capacity, and other relevant factors, including the goodwill of the Company, the economic outlook in the Company's industry, the Company's position in the industry, the Company's management, and the values of stock of other corporations in the same or a similar line of business.

6.1.10 Option and SAR Term. No Option or SAR shall be exercisable more than 10 years after the date of grant, or such lesser period of time as is set forth in the applicable agreement (the end of the maximum exercise period stated in the agreement is referred to in the Plan as the "Expiration Date").

6.2 Terms and Conditions to Which Only NQOs and SARs Are Subject Options granted under the Plan which are designated as NQOs and SARs shall be subject to the following terms and conditions:

6.2.1 Exercise Price. The exercise price of an NQO and the base value of an SAR shall be the amount determined by the Administrator as specified in the option or SAR agreement, but shall not be less than the fair market value of the Common Stock on the date of grant (determined under Section 6.1.9).

6.2.2 Termination of Employment. Except as otherwise provided in the applicable agreement, if for any reason a grantee ceases to be employed by the Company or any of its Affiliates, Options that are NQOs and SARs held at the date of termination (to the extent then exercisable) may be exercised in whole or in part at any time within ninety (90) days of the date of such termination (but in no event after the Expiration Date). For purposes of this Section 6.2.2, "employment" includes service as a director, consultant or adviser. For purposes of this Section 6.2.2, a grantee's employment shall not be deemed to terminate by reason of the grantee's transfer from the Company to an Affiliate, or vice versa, or sick leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed ninety (90) days or, if longer, if the grantee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

6.3 Terms and Conditions to Which Only ISOs Are Subject. Options granted under the Plan which are designated as ISOs shall be subject to the following terms and conditions:

6.3.1 Exercise Price. The exercise price of an ISO shall not be less than the fair market value (determined in accordance with Section 6.1.9) of the stock covered by the Option at the time the Option is granted. The exercise price of an ISO granted to any person who owns, directly or by attribution under the Code (currently Section 424(d)), stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Affiliate (a "Ten Percent Stockholder") shall in no event be less than one hundred ten percent (110%) of the fair market value (determined in accordance with Section 6.1.9) of the stock covered by the Option at the time the Option is granted.

6.3.2 Disqualifying Dispositions. If stock acquired by exercise of an ISO granted pursuant to the Plan is disposed of in a "disqualifying disposition" within the meaning of Section 422 of the Code (a disposition within two (2) years from the date of grant of the Option or within one year after the issuance of such stock on exercise of the Option), the holder of the stock immediately before the disposition shall promptly notify the Company in writing of the date and terms of the disposition and shall provide such other information regarding the Option as the Company may reasonably require.

6.3.3 Grant Date. If an ISO is granted in anticipation of employment as provided in Section 5.4, the Option shall be deemed granted, without further approval, on the date the grantee assumes the employment relationship forming the basis for such grant, and, in addition, satisfies all requirements of the Plan for Options granted on that date.

6.3.4 Term. Notwithstanding Section 6.1.10, no ISO granted to any Ten Percent Stockholder shall be exercisable more than five (5) years after the date of grant.

6.3.5 Termination of Employment. Except as otherwise provided in the stock option agreement, if for any reason an optionee ceases to be employed by the Company or any of its Affiliates, Options that are ISOs held at the date of termination (to the extent then exercisable) may be exercised in whole or in part at any time within 90 days of the date of termination (but in no event after the Expiration Date). For purposes of this Section 6.3.5, an optionee's employment shall not be deemed to terminate by reason of the optionee's transfer from the Company to an Affiliate, or vice versa, or sick leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed ninety (90) days or, if longer, if the optionee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

6.4 Terms and Conditions Applicable Solely to SARs. In addition to the other terms and conditions applicable to SARs in this Section 6, the holder shall be entitled to receive on exercise of an SAR only Common Stock at a fair market value equal to the benefit to be received by the exercise.

