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, 2013

or

☐ **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. $16,081,116.
The outstanding number of shares of common stock as of March 31, 2014 was 603,891,061.
Documents incorporated by reference: None.

SIGMA LABS, INC.

FORM 10-K — FISCAL YEAR ENDED DECEMBER 31, 2013

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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

Throughout this Annual Report on Form 10-K, unless otherwise indicated or the context otherwise requires, the term "B6 Sigma" refers to B6 Sigma, Inc., a Delaware corporation and our wholly-owned, operating company acquired in September 2010; the terms the "Company," "Sigma," "we," "us" and "our" refer to Sigma Labs, Inc., together with B6 Sigma, Inc. Sigma conducts substantially all of its operations through B6 Sigma.

PART I

ITEM 1. BUSINESS.

Summary

B6 Sigma is a technology 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 quality assurance and control practices by embedding quality assurance and process control into the manufacturing process in real time. In addition, the Company anticipates that its core technologies will enable its clientele to combine advanced manufacturing quality assurance and control protocols with novel materials to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, prosthetic implants and power generation.

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

Our current business plan and principal business activities include the continued development of our In-Process Quality Assurance™ (IPQA®) suite of technologies and eventual commercialization of both our IPQA® and materials-related suite of technologies, with our main focus currently on the 3D Printing industry, which technologies 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 and quality control practices, and create innovative products in a variety of industries; and (ii) provide engineering 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:

- Aerospace and defense manufacturing;
- Oil and Gas manufacturing;
- Bio-medical manufacturing; and

- Automotive manufacturing.

We expect to generate revenues primarily by selling or licensing our manufacturing and materials technologies. We expect that our continued development in fiscal 2014 of our "In Process Quality Assurance™" or "IPQA® technology will enable us to commercialize this technology in the remainder of 2014. We plan to assist our commercialization partners with marketing-related activities for those advanced material-related technologies, including our dental implant biomedical prosthetics technology, for which we seek possible commercialization in the future. However, we presently make no sales of these technologies and generate no revenues therefrom, except for license fees payable to the Company under our exclusive license agreement entered into in April 2013 with Allotrope Sciences Corporation, as described below. Since its inception, B6 Sigma has generated revenues primarily from engineering consulting services it provides to third parties.

Our board of directors and management comprise scientists and business professionals with extensive experience in the energy and advanced manufacturing and materials technology markets. 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 engineering 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 engineering 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 Knolls Atomic Power Laboratory, Bettis Atomic Power Laboratory, Los Alamos National Laboratory and Sandia National Laboratory) over the last 20 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 & Lawrence Limited (dba Sumner Associates), a wholly-owned subsidiary of Sigma, was acquired in December 2011 and is a private consulting company that provided services to the public and private sector. Sigma Labs plans to dissolve Sumner Associates during fiscal 2014 as the number of Sumner Associates' contracts has been reduced in the past two years due to, among other things, changing funding climates within the DOE. La Mancha Company, which Sigma Labs also acquired in December 2011 and was engaged in a similar line of business as Sumner Associates, has ceased all operations and has been dissolved.

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, as described below.

1. In-Process Quality Assurance™ (IPQA®) for Additive Manufacturing. We believe that "additive manufacturing" ("AM"), more popularly known as 3D Printing ("3DP"), 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. 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 and 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 some these shortcomings and enable metals AM technology to be realized sooner than would otherwise be possible given its current state of maturity. PrintRite3D® comprises a suite of software modules that address the three fundamental problems facing AM or 3DP today, namely: assuring the quality of the product; assuring the as-built geometry of the product; and, increasing the productivity or speed of the AM process.

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 have developed 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 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 that was conducted in Canada. The Company does not currently have the resources to continue its commercialization efforts of such technology without the assistance of a partner or licensee.

3. Advanced Munitions Technology. Current global conflicts 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. The Company has developed and demonstrated at a working prototype level 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. The Company believes that this selective munitions technology, if commercialized, 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.

Next-Generation Quality Assurance Solutions for Additive Manufacturing

The Market

An area of increasing interest in the manufacturing world is AM or 3DP. 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 approximately $6 billion by 2017 and $10.8 billion by 2021 according to Wohlers 2013 Annual Report. Metal parts are a rapidly growing segment of this overall market space as AM or 3D printing moves from just making models to making actual, fully functional parts. Large firms such as Honeywell Aerospace, General Electric Aviation (GEA) and Boeing Aircraft Company have seen AM as an enabling process for many components. GEA has foreseen that up to 50 percent of its aero-engine parts will be made by AM by 2016 and has sought 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 assurance and control technologies for metal AM parts because current quality control methods are not sufficient to allow cost-effective manufacturing of safety- and performance-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 GEA and Honeywell Aerospace 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, 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. We believe that none are currently capable of addressing the issue of real-time quality control. Our PrintRite3D® is currently a market leader in this area.

The Company has ongoing contracts that include a project with Honeywell Aerospace funded by the Defense Advanced Projects Agency ("DARPA") on the application of our PrintRite3D® to performance-critical AM metal parts. This project is vitally important because it provides an early opportunity to demonstrate how our In-Process Quality Assurance™ technology or PrintRite3D® will reduce unnecessary post process inspection costs and improve quality for AM of highly critical aerospace metal components. Also, B6 Sigma was a participant on a GEA led team of companies and universities, which were recently awarded a research contract by the National Additive Manufacturing Innovation Institute ("NAMII" or AmerciaMakes) titled, "*In-Process Quality Assurance™ for Laser Powder Bed Production of Aerospace Components*". The contract has the stated objective of maturing the In Process Quality Assurance™ (IPQA®) technology for aerospace applications by leveraging a development approach incorporating multiple AM OEM machines, multiple superalloys, and multiple product intent aerospace components. Lastly, we are part of a large research team, led by the Edison Welding Institute, to be awarded a grant funded by the National Institute of Standards ("NIST") to ensure that quality parts are produced and certified for use in products made by a variety of industries and their supply chains. The emphasis is on providing tools needed for additive manufacturing applications to progress from prototype to market-ready.

Technology and Competitive Advantage

Sigma Labs appears positioned to provide the AM market a product offering for real-time quality assurance and control based on our core competency in real-time monitoring and control 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, costly 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. 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.

We believe that Sigma Labs' unique process know how and trade secrets of IPQA® for AM, and a U.S. patent award for monitoring and control for processes specifically including AM, along with its PrintRite3D® technology has uniquely positioned Sigma to be a leader in the market space for quality assurance technologies for AM. Our proven and sophisticated analysis software has been demonstrated and tested at many manufacturing sites around the world which has validated the PrintRite3D® INSPECT and SENSOR PAK modules. In addition, Sigma has strategic relationships with experienced aerospace companies in North America that are assisting in the validation of our PrintRite3D® suite of modules.