7. MANNER OF EXERCISE

7.1 An optionee wishing to exercise an Option or SAR shall give written notice to the Company at its principal executive office, to the attention of the officer of the Company designated by the Administrator, accompanied by payment of the exercise price and/or withholding taxes as provided in Sections 6.1.6 and 6.1.7. The date the Company receives written notice of an exercise hereunder accompanied by the applicable payment will be considered as the date such Option or SAR was exercised.

7.2 Promptly after receipt of written notice of exercise and the applicable payments called for by Section 7.1, the Company shall, without stock issue or transfer taxes to the holder or other person entitled to exercise the Option or SAR, deliver to the holder or such other person a certificate or certificates for the requisite number of shares of Common Stock. A holder or permitted transferee of an Option or SAR shall not have any privileges as a stockholder with respect to any shares of Common Stock to be issued until the date of issuance (as evidenced by the appropriate entry on the books of the Company or a duly authorized transfer agent) of such shares.

8. STOCK

8.1 Grant or Sale of Stock.

8.1.1 No awards of Common Stock shall be granted under the Plan after ten (10) years from the date of adoption of the Plan by the Board.

8.1.2 The Administrator may issue Common Stock under the Plan as a grant or for such consideration (including services, and, subject to the Sarbanes-Oxley Act of 2002, promissory notes) as determined by the Administrator. Common Stock issued under the Plan shall be subject to the terms, conditions and restrictions determined by the Administrator. The restrictions, if any, may include restrictions concerning transferability, repurchase by the Company and forfeiture of the shares issued, together with such other restrictions as may be determined by the Administrator. If shares are subject to forfeiture or repurchase by the Company, all dividends or other distributions paid by the Company with respect to the shares may be retained by the Company until the shares are no longer subject to forfeiture or repurchase, at which time all accumulated amounts shall be paid to the recipient. All Common Stock issued pursuant to this Section 8 shall be subject to a purchase or grant agreement, which shall be executed by the Company and the prospective recipient of the Common Stock prior to the delivery of certificates representing such stock to the recipient. The purchase or grant agreement may contain any terms, conditions, restrictions, representations and warranties required by the Administrator. The certificates representing the shares shall bear any legends required by the Administrator. The Administrator may require any purchaser or grantee of Common Stock to pay to the Company in cash upon demand amounts necessary to satisfy any applicable federal, state or local tax withholding requirements. If the purchaser or grantee fails to pay the amount demanded, the Administrator may withhold that amount from other amounts payable by the Company to the purchaser or grantee, including salary, subject to applicable law. With the consent of the Administrator in its sole discretion, a purchaser or grantee may deliver Common Stock to the Company to satisfy this withholding obligation. Upon the issuance of Common Stock, the number of shares reserved for issuance under the Plan shall be reduced by the number of shares issued.

8.2 Changes in Capital Structure. In the event of a change in the Company's capital structure, as described in Section 6.1.1, appropriate adjustments shall be made by the Administrator, in its sole discretion, in the number and class of restricted stock subject to the Plan and the restricted stock outstanding under the Plan; provided, however, that the Company shall not be required to issue fractional shares as a result of any such adjustments.

8.3 Corporate Transactions. In the event of a Corporate Transaction, as defined in Section 6.1.2 hereof, to the extent not previously forfeited, all restricted stock shall be forfeited immediately prior to the consummation of such Corporate Transaction unless the Administrator determines otherwise in its sole discretion; provided, however, that the Administrator, in its sole discretion, may remove any restrictions as to any restricted stock. The Administrator may, in its sole discretion, provide that all outstanding restricted stock participate in the Corporate Transaction with an equivalent stock substituted by an applicable successor corporation subject to the restriction.

9. EMPLOYMENT OR CONSULTING RELATIONSHIP

Nothing in the Plan or any Option or award of Common Stock granted under the Plan shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate the employment, consulting or advising of any recipient thereof or restricted stock holder at any time, nor confer upon any recipient, optionee or restricted stock holder any right to continue in the employ of, or consult with, or advise, the Company or any of its Affiliates.

10. CONDITIONS UPON ISSUANCE OF SHARES

10.1 Securities Act. Shares of Common Stock shall not be issued pursuant to the exercise of an Option or other award under the Plan unless the exercise of such Option or payment under the awards, the receipt of Common Stock and the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended (the "Securities Act").

10.2 Non-Compete Agreement. As a further condition to the receipt of Common Stock pursuant to the exercise of an Option or any other award under the Plan, the optionee or recipient may be required not to render services for any organization, or engage directly or indirectly in any business, competitive with the Company at any time during which (i) an Option is outstanding to such Optionee and for six (6) months after any exercise of an Option or the receipt of Common Stock pursuant to the exercise of an Option or other award and (ii) restricted stock is owned by such recipient and for six (6) months after the restrictions on such restricted stock lapse. Failure to comply with this condition shall cause such Option and the exercise or issuance of shares thereunder and/or any other award under the Plan to be rescinded and the benefit of such exercise, issuance or award to be repaid to the Company.

11. NON-EXCLUSIVITY OF THE PLAN

The adoption of the Plan shall not be construed as creating any limitations on the power of the Company to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options other than under the Plan.

12. MARKET STAND-OFF

Each optionee, holder of an SAR or recipient of Common Stock under the Plan, if so requested by the Company or any representative of the underwriters in connection with any registration of the offering of any securities of the Company under the Securities Act, shall not sell or otherwise transfer any shares of Common Stock so acquired during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act; provided, however, that such restriction shall apply only to a registration statement of the Company which includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act and the restriction period shall not exceed 90 days after the registration statement becomes effective.

13. AMENDMENTS TO PLAN

The Board may at any time amend, alter, suspend or discontinue the Plan. Without the consent of an optionee, holder of an SAR or holder of restricted stock, no amendment, alteration, suspension or discontinuance may adversely affect such person's outstanding Option(s), SAR(s) or the terms applicable to restricted stock except to conform the Plan and ISOs granted under the Plan to the requirements of federal or other tax laws relating to ISOs. No amendment, alteration, suspension or discontinuance shall require stockholder approval unless (a) stockholder approval is required to preserve incentive stock option treatment for federal income tax purposes or (b) the Board otherwise concludes that stockholder approval is advisable.

14. EFFECTIVE DATE OF PLAN; TERMINATION

The Plan shall become effective upon adoption by the Board;provided, however, that no Option or SAR or other award under the Plan shall be exercisable unless and until written consent of the stockholders of the Company, or approval of stockholders of the Company voting at a validly called stockholders' meeting, is obtained within twelve (12) months after adoption by the Board. If any Options, SARs or other awards are so granted and stockholder approval shall not have been obtained within twelve (12) months of the date of adoption of the Plan by the Board, such Options, SARs or other awards shall terminate retroactively as of the date they were granted. Awards may be made under the Plan and exercise of Options, SARs or other awards shall occur only after there has been compliance with all applicable federal and state securities laws. The Plan (but not Options and SARs previously granted under the Plan) shall terminate ten (10) years from the date of its adoption by the Board. Termination shall not affect any outstanding Options or SARs or the terms applicable to other previously made awards under the Plan.

Exhibit 10.10

PERSONAL SERVICES CONSULTING AGREEMENT
PSCA.2012.011.MYA
01 June 2012

This Personal Services Consulting Agreement is entered into as of 01 June 2012 between B6 Sigma, Inc., a Delaware corporation, having an office at 3900 Paseo del Sol, Santa Fe, New Mexico 87507 (hereinafter also called "Buyer") and Monica Yaple having an office at 5801 Osuna Rd NE, Suite 109, Albuquerque, New Mexico 87109-2587 (hereinafter also called "Consultant").