Lastly, on April 10, 2013 Sigma Labs signed a Joint Technology Development Agreement ("JTDA") with General Electric Aviation to advance and implement in-process inspection technologies for additive manufactured jet engine components.

Business Model

Sigma Labs' management believes the concept would entail utilizing our innovative sensing and process monitoring, quality assurance and 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 OEM equipment manufacturers, aerospace, defense, and biomedical OEMs, as well as other high-margin and high-volume OEM producer of parts such as oil and 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 sensor and 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 complementary product offerings, they are:

- PrintRite3D® DEFORM™ – software which assures the as-built geometry.
- PrintRite3D® THERMAL™ – software which predicts the thermal profile in the part.

We envision a business model comprising either direct PrintRite3D® product sales with supporting engineering services or engineering services wherein we use our own PrintRite3D® products to solve customer specific quality assurance problems. The target markets would be end users having an AM machine capable of making metal parts as well as AM software and equipment OEMs. PrintRite3D® system sales are designed to run on different machine platforms allowing us to maximize our product offering to the entire AM metal market. Also, in conjunction with our JTDA with GE Aviation, we envision PrintRite3D® being used in the manufacture of fuel nozzles for GE's newest jet engine - the LEAP engine. Including our PrintRite3D® technology as part of GE Aviation's quality control model should provide the necessary "objective evidence of compliance" required by their customer (the F.A.A.) to ensure production quality and process reliability. Further, a possible extension of our business model would allow for manufacturers of performance and safety-critical components to use our products and services as part of a 'click charge' for every part made using our PrintRite3D® technology. We also envision a license and royalty aspect to our business model for AM OEM 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. These 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 a PrintRite3D® CAD suite of Apps which would be specifically developed to improve part designs and significantly reduce traditional trial and 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 and end-users. After installing Sigma's PrintRite3D® inspection systems, a database systems package will be actively marketed to OEM's and principal end users. Finally, 'user' advisory groups could be formed to facilitate exchange of information, needs, new developments, *etc*. utilizing ever-green, annual contracts.

To summarize, Sigma Labs is a small, high-technology company focusing on real-time, advanced quality assurance solutions for additive manufacturing thereby increasing the value of the AM part.

Biomedical Prosthetics, Implants and Munitions Technologies: Next Generation

The Company also has also dental and munitions technologies. If we identify suitable licensees or commercialization partners with respect to these technologies, we expect to limit our activities in these areas to marketing assistance.

In April 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 low single digit 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.

We are seeking and have not yet identified nor may not be successful in identifying a credible commercialization partner for our biomedical prosthetics and implant technology.

Recent Developments (in reverse chronological order)

On January 23, 2014, we announced that B6 Sigma was a participant on the winning team of companies and universities to be awarded an "America Makes" additive manufacturing research project from The National Additive Manufacturing Innovation Institute ("NAMII") for Sigma Labs' proprietary In-Process Quality Assurance™ (IPQA®) System for monitoring of additive manufacturing (AM) and 3DP.

On January 14, 2014, we announced the completion of a $3,500,000 private placement of 43,750,000 shares of common stock, and a nine-month warrant to purchase up to 14,259,259 shares of common stock at an exercise price of $0.15 per share.

On December 26, 2013, we announced that we delivered two of our PrintRite3D® quality assurance systems for 3D metal printing to a leading aerospace company.

On December 23, 2013, we announced the development by Sigma Labs of technology to support a low-cost, 3D metal printer based on arc welding technology.

On November 18, 2013, we announced that we extended our contract with Honeywell Aerospace, a division of Honeywell International (NYSE: HON), to include enhancements to further demonstrate the capabilities of Sigma Labs' PrintRite3D® technology.

On November 14, 2013, we announced that we obtained the complete assignment interest in our critical patent on advanced dental implant technology.

On September 24, 2013, we announced that B6 Sigma was a participant on the winning team of companies, universities and national laboratories to be awarded a grant of $5 million by the U.S. Department of Commerce's National Institute of Standards and Technology. The emphasis of the team's research is on providing tools needed for additive manufacturing applications to progress from prototype to market-ready.

On May 7, 2013, we announced that we were awarded a contract from a Fortune 100 company who is one of the world's leading suppliers of power generation systems for land-based gas turbines.

On April 10, 2013, we entered into a Joint Technology Development Agreement with- GE Aviation to advance and implement in-process inspection technologies for additive manufactured jet engine components.

On April 10, 2013, we announced that we signed the licensing agreement with Allotrope Sciences, Corp. to market and commercialize Sigma Labs' innovative reactive munitions technologies – ARMS™ and BAM™.

On February 6, 2013, we announced that we filed a provisional patent application that will enable rapid process qualification and part certification for 3D Printing of critical metal parts.

On January 14, 2013, we announced that we were awarded two U.S. Patents. The first award is for a new class of reactive material known as ARMS - Advanced Reactive Materials and Structures. The second patent award was for Sigma Labs' BAM - Bonded Advanced Munition - technology.

COMPETITION

We believe our technologies will be beneficial to several industries, including aerospace, defense, oil and gas, prosthetic implants, 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, AM OEM equipment manufacturers like EOS, Concept Lasers and SLM; and third party solution providers like 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.

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.

Government Regulation

Our business activities are subject to a variety of federal, state and local laws and regulations 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 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

As of March 31, 2014, B6 Sigma, Inc. employs three full-time employees and one part-time employee. B6 Sigma is actively searching for additional, qualified administrative and engineering staff to support its expanding operations in the area of IPQA® for additive manufacturing.

Corporate Information

Framewaves, Inc., a Nevada corporation ("Framewaves"), 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, 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.

As previously reported, on September 13, 2010, Framewaves entered into a share exchange agreement with B6 Sigma and the holders of all of the issued and outstanding capital stock of B6 Sigma. In connection with the closing of the transactions contemplated under the share exchange agreement, the shareholders of Framewaves approved a 150:1 forward stock split, and, on September 27, 2010, we changed the name of the corporation to “Sigma Labs, Inc.” Additionally, following completion of such reorganization, B6 Sigma became a wholly owned subsidiary of the Company.

B6 Sigma was incorporated in February 2010. One member of our current management team worked at 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.

Our principal executive offices are located at 100 Cienega Street, 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.

ITEM 1A. RISK FACTORS.

Our business is subject to numerous risks. We caution you that the following important factors, among others, could cause our actual results to differ materially from those expressed in statements made by us or on our behalf in filings with the SEC, press releases or communications with investors and others. Any or all of our statements in this annual report and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The factors mentioned in the discussion below will be important in determining future results. Consequently, actual future results may vary materially from those anticipated in this annual report or our other public statements.

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 four 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, 2013, 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.

If we fail to hire a chief financial officer, we may be unable to implement and monitor financial controls sufficient to ensure maximum profitability and compliance with applicable regulatory requirements.