WHEREAS:

The Buyer desires the Consultant render expert assistance in the field of Accounting, an area of special expertise;

The Consultant represents that she has expertise in the area of work involved and that she offers such services to the general public;

NOW, THEREFORE, the parties enter into a Time & Materials contract and mutually agree as follows:

1. STATEMENT OF REQUIREMENTS

a) The Consultant shall, upon request of the Buyer, render expert advice and assistance to the Buyer.

b) The Consultant agrees that he will not assign this Agreement or any services required to be performed under this Agreement to other personnel or contractors without the written approval of the Buyer.

c) During the term of this Agreement, the Consultant will be under the technical direction of the Buyer's Technical Representative, Mark J. Cola, (505) 438-2576, cola@b6sigma.com. The Technical Representative is available to the Consultant for any day-to-day clarifications as may be required.

d) During the term of this Agreement, the Consultant will be under the administrative direction of the Buyer's Contracts Manager, Erin M. Mathie, (505) 438-2576, emathie@sigmalabsinc.com. Agreements between the parties, which effect a change to this Agreement, shall be binding upon the Buyer only when specifically authorized in writing by the Contracts Manager.

2. INDEPENDENT CONTRACTOR

a) The Consultant is an independent contractor, not an employee of the Buyer, and shall not receive employee benefits from the Buyer. The Consultant shall be responsible for, and shall upon demand by the Buyer, provide evidence of payment of all tax liabilities for federal and state income taxes, withholding thereof and contributions pursuant to the Internal Revenue Code of 1986, formally known as the Internal Revenue Code of 1954, Chapters 21 and 23, as amended, or any comparable state law, due with respect to payments paid to the Consultant by the Buyer. If the Internal Revenue Service determines at a future date that the Consultant should have been classified as an employee of the Buyer rather than an independent contractor, the Consultant shall make payment to the Buyer of any employment taxes refunded to the Consultant by the Internal Revenue Service.

b) The Consultant certifies that he is a United States citizen. For export compliance purposes, the Consultant shall obtain approval (written or verbal) from the Buyer prior to providing any personnel who are not U.S. Citizens.

c) The Consultant shall maintain his own office space separate and apart from that of the Buyer. On irregular occasions, and at the request of the Buyer, the Consultant may utilize the Buyer offices.

d) The Consultant is not expected to work exclusively on the Buyer business and may maintain business relationships with other businesses independent of his relationship with the Buyer.

e) The Consultant is responsible for his own time scheduling and work planning in order to fulfill the Statement of Work requirements. The Buyer does not prescribe a work schedule of minimum hours of work for the Consultant.

f) The Consultant shall provide all tools, materials, and equipment necessary to conduct business with the Buyer.

3. PERIOD OF PERFORMANCE

The consulting services under this Agreement shall be performed during the period beginning 01 June 2012 through 31 May 2013.

4. COSTS, FUNDING, AND MAXIMUM OBLIGATION

a) Labor Costs: The Consultant will be reimbursed for direct labor expended in performance of the work effort at the rate of $75.00 per hour. The hourly rate charged hereunder shall not exceed the hourly rate charged by the Consultant to the Consultant's most favored customer for the same or similar quantity of labor hours and conditions of sale during the term of this Agreement. For purposes of computation of a daily rate, a day shall be considered as eight (8) hours. For fractions of days worked or spent in authorized travel, the daily rate will be prorated to the number of actual hours worked and/or spent in authorized travel.

b) Travel Costs: The Consultant shall be reimbursed for actual and reasonable travel expenses authorized by the Buyer's Technical Representative. Unauthorized travel expenses will not be reimbursed. Airfare will be reimbursed for coach class at the most economical coach class available and supported by receipt of payment. Lodging and Meals and Incidental Expenses (M&IE) are reimbursable at actual cost, within the per diem limits specified by the Federal Joint Travel Regulations (JTR). Receipts must be provided for lodging and any other expense over $25. In lieu of providing receipts for M&IE, the Consultant may request reimbursement for actual costs incurred up to the daily per diem rate prescribed in the JTR as published at https://secureapp2.hqda.pentagon.mil/perdiem. M&IE will be reimbursed at 75% of the JTR per diem on both the day of departure and the day of return.

c) Maximum Obligation: The Buyer's maximum obligation for payment during the term of this Agreement shall not exceed $108,675.00 inclusive of any authorized costs incurred by the Consultant. It is understood that there is no guarantee of any minimum obligation under this Agreement.

5. SUBMISSION OF INVOICES

a) The Buyer shall compensate the Consultant for services provided within thirty (30) days upon receipt and approval of an invoice. The Buyer shall advise the Consultant if an invoice or any portion of an invoice is not approved by the Buyer within ten (10) days from receipt of an invoice. Invoices shall be submitted no more frequent than monthly and include all services and reimbursable expenses under this Agreement to the Technical Point of Contact as listed in Section A.5 of individual Task Orders.

b) Invoicing shall be in best commercial form, by Task Order, including and prominently displaying the following:

i) Personal Services Consultant Agreement number PSCA.2012.011.MYA

ii) Task Order number

iii) Period of performance of the Task Order

iv) Maximum funding of the Task Order

v) Period of service covered by the invoice

vi) Current and cumulative labor hours expended on the Task Order

vii) Current and cumulative costs invoiced for labor on the Task Order

viii) Current and cumulative costs invoiced for travel on the Task Order

ix) Total current and cumulative costs invoiced on the Task Order

x) Signed certification by the Consultant indicating that labor hours and costs claimed were necessary for performance of work required under the Agreement and Task Order.

xi) Travel vouchers must be attached to invoices claiming travel costs.

c) By acceptance of final payment, it is understood and agreed that the Consultant will release the Buyer and its customer of any and all liabilities, claims, and obligations whatsoever under or arising from this Agreement.

6. AUDIT

The Buyer or the Government shall have the right, upon reasonable notice, to audit the direct costs, expenses, and disbursements made or incurred in connection with the services to be performed under this Agreement.

7. STATEMENT OF WORK

a) The Consultant shall perform the work requirements and shall furnish the services described in mutually agreed upon Task Orders in the form of Attachment A to this Agreement.

b) The Consultant shall not perform the work requirements and shall not furnish the services described in mutually agreed upon Task Orders until said Task Order is signed by both parties.

8. REPORTS AND MEETINGS

a) The Consultant shall submit reports as may be, from time to time, requested by the Buyer in such form and number as the Buyer requires concerning the work results of the Consultant under this Agreement.

b) During the term of this Agreement, the Consultant shall be available for informal meetings with the Buyer to discuss work in progress and to provide an understanding of various aspects of work performed or to be performed.

9. SECURITY

The Consultant hereby agrees to abide by the security requirements as set forth in Chapter 2, Section 2 "Personnel Clearances" of the National Industrial Security Program Operating Manual (NISPOM) [DoD 5220.22M], in the event that classified information is involved in the work.

10. EXPORT CONTROL

a) The Consultant represents and warrants that it shall comply with all U.S. export and import laws and regulations. Further, by acceptance of this Agreement, the Consultant certifies that he is registered in accordance with the International Traffic in Arms Regulations (ITAR) of the United States Department of State [Title 22 of the Code of Federal Regulations, Parts 120 to 130, inclusive], if required. Any commodities, technical data, and/or services provided by the Buyer to the Consultant in connection with this Agreement (hereinafter referred to as “Items Provided by Buyer”), as well as any commodities, technical data, and/or services developed or produced therefrom by the Consultant (hereinafter referred to as “Items Produced by Consultant for Buyer under the terms of this Agreement”), are subject to the requirements of the ITAR of the United States Department of State [Title 22 of the Code of Federal Regulations, Parts 120 to 130, inclusive], the Export Administration Regulations (EAR) of the United States Department of Commerce [Title 15 of the Code of Federal Regulations, Parts 768 to 799, inclusive], Department of Defense Directive 5230.25, Withholding of Unclassified Technical Data from Public Disclosure, or any other applicable laws or regulations of the United States.