We currently have no Chief Financial Officer ("CFO") and it is unlikely we will hire a CFO in the near future due to the expense of employing a CFO and our limited capital resources. Monica Yaple is a consultant working as our Treasurer and she also 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 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 President and Chief Executive Officer, and other key personnel, the loss of which could harm our business.

The Company depends on Mark Cola, its President and Chief Executive Officer, 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 March 31, 2014, our directors and executive officers beneficially owned approximately 6.15% 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 October 1, 2013, we renewed our lease with Russ Hedrick dba Hedrick Group LLC for our office space located at 100 Cienega Street, Santa Fe, New Mexico 87501 for a term of one year. The office space consists of 1,348 square feet. Our monthly rent expense under the lease is $3,000.

On October 21, 2013, we renewed our lease commencing on November 1, 2013 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 $755, and consists of 807.2 square feet. The term of the lease expires on October 31, 2014.

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

Our common stock is quoted for trading on the OTC Bulletin Board under the symbol "SGLB." Trading in our common stock during 2012 and certain periods of 2013 has been extremely limited. Additionally, during 2012, there were many days in which no shares were traded. While trading increased in our stock in 2013, that trading was sporadic.

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, 2013	**High Bid**	**Low Bid**
First Quarter	$ 0.048	$ 0.0125
Second Quarter	$ 0.053	$ 0.02
Third Quarter	$ 0.135	$ 0.037
Fourth Quarter	$ 0.276	$ 0.094

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, 2014, there were approximately 565 holders of record of our common stock based on information provided by our transfer agent.

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, 2013:

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:			
2011 Equity Incentive Plan(1)	0	0	1,375,000
2013 Equity Incentive Plan(2)	0	0	30,000,000

(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, 2013, the Company issued an aggregate of 29,625,000 shares of the Company's common stock, subject to restrictions, pursuant to the Company's 2011 Equity Incentive Plan.

(2) On March 15, 2013, the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan. The 2013 Equity Incentive Plan was approved by holders of at least a majority of the issued and outstanding shares of common stock of the Company on October 10, 2013. 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 December 31, 2013, the Company issued no equity awards under the 2013 Equity Incentive Plan.

Recent Sales 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.

Results Of Operations

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012.

We expect to generate revenues primarily under our engineering consulting services contracts 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, 2012, B6 Sigma and Sumner generated $986,499 in revenues, as compared to $1,071,439 in revenues that were generated by B6 Sigma and Sumner during the fiscal year ended December 31, 2013 ("fiscal 2013"). The revenues we generated during fiscal 2012 and fiscal 2013 were primarily generated from engineering consulting services we provided to third parties during these periods.

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.

In fiscal 2013, B6 Sigma along with Sumner Associates generated $1,071,439 in revenues from consulting and other contracts. Specifically, we generated:

- $25,000 in licensing fees from Allotrope Sciences Corporation;
- $124,681 in revenues in conjunction with consulting contracts with General Electric (GE) Energy, concerning application of our IPQA technology for development of next-generation repair technology for land-based gas turbine components;
- $109,096 in revenue in conjunction with sales of our PrintRite3D systems to General Electric (GE) Aviation for test and evaluation purposes associated with the production of metal additively manufactured parts;
- $207,579 in revenues in connection with consulting contracts with Honeywell International, Inc. concerning the application of our PrintRite3D® technology to the development of next-generation manufacturing technology of additively manufactured metal aero-engine components;
- $21,700 in revenues in connection with an on-site engineering needs assessment to Alcoa Howmet to determine the feasibility of demonstrating our IPQA® technology on core breakage during investment casting;
- $469,297 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;
- $65,505 in revenues in connection with a follow-on consulting contract 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; and
- $48,581 in revenues in connection with a contract with Sandia Laboratories to supply scientific consulting services

Our general and administrative expenses for fiscal 2013 were $724,223, as compared to $649,926 in fiscal 2012. Our payroll expenses for fiscal 2013 were $247,619, as compared to $326,242 for fiscal 2012. Our expenses relating to non-cash compensation for fiscal 2013 were $258,400, as compared to $141,500 for fiscal 2012.

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 increase in general and administrative expenses, payroll expenses and non-cash compensation expenses in fiscal 2013 as compared to fiscal 2012 is principally the result of increased outside services costs offset by decreased payroll obligations and increased incentive compensation associated with our operations. The Company incurred $258,400 of non-cash compensation expenses during 2013, $35,000 of which was the result of the vesting of 1,750,000 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 $223,400 was noncash compensation paid to consultants during 2013.

We expect our general and administrative expenses to increase during the remainder of 2014, 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 2013 increased overall and totaled $734,117, as compared to $685,566 for fiscal 2012. This increase in fiscal 2013 is primarily the result of the impaired loss of $87,340 and the increased revenue and decreased payroll expenses which outweighed the increased general & administration expenses and non-cash compensation expenses related to our operations.

Liquidity And Capital Resources

As of December 31, 2013, we had $992,448 in cash and a working capital surplus of $1,180,973, as compared with $150,071 in cash and a working capital surplus of $315,574 as of December 31, 2012. On January 10, 2014, in a private offering with an accredited investor, we sold an aggregate of 43,750,000 shares of our common stock for aggregate net proceeds of $3,301,000, after deducting fees and expenses relating to the offering. In connection with the purchase and sale of the shares, we issued the investor a warrant to purchase up to 14,259,259 shares of our common stock, at an exercise price of $0.15 per share. The warrant has a term of nine-months from the date of issuance (i.e., January 10, 2014). We also issued a warrant to a consultant to purchase up to 2,187,500 shares of common stock at $0.08 per share exercisable for a two-year period.

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 2013, 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.

We expect that our continued development in fiscal 2013 of our IPQA® will enable us to commercialize this technology in the remainder of 2014 and 2015. 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 assurance 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 to which B6 Sigma and Sumner are parties. As of March 31, 2014, B6 Sigma has two active consulting contracts with respect to which we expect to perform and generate up to approximately $266,000 in revenues in fiscal 2014. Management decided in March 2014 to discontinue servicing the contract previously held by Sumner.

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, 2014, nor have we ever had a credit facility since our inception.

Based on the funds we have as of March 31, 2014 and the proceeds that we expect to receive under our consulting agreements and from private offerings of the Company's stock, we believe that we will have sufficient funds to pay our administrative and other operating expenses during 2014. 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 proceeds received from sales of Sigma Labs' 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, 2013.

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, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

Effective, October 31, 2013, Tom O'Mara was appointed as a member of the Board of Directors of the Company. Effective December 31, 2013, Damon Giovanielli resigned as a director of the Company. Effective February 20 and 21, 2014, Allen Mason resigned as interim Chairman of the Board of Directors and as a director, respectively. Neither Messrs. Giovanielli's nor Mason's 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 March 31, 2014.

Name	Age	Position
Mark Cola	54	President, Chief Executive Officer, Chief Operating Officer and Director
Michael Thacker	77	Secretary and Director
Monica Yaple	34	Treasurer
Tom O'Mara	77	Director

Each director will serve until the next annual meeting of the stockholders of the Company or until his successor is elected and qualified.

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 30 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, respectively. 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.

Our board of directors believes that Mr. Cola is qualified to serve as a member of the board because of Mr. Cola's extensive prior experience as a manager of a number of engineering companies and his scientific and academic qualifications as well as his expertise in matters pertaining to the operation of manufacturing and technology companies.

Monica Yaple was appointed as Treasurer of Sigma Labs on September 20, 2012, and served as Chief Financial Officer from September 20, 2012 until January 2014. 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.

Michael Thacker was appointed as a director of Sigma Labs on May 4, 2012 and as 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 of 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.

Our board of directors believes that Mr. Thacker is qualified to serve as a member of the board because of Mr. Thacker's extensive prior experience as a director of technology companies and his scientific and academic qualifications.

Tom O'Mara was appointed as a director of Sigma Labs on October 31, 2013. Mr. O'Mara has over 45 years of financial and management experience. He has served as President and as a director of many nationally prominent companies, such as Bell & Howell, a provider of document processing, microfilmers, scanners, and financial services, of which he held from 1976 until 1985 a number of positions, including Group President, and he was responsible for the company's global audio-visual businesses and Optics Division. Mr. O'Mara also held a position at Bridge Products, Inc. where he served as President and COO from 1985 to 1987. Mr. O'Mara also is the founder and owner since 1992 of O'Mara Partners, a general management consulting company specializing in creating operational strategies to deal with change.

Mr. O'Mara' significant experience in management and finance has led to the conclusion that he should serve as a director of the Company.

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 Street, 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, 2014, our Board of Directors does not maintain any audit, nominating or compensation committee, or any other committees.

Technical Advisory Board

On August 26, 2013, the Company established a Technical Advisory Board to advise and consult with the Board of Directors and management of Sigma Labs with respect to technical and engineering matters relating to the Company's operations. The following individuals are members of the Technical Advisory Board: Dr. Vivek Dave (Chairman), who is the Company's Chief Scientist; Allen Mason, former interim-chairman of the board of directors of the Company; Jim Williams, who serves as faculty emeritus of the Department of Materials Science & Engineering at The Ohio State University, Damon Giovanielli, a former director of the Company; and Chuck Farrar, who serves as the Director of the Engineering Institute at the Los Alamos National Laboratory.

Finance Committee

On October 31, 2013, the Company established a Finance Committee to advise and consult with the Board and management from time to time regarding prospective strategic transactions, including financing transactions. The following individuals are members of the Finance Committee: Mark Cola; Tom O'Mara; and Erin Basta, Sigma Labs' Operations Manager.

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 or her 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, 2012 and 2013 of the person who served as our principal executive officer during the fiscal year ended December 31, 2013 (the "named executive officer"). No other executive officers of the Company earned annual compensation during the fiscal year ended December 31, 2013 that exceeded $100,000.

Name and Principal Position	Fiscal Year Ended 12/31	Salary Paid or Accrued ($)	Bonus Paid or Accrued ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Mark J. Cola	2013	105,028(1)	0	0	0	0	105,028
President, Chief Executive Officer, Chief Operating Officer, and Director (Principal Executive Officer)	2012	91,300(1)	0	0	0	0	91,300

(1) Actual amounts paid.

Equity Awards

There were no options, warrants or other security awards outstanding for the named executive officer as of December 31, 2013 or 2012.

Unwritten Employment Arrangement with President and Chief Executive Officer

Mark Cola, our President and Chief Executive Officer, has entered into an "at will" unwritten employment arrangement with the Company.

Under Mr. Cola's employment arrangement, Mr. Cola was entitled to receive a monthly salary of $9,484.80, effective January 1, 2012, which represented an agreed upon reduction by Mr. Cola of his base salary in 2011 as a cost saving measure. As a further cost saving measure, on March 1, 2012, Mr. Cola agreed with the Company to further reduce his salary to $6,000 per month, effective retroactively to February 16, 2012. Under his employment arrangement, Mr. Cola is eligible to receive medical and dental benefits, life insurance, and long term and short term disability coverage. Further, Mr. Cola is eligible to participate in the Company's 2011 Equity Incentive Plan and 2013 Equity Incentive Plan as an employee and director of the Company. The Company did not agree to pay bonuses to any executive officer in 2013.

Director Compensation

No member of our Board of Directors receives compensation solely for his services as a director, except that the Company issued Tom O'Mara shares of common stock in conjunction with Mr. O'Mara's appointment as a director. Directors are entitled to receive compensation for services unrelated to their service as a director to the extent that they provide such unrelated services to the Company. The following table sets forth certain information concerning the compensation paid to directors for the fiscal year ended December 31, 2013. No directors were compensated during the year ended December 31, 2012.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Tom O'Mara	(1)	78,000(2)	78,000
Michael Thacker		(3)	0

(1) In 2013, the Company paid Mr. O'Mara fees in the amount of $1,500 in connection with services performed by Mr. O'Mara as a member of the Company's finance committee.
(2) In October 2013, in conjunction with the appointment of Mr. O'Mara as a member of the Company's Board of Directors, the Company issued 500,000 shares of the Company's common stock to Mr. O'Mara, pursuant to the Company's 2011 Equity Incentive Plan, valued at $78,000 or $0.156 per share. Of these shares, 300,000 vested immediately and 200,000 are currently unvested.
(3) In August 2013, the Company issued 1,000,000 shares of the Company's common stock to Mr. Thacker, pursuant to the Company's 2011 Equity Incentive Plan, in consideration of the additional services that Mr. Thacker provided management in connection with the Company's operations. Such shares were valued at $65,000 or $0.065 per share.

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 March 31, 2014 (a) by each person known by us to own beneficially 5% or more of any class of our common stock, (b) by our named executive officer and each of our directors and (c) by all executive officers and directors of this company as a group. As of March 31, 2014, there were 603,891,061 shares of our common stock issued and 600,941,061 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 Officer:		
Mark J. Cola	32,016,000(3)	5.30%
Michael Thacker	4,612,500	*
Tom O'Mara	500,000(4)	*
All Executive Officers and Directors as a group (4 persons)	37,128,500	6.15%
Owners of More Than 5% of Common Stock:		
Mark J. Cola	32,016,000(3)	5.30%
Rockville Asset Management Ltd. (5)	58,009,259(6)	9.61%

* Less than 1%

(1) Unless otherwise indicated, the address of each person listed is c/o Sigma Labs, Inc., 100 Cienega Street, 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 31, 2014.
(3) The shares shown are owned of record by The Mark & Amanda Cola Revocable Trust, U/A August 31, 2012.
(4) Of the shares shown, 200,000 are currently unvested.
(5) The address of Rockville Asset Management Ltd. is RM 6A, Unit K, Yihong Xuan, Zhujiang Di Jing, Yizhou Road in Guangzhou City, China, 510300.
(6) Of the shares shown, 14,259,259 represent shares underlying a nine-month warrant issued by the Company on January 10, 2014.

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 was approved by holders of at least a majority of the issued and outstanding shares of common stock of the Company on October 10, 2013. See the discussion of the 2013 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.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related Transactions

Monica Yaple, the Company's Treasurer, has a consulting arrangement with Sigma Labs and its wholly owned subsidiaries to provide general accounting, bookkeeping 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, 2013 to May 31, 2014, 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 $177,184. Ms. Yaple's consultant agreement also recognizes her responsibility as the Company's 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.

On August 26, 2013, the Company granted to Michael Thacker, a director and Secretary of the Company, 1,000,000 shares of common stock under the 2011 Equity Incentive Plan of the Company, valued at $0.065, in consideration of the additional services that Mr. Thacker provided management in connection with the Company's operations.

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 Mr. Cola, an employee-director, are deemed "independent" under the NASDAQ Stock Market's listing standards.

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, 2013 and 2012 for professional services for the audits of our financial statements and the reviews of financial statements included in our SEC filings was $40,291 and $74,681, 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, 2013 or 2012. 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, 2013 or 2012.

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, 2013 or 2012.

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
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	Warrant in favor of Rockville Asset Management Ltd.. issued in January 2014.**
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	Sigma Labs, Inc. Subscription Agreement with Rockville Asset Management Ltd., entered into as of January 8, 2014.**
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	License agreement dated April 11, 2013 made by and among Sigma Labs, Inc. and Allotrope Sciences Corp. (filed as an Exhibit 10.7 to the Company's Form 10-K, filed on April 16, 2013, for the fiscal year ended December 31, 2012, and incorporated herein by reference).
10.5	Exclusive Marketing Agreement, effective as of May 24, 2013, between Manhattan Scientifics, Inc. and Sigma Labs, Inc. (filed as Exhibit 10.4 to the Company's Form 10-Q, filed on August 14, 2013, for the period ended June 30, 2013, and incorporated herein by reference).
10.6	2013 Equity Incentive Plan adopted by the Board of Directors as of March 15, 2013 (filed as an Exhibit 10.9 to the Company's Form 10-K, filed on April 16, 2013, for the fiscal year ended December 31, 2012, and incorporated herein by reference).*
10.7	Consulting Agreement dated June 1, 2012 between B6 Sigma, Inc. and Monica Yaple (filed as an Exhibit 10.10 to the Company's Form 10-K, filed on April 16, 2013, for the fiscal year ended December 31, 2012, and incorporated herein by reference).*
10.8	Amendment to Consulting Agreement, effective June 1, 2013, between Sigma Labs, Inc. and Monica Yaple (filed as Exhibit 10.2 to the Company's Form 10-Q, filed on November 14, 2013, for the period ended September 30, 2013, and incorporated herein by reference).*
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.**
23.1	Consent of Pritchett, Siler & Hardy, P.C.**
31.1	Certificate of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002.***
31.2	Certificate of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
32.1	Certificate of principal executive officer and principal financial 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

* Indicates a management contract or compensatory plan or arrangement.
** 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.

March 31, 2014 By: /s/ Mark Cola
Mark Cola
President and Chief Executive Officer (Principal Executive Officer)

March 31, 2014 By: /s/ Monica Yaple
Monica Yaple
Treasurer (Principal Financial 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 and Chief Executive Officer (Principal Executive Officer) and Director	March 31, 2014
/s/ Monica Yaple Monica Yaple	Treasurer (Principal Financial Officer)	March 31, 2014
/s/ Tom O'Mara Tom O'Mara	Director	March 31, 2014
/s/ Michael Thacker Michael Thacker	Secretary and Director	March 31, 2014

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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, 2013 and 2012 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, 2013. 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, 2013 and 2012 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2013, 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.

Salt Lake City, Utah
March 31, 2014

Sigma Labs, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2013 and December 31, 2012

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	$ 992,448	$ 150,071
Accounts Receivable, net	303,445	273,282
Inventory	1,167	-
Prepaid Assets	25,074	26,163
Total Current Assets	**1,322,134**	**449,516**
Other Assets		
Furniture and Equipment, net	11,419	10,393
Deferred Stock Offering Costs	17,426	-
Intangible Assets, net	70,494	231,803
Total Other Assets	**99,339**	**242,196**
TOTAL ASSETS	**$ 1,421,473**	**$ 691,712**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 102,625	$ 106,595
Accrued Expenses	38,536	27,347
Total Current Liabilities	**141,161**	**133,942**
TOTAL LIABILITIES	141,161	133,942
Stockholders' Equity		
Preferred Stock, $0.001 par; 10,000,000 shares authorized;		
None issued and outstanding	-	-
Common Stock, $0.001 par; 750,000,000 shares authorized;		
559,766,061 issued and 556,816,061 outstanding at December 31, 2013 and 429,167,400 issued and 425,167,400 outstanding at December 31, 2012	559,766	429,167
Additional Paid-In Capital	3,561,204	2,226,244
Less Deferred Compensation		
2,950,000 and 4,000,000 common shares, respectively	(88,900)	(80,000)
Retained Earnings (Deficit)	(2,751,758)	(2,017,641)
Total Stockholders' Equity	**1,280,312**	**557,770**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,421,473**	**$ 691,712**

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, 2013 and 2012

	Years Ended December 31, 2013	2012
INCOME		
Services	$ 1,071,439	$ 986,499
Total Revenue	**1,071,439**	**986,499**
COST OF SERVICE REVENUE	488,627	554,828
GROSS PROFIT	**582,812**	**431,671**
EXPENSES		
General & Administration	724,223	649,926
Payroll Expense	247,619	326,242
Non-cash Stock Compensation	258,400	141,500
Impairment of Intangible Assets	87,340	-
Total Expenses	**1,317,582**	**1,117,668**
OTHER INCOME (EXPENSE)		
Interest Income	653	543
Interest Expense	-	(112)
Total Other Income (Expense)	**653**	**431**
INCOME (LOSS) BEFORE INCOME TAXES	**(734,117)**	**(685,566)**
Current Income Tax Expense	-	-
Deferred Income Tax Expense	-	-
Net Income (Loss)	**$ (734,117)**	**$ (685,566)**
Loss per Common Share - Basic and Diluted	**$ (0.00)**	**$ (0.00)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**489,921,337**	**427,940,003**

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, 2013 and 2012

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Deferred Compensation	Retained Earnings (Deficit)	Totals
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
Unvested shares cancelled	(3,250,000)	(3,250)	(89,250)	10,000	-	(82,500)
Shares vested	-	-	-	35,000	-	35,000
Shares issued	133,848,661	133,849	1,425,951	(53,900)	-	1,505,900
Costs incurred in association with PPM	-	-	(30,054)	-	-	(30,054)
Contributions made during the period	-	-	28,313	-	-	28,313
Net loss for the year ended December 31, 2013	-	-	-	-	(734,117)	(734,117)
Balance December 31, 2013	559,766,061	$ 559,766	$ 3,561,204	$ (88,900)	$ (2,751,758)	$ 1,280,312

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, 2013 and 2012

	Years Ended December 31, 2013	2012
OPERATING ACTIVITIES		
Net Income (Loss)	$ (734,117)	$ (685,566)
Adjustments to reconcile Net Income (Loss) to Net Cash provided (used) by operations:		
Noncash Expenses:		
Impairment of Intangible Assets	87,340	-
Amortization	89,513	88,347
Depreciation	10,587	21,832
Stock Compensation	258,400	141,500
Change in assets and liabilities:		
(Increase) in Accounts Receivable	(30,163)	(9,309)
(Increase) Decrease in Inventory	(1,167)	-
Decrease in Prepaid Assets	1,089	2,032
(Decrease) in Accounts Payable	(3,970)	(47,257)
Increase In Accrued Expenses	11,189	6,497
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(311,299)**	**(481,924)**
INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(11,613)	(551)
Purchase of Intangible Assets	(15,544)	(20,909)
NET CASH (USED) BY INVESTING ACTIVITIES	**(27,157)**	**(21,460)**
FINANCING ACTIVITIES		
Net Proceeds from Sale of Stock Subscription	1,169,946	-
Deferred Stock Offering Costs	(17,426)	-
Contributions	28,313	342
NET CASH PROVIDED BY FINANCING ACTIVITIES	**1,180,833**	**342**
NET CASH INCREASE (DECREASE) FOR PERIOD	**842,377**	**(503,042)**
CASH AT BEGINNING OF PERIOD	150,071	653,113
CASH AT END OF PERIOD	**$ 992,448**	**$ 150,071**
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, 2013
5,098,661 shares issued through a cashless exercise of warrants previously issued during 2011
1,000,000 shares issued relating to the Company's Equity Incentive Plan at $0.065 per share.
500,000 shares issued for consulting services at $0.063 per share.
4,250,000 shares issued for consulting services at $0.03 per share. Of these, 1,500,000 vested during the year and 2,750,000 were cancelled.
500,000 shares of unvested stock valued at $10,000 or $0.02 per share were cancelled.
2,000,000 shares issued for consulting services at $0.0227 per share. Of these, 1,000,000 vested during the years and 1,000,000 are unvested.
500,000 shares issued for consulting services at $0.0248 per share.
1,750,000 shares vested relating to the Company's Equity Incentive Plan, reducing deferred compensation by $35,000
500,000 shares issued for consulting services at $0.156 per share. Of these, 300,000 vested during the year and 200,000 are unvested.

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

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. La Mancha Company has since ceased all operations and has dissolved. Sumner is a private consulting company that provides services to the public and private sector. The Company plans to dissolve Sumner during fiscal 2014.

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, 2013 and 2012 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, 2013 include the accounts of Sigma Labs, Inc., B6 Sigma, Inc., Sumner & 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, 2013 and 2012 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, 2013, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at December 31, 2013 or 2012. All tax years starting with 2010 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."

Accounts Receivable and Allowance for Doubtful Accounts - Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. We determine the allowance for doubtful accounts by identifying potential troubled accounts and by using historical experience and future expectations applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded as income when received. The allowance for doubtful accounts at December 31, 2013 and 2012 was $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. During 2013, an impairment of $87,340 was recorded to reduce the value of customer contacts intangible assets of Sumner as management plans to discontinue servicing the related contracts in 2014. No impairment was recorded in the year ended December 31, 2012.

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.

Recent Accounting Standards Updates (“ASU”) through ASU No. 2014-07 contain technical corrections to existing guidance or affects guidance to specialized industries. 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.

The placement agent received a total of $105,735 in commissions. 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 Company also issued to the agent five year warrants to purchase up to 7,931,250 shares of the Company's common stock. Such warrants had an exercise price of $0.025 per share and are valued at $158,625. During July 2013, such warrants were exercised using the cashless exercise option resulting in 5,098,661 shares being issued.

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.

On January 31, 2013, the Company issued 250,000 shares of the Company's common stock to a consultant as noncash compensation for services to be rendered valued at $7,500 or $0.03 per share.

On February 14, 2013, the Company issued 4,000,000 shares of the Company's common stock to a consultant as noncash compensation for services to be rendered valued at $120,000 or $0.03 per share. Of these shares, 1,250,000 (valued at $37,500) vested during the six months ended June 30, 2013 and 2,750,000 (valued at $82,500) were cancelled in June 2013.

On May 10, 2013, the Company issued 500,000 shares of the Company's common stock to a consultant as noncash compensation for services rendered valued at $12,400 or $0.0248 per share.

On May 23, 2013, the Company issued 2,000,000 shares of the Company's common stock to a consultant as noncash compensation for services to be rendered valued at $45,400 or $0.0227 per share. Of these shares, 1,000,000 (valued at $22,700) vested immediately and 1,000,000 (valued at $22,700) remain unvested and are reflected as deferred compensation as of December 31, 2013.

On July 18, 2013, the Company completed a private placement of 120,000,000 shares of common stock, resulting in aggregate gross proceeds of $1,200,000. Offering costs were approximately $30,054.

During July 2013, warrants previously issued during 2011 in connection with a private placement were exercised using the cashless exercise option resulting in 5,098,661 shares being issued.

On August 12, 2013, the Company issued 500,000 shares of the Company's common stock to a consultant as noncash compensation for services rendered valued at $31,500 or $0.063 per share.

On August 26, 2013, the Company issued 1,000,000 shares of the Company's common stock to a director pursuant to the Company's 2011 Equity Incentive Plan valued at $65,000 or $0.065 per share.

On October 31, 2013, in conjunction with the appointment of a director as a member of the Company's Board of Directors, the Company issued 500,000 shares of the Company's common stock to the director as noncash compensation valued at $78,000 or $0.156 per share. Of these shares, 300,000 (valued at $46,800) vested immediately and 200,000 (valued at $31,200) remain unvested and are reflected as deferred compensation as of December 31, 2013.

The Company has authorized 750,000,000 shares of common stock, $0.001 par value. At December 31, 2013, there were 559,766,061 shares issued and 556,816,061 shares outstanding, reflecting 2,950,000 issued but unvested shares pursuant to the Company's 2011 Equity Incentive Plan. 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 2011 Equity Incentive Plan.

On March 15, 2013, the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan. The 2013 Equity Incentive Plan was approved by holders of at least a majority of the issued and outstanding shares of common stock of the Company on October 10, 2013. Pursuant to the 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 the 2013 Equity Incentive Plan. As of December 31, 2013, no equity awards have been issued under the 2013 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.

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.

As of December 31, 2012, the balance of unvested compensation cost expected to be recognized was $80,000 and is recorded as a reduction of stockholders' equity.

During the year ended December 31, 2013, 500,000 shares of unvested common stock valued at $10,000 (previously included in deferred compensation) were cancelled or forfeited.

During the year ended December 31, 2013, an additional 1,750,000 shares of common stock valued at $35,000 vested and were recorded to expense and as a reduction to deferred compensation.

During the year ended December 31, 2013, 4,250,000 shares of common stock were issued to consultants at $0.03 per share, 500,000 shares were issued to a consultant at $0.0248 per share, 2,000,000 shares were issued to a consultant at $0.0227 per share, 500,000 shares were issued to a consultant at $0.063 per share, 1,000,000 shares were issued to a consultant at $0.065 per share and 500,000 shares were issued to a director at $0.156 per share. The unvested portion of the shares at December 31, 2013 (1,200,000 unvested shares) increased deferred compensation by $53,900.

As of December 31, 2013, the balance of unvested compensation cost expected to be recognized is $88,900 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 year (through April 8, 2014).

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, 2013 and December 31, 2012.

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 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, 2013, unused operating loss carryforwards of approximately $2,693,959, which may be applied against future taxable income and which expire in various years through 2033. 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 $404,094 and $293,200 at December 31, 2013 and 2012, respectively, and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The change in the valuation allowance is approximately $110,894 and $103,611 for the years ended December 31, 2013 and 2012, respectively.

Deferred tax assets are comprised of the following:

	2013	2012
Deferred tax assets:		
NOL carryover	$ 404,094	$ 293,200
Valuation allowance	(404,094)	(293,200)
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, 2013 and 2012 is as follows:

	2012	2011
Book Income	$ (110,117)	$ (102,834)
Organization costs	(777)	(777)
Valuation allowance	110,894	103,611
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 periods ended December 31, 2013 and 2012:

	Year Ended December 31	
	2013	2012
Loss from continuing Operations available to Common stockholders (numerator)	$ (734,117)	$ (685,566)
Weighted average number of common shares Outstanding used in loss per share during the Period (denominator)	489,921,337	427,940,003

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, 2013 and 2012:

	Year Ended December 31,	
	2013	2012
Furniture and Fixtures	$ 112,371	$ 101,758
Less: Accumulated Depreciation	(100,952)	(91,365)
Net Property and Equipment	$ 11,419	$ 10,393

Depreciation expense on property and equipment was $10,587 and $21,832 for the years ended December 31, 2013 and 2012.

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, 2013 and 2012:

	Year Ended December 31,	
	2013	2012
Provisional Patent Applications	$ 36,161	$ 42,669
Patents	39,252	17,200
Customer Contacts	262,009	262,009
Less: Accumulated Amortization	(266,928)	(90,075)
Net Intangible Assets	$ 70,494	$ 231,803

Amortization expense on intangible assets was $89,513 and $88,347 for the years ended December 31, 2013 and 2012. In addition, an impairment of customer contacts in the amount of $87,340 was recorded in the year ending December 31, 2013.

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

2014	2,304
2015	2,309
2016	2,309
2017	2,309
2018	2,309
Thereafter	22,793
	$ 34,333

NOTE 8 – Commitments and Contingencies

Operating Leases – The Company leases office and laboratory space under operating leases. Expense relating to these operating leases was $47,989 for the year ended December 31, 2013. The future minimum lease payments required under non-cancellable operating leases at December 31, 2013 was approximately $36,000. All the future minimum lease payments are currently due during 2014.

NOTE 9 – Concentrations

Revenues – During the years ended December 31, 2013 and 2012, 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	2013	2012
A	50%	53%
B	22%	26%
C	19%	19%

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, 2013 and 2012, respectively.

Customer	2013	2012
A	39%	41%
B	19%	0%
C	31%	55%

NOTE 10 – 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 2014, the Company issued 43,750,000 shares of stock to an investor for a total purchase price of $3,500,000. In connection with the purchase and sale of the shares, the Company agreed to issue to the investor a warrant to purchase up to 14,259,259 shares of the Company's common stock, at an exercise price of $0.15 per share. The warrant has a term of nine months from the date of issuance (January 10, 2014). A warrant was also issued to a consultant to purchase up to 2,187,500 shares of common stock at $.08 per share.

In February 2014, the Company issued 375,000 shares of stock to a consultant, subject to restrictions. The shares were valued at $0.126 or $47,250.

In March 2014, Management decided to discontinue servicing the contracts previously held by Sumner. As a result, the intangible asset "customer contacts" has been reduced in value with an offsetting impairment expense.

WARRANT TO PURCHASE SHARES OF COMMON STOCK
OF SIGMA LABS, INC.

NEITHER THE WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT"), AND ARE BEING SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION AFFORDED BY REGULATION S UNDER THE 1933 ACT. PURSUANT TO THE REQUIREMENTS OF REGULATION S, THE SECURITIES MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE EXCHANGED UNLESS PURSUANT TO REGISTRATION UNDER THE 1933 ACT OR PURSUANT TO AN AVAILABLE EXEMPTION THEREUNDER.

THIS CERTIFIES THAT, for good and valuable consideration Rockville Asset Management Ltd. ("Holder"), or the Holder's registered assigns, is entitled to subscribe for and purchase from Sigma Labs, Inc., a Nevada corporation (the "Corporation"), Fourteen Million, Two Hundred Fifty-Nine Thousand, Two Hundred Fifty-Nine (14,259,259) fully paid and nonassessable shares of the Common Stock of the Corporation at the price of $0.15 per share (the "Warrant Exercise Price"), subject to the antidilution provisions of this Warrant. This Warrant may be exercised at any time commencing on January 10, 2014 to and including October 10, 2014.

The Warrant is issued pursuant to the Subscription Agreement, entered into as of the date hereof, between the Corporation and the Holder (the "Agreement").

The shares which may be acquired upon exercise of this Warrant are referred to herein as the "Warrant Shares." As used herein, the term "Holder" means the Holder, any party who acquires all or a part of this Warrant as a registered transferee of the Holder, or any record holder or holders of the Warrant Shares issued upon exercise, whether in whole or in part, of the Warrant. The term "Common Stock" means the common stock, $0.001 par value per share, of the Corporation.

This Warrant is subject to the following provisions, terms and conditions:

1. EXERCISE; TRANSFERABILITY.

(a) The rights represented by this Warrant may be exercised by the Holder hereof, in whole or in part (but not as to a fractional share of Common Stock), by written notice of exercise (in the form attached hereto) delivered to the Corporation at the principal office of the Corporation prior to the expiration of this Warrant and accompanied or preceded by the surrender of this Warrant along with a check in payment of the Warrant Exercise Price for such Warrant Shares.

(b) Except as provided in Section 7 hereof, this Warrant may not be sold, transferred, assigned, hypothecated or divided into two or more Warrants of smaller denominations, nor may any Warrant Shares issued pursuant to exercise of this Warrant be transferred.

2. EXCHANGE AND REPLACEMENT. Subject to Sections 1 and 7 hereof, this Warrant is exchangeable upon the surrender hereof by the Holder to the Corporation at its office for new Warrants of like tenor and date representing in the aggregate the right to purchase the number of Warrant Shares purchasable hereunder, each of such new Warrants to represent the right to purchase such number of Warrant Shares (not to exceed the aggregate total number purchasable hereunder) as shall be designated by the Holder at the time of such surrender. Upon receipt by the Corporation of evidence reasonably satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation will make and deliver a new Warrant of like tenor, in lieu of this Warrant. This Warrant shall be promptly canceled by the Corporation upon the surrender hereof in connection with any exchange or replacement. The Corporation shall pay all expenses, taxes (other than stock transfer taxes), and other charges payable in connection with the preparation, execution, and delivery of Warrants pursuant to this Section 2.

3. ISSUANCE OF THE WARRANT SHARES.

(a) The Corporation agrees that the Warrant Shares shall be and are deemed to be issued to the Holder as of the close of business on the date on which this Warrant shall have been surrendered and the payment made for such Warrant Shares as aforesaid. Subject to the provisions of paragraph (b) of this Section 3, certificates for the Warrant Shares so purchased shall be delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the right to purchase the number of Warrant Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the Holder.

(b) Notwithstanding the foregoing, however, the Corporation shall not be required to deliver any certificate for Warrant Shares upon exercise of this Warrant except in accordance with exemptions from the applicable securities registration requirements or registrations under applicable securities laws. Nothing herein shall obligate the Corporation to effect registrations under federal or state securities laws. The Holder agrees to execute such documents and make such representations, warranties, and agreements as may be required solely to comply with the exemptions relied upon by the Corporation, or the registrations made, for the issuance of the Warrant Shares.

4. COVENANTS OF THE CORPORATION. The Corporation covenants and agrees that all Warrant Shares will, upon issuance, be duly authorized and issued, fully paid, nonassessable and free from all taxes, liens and charges with respect to the issue thereof. The Corporation further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Corporation will at all times have authorized and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant. The Corporation will not take any action which would result in any adjustment of the Warrant Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of all outstanding warrants, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon exercise of all options and upon the conversion of all convertible securities then outstanding, would exceed the total number of shares of Common Stock then authorized by the Corporation's Articles of Incorporation, as amended.

5. ANTI-DILUTION ADJUSTMENTS. The provisions of this Warrant are subject to adjustment as provided in this Section 5.

(a) The Warrant Exercise Price shall be adjusted from time to time such that in case the Corporation shall hereafter:

(i) pay any dividends on any class of stock of the Corporation payable in Common Stock or securities convertible into Common Stock;

(ii) subdivide its then outstanding shares of Common Stock into a greater number of shares; or

(iii) combine outstanding shares of Common Stock, by reclassification or otherwise;

then, in any such event, the Warrant Exercise Price in effect immediately prior to such event shall (until adjusted again pursuant hereto) be adjusted immediately after such event to a price (calculated to the nearest full cent) determined by dividing (A) the number of shares of Common Stock outstanding immediately prior to such event, multiplied by the then existing Warrant Exercise Price, by (B) the total number of shares of Common Stock outstanding immediately after such event (including in each case the maximum number of shares of Common Stock issuable in respect of any securities convertible into Common Stock), and the resulting quotient shall be the adjusted Warrant Exercise Price per share. An adjustment made pursuant to this Subsection shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this Subsection, the Holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Common Stock and other capital stock of the Corporation, the Board of Directors (whose determination shall be conclusive) shall determine the allocation of the adjusted Warrant Exercise Price between or among shares of such classes of capital stock or shares of Common Stock and other capital stock. All calculations under this Subsection shall be made to the nearest cent or to the nearest 1/100 of a share, as the case may be. In the event that at any time as a result of an adjustment made pursuant to this Subsection, the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive any shares of the Corporation other than shares of Common Stock, thereafter the Warrant Exercise Price of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in this Section.

(b) Upon each adjustment of the Warrant Exercise Price pursuant to Section 5(a) above, the Holder of each Warrant shall thereafter (until another such adjustment) be entitled to purchase at the adjusted Warrant Exercise Price the number of shares, calculated to the nearest full share, obtained by multiplying the number of shares specified in such Warrant (as adjusted as a result of all adjustments in the Warrant Exercise Price in effect prior to such adjustment) by the Warrant Exercise Price in effect prior to such adjustment and dividing the product so obtained by the adjusted Warrant Exercise Price.

(c) In case of any consolidation or merger to which the Corporation is a party other than a merger or consolidation in which the Corporation is the continuing corporation, or in case of any sale or conveyance to another corporation of the property of the Corporation as an entirety or substantially as an entirety, or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Corporation), there shall be no adjustment under Subsection (a) of this Section 5 but the Holder of this Warrant shall have the right thereafter to receive upon exercise of this Warrant the kind and amount of shares of stock and other securities and property which he would have owned or have been entitled to receive immediately after such consolidation, merger, statutory exchange, sale, or conveyance had such Warrant been exercised immediately prior to the effective date of such consolidation, merger, statutory exchange, sale, or conveyance and, in any such case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Section with respect to the rights and interests thereafter of any Holders of the Warrant, to the end that the provisions set forth in this Section shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock and other securities and property thereafter deliverable on the exercise of the Warrant. The provisions of this Subsection shall similarly apply to successive consolidations, mergers, statutory exchanges, sales or conveyances. The Corporation will not effect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor entity (if other than the Corporation) resulting from such consolidation or the entity purchasing such assets shall assume the obligation to deliver to such Holder such shares of stock, securities or property as, in accordance with the foregoing provisions, such Holder may be entitled to purchase.

(d) Upon any adjustment of the Warrant Exercise Price, then and in each such case, the Corporation shall give written notice thereof, by first-class mail, postage prepaid, addressed to the Holder as shown on the books of the Corporation, which notice shall state the Warrant Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares of Common Stock purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(e) The Corporation shall give notice to the Holder if at any time prior to the expiration or exercise in full of this Warrant, any of the following events shall occur:

(i) The Corporation shall authorize the payment of any dividend payable in any securities upon shares of Common Stock or authorize the making of any distribution to the holders of shares of Common Stock;

(ii) The Corporation shall authorize the issuance to all holders of Common Stock of any additional shares of Common Stock or of rights