b) The Consultant represents and warrants that neither the Items Provided by Buyer, nor the Items Produced by Consultant for Buyer under the terms of this Agreement, will be exported, transferred, or disclosed outside the United States or to any foreign person, as defined under ITAR, EAR, or Department of Defense Directive 5230.25 unless any necessary United States Government export license or other authorization has been obtained. The Consultant shall obtain the written consent of the Buyer prior to submitting any application for a license or other authorization under ITAR, EAR and/or Department of Defense Directive 5230.25.

c) The Consultant shall obtain the written consent of the Buyer prior to exporting, transferring, or disclosing any Items Provided by the Buyer or Items Produced by Consultant for Buyer under the terms of this Agreement outside the United States or to any foreign person, as defined under ITAR, EAR, or Department of Defense Directive 5230.25.

d) The Consultant shall indemnify and hold the Buyer harmless for all claims, demands, damages, costs, fines, penalties, attorneys' fees, and all other expenses arising from the Consultant's failure to comply with this clause, the stated statutes and regulations, as they may be amended.

11. PATENTS

a) Assignment to Buyer: The Consultant agrees to assign to the Buyer the entire right, title, and interest throughout the world in and to each invention and patentable discovery and writing made or conceived in the course of performance of services under this Agreement.

b) Disclosure to Buyer: The Consultant agrees to promptly disclose to the Buyer all designs, models, photographs, drawings, writings, inventions and other patentable discoveries which are made, conceived or first actually reduced to practice under the performance of this Agreement and to execute such documents as required to obtain patent or other legal protection and to convey assignment of rights, title and interest to same to the Buyer in accordance with paragraph a) above.

12. RIGHTS IN DATA

The Buyer shall have the right to, and unlimited rights in, technical data including computer software, first produced or used in the performance of this Agreement.

13. LIAISON AND COMMUNICATIONS

The Buyer alone shall be responsible for all liaison and communications with its customers and its other subcontractors and consultants for the term of this Agreement. The Consultant shall not communicate with the Buyer's customers or the Buyer's other subcontractors or consultants for any reason whatsoever regarding this Agreement or matters relating to the Buyer's prime contract without the permission of the Buyer's Technical Representative.

14. INSURANCE

The Consultant represents that it now carries, and agrees it will continue to carry during the term of this Agreement, at the Consultant's expense, as a minimum, General Liability Insurance, Worker's Compensation and Employers' Liability Insurance, Professional Liability Insurance, and Property Insurance, in such amount as will protect the Consultant and the Buyer from risks or claims associated with the Consultant fulfilling the requirements of services under this Agreement. The Consultant shall provide written notification to the Buyer at least thirty (30) days in advance of any modification, change, or cancellation of insurance coverage. Any such notification by an insurance agent or other insurance company representative shall be in addition to, and shall not satisfy, the Consultant's obligation to provide written notification.

15. INDEMNIFICATION

The Consultant shall indemnify, defend, and hold harmless the Buyer from and against all claims and actions, and all expenses incidental to such claims or actions, based upon or arising out of damage to property or injuries to persons or other tortuous acts caused or contributed to by the Consultant or anyone acting under its direction or control or in its behalf in the course of its performance under this Agreement, except to the extent such damage or injury is caused by the sole negligence of willful misconduct of the Buyer.

16. TERMINATION

The Buyer shall have the right to terminate this Agreement in whole or in part for its convenience at any time during the course of performance by written or telegraphic notice. Upon receipt of any termination notice, the Consultant shall immediately discontinue services on the date and to the extent specified in the notice.

17. GOVERNING LAW

This Agreement shall be construed in accordance with, and be governed by, the laws of the State of New Mexico.

18. SUPERSEDING EFFECT

This Consulting Agreement constitutes the entire Agreement between the parties and supersedes any and all prior conditions, commitments and agreements between the parties, either oral or written.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

B6 Sigma, Inc.		**Monica Yaple**	
By	/s/ Erin M. Mathie	By	/s/ Monica Yaple
Name	Erin M. Mathie	Name	Monica Yaple
Title	Contracts Manager	Title	
Date		Date	
Voice	(505) 438-2576	Voice	
Email	emathie@sigmalabsinc.com	Email	
		Tax ID	

ATTACHMENT A

PERSONAL SERVICES CONSULTING AGREEMENT
PSCA.2011.___.___

TASK ORDER _____

A.1 STATEMENT OF WORK

A.2 PERIOD OF PERFORMANCE

A.3 DELIVERABLES

A.4 TASK ORDER FUNDING

A.5 POINTS OF CONTACT

Technical:	**Contractual:**

Executed by the parties hereto on the date shown below:

B6 Sigma, Inc.		_____	
By	_____	By	_____
Name	_____	Name	_____
Title	_____	Title	_____
Date	_____	Date	_____
Voice	_____	Voice	_____
Email	_____	Email	_____
		Tax ID	_____

PERSONAL SERVICES CONSULTING AGREEMENT
PSCA.2012.011.MYA
01 June 2012

TASK ORDER 0001
01 June 2012

A.1 STATEMENT OF WORK

Provide Accounting Services consistent with requirements for publicly traded company. Prepare monthly and quarterly financial statements for management, SEC filings, auditors; and, monthly or quarterly review of books (balance sheet, income statement, cash flows, etc); monthly bank reconciliations; record journal entries; payroll for B6 & Sumner including payroll taxes/filings/reports; assist with preparation of quarterly and yearly SEC filings; prepare annual tax returns; B6 Sigma liaison with DCAA.

A.2 PERIOD OF PERFORMANCE

01 June 2012 through 31 May 2013

A.3 DELIVERABLES

See Statement of Work

A.4 TASK ORDER FUNDING

Labor	90,000.00	(1200 hours)
NMGRT	6,300.00	(on labor)
Travel	12,375.00	(POV mileage)
Total	**$108,675.00**	

A.5 POINTS OF CONTACT

Technical:
Mark J. Cola
(505) 438-2576
cola@b6sigma.com

Contractual:
Erin M. Mathie
(505) 438-2576
emathie@sigmalabsinc.com

Executed by the parties hereto on the date shown below:

B6 Sigma, Inc.		**Monica Yaple**	
By	/s/ Erin M. Mathie	By	/s/ Monica Yaple
Name	Erin M. Mathie	Name	Monica Yaple
Title	Contracts Manager	Title	
Date		Date	
Voice	(505) 438-2576	Voice	
Email	emathie@sigmalabsinc.com	Email	
		Tax ID	

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference into the Registration Statement on Form S-8 (file no. 333-174897) for Sigma Labs, Inc., of our report dated April 16, 2013, relating to the December 31, 2012 consolidated financial statements of Sigma Labs, Inc. included in this annual report (Form 10-K) of Sigma Labs, Inc. for the year ended December 31, 2012.

/s/ Pritchett, Siler & Hardy, P.C.

PRITCHETT, SILER & HARDY, P.C.

Salt Lake City, Utah

April 16, 2013

Exhibit 31.1

Certification of the Principal Executive Officer Under Section 302 of the Sarbanes-Oxley Act

I, Mark J. Cola, certify that:

1. I have reviewed this report on Form 10-K of Sigma Labs, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2013 By: /s/ Mark J. Cola

Name: Mark J. Cola

Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer Under Section 302 of the Sarbanes-Oxley Act

I, Monica Yaple, certify that:

1. I have reviewed this report on Form 10-K of Sigma Labs, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2013

By: /s/ Monica Yaple
Name: Monica Yaple
Title: Chief Financial Officer and Treasurer (Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sigma Labs, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2013

By: /s/ Mark J. Cola
Name: Mark J. Cola
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sigma Labs, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2013

By: /s/ Monica Yaple
Name: Monica Yaple
Title: Chief Financial Officer and Treasurer (Principal Accounting Officer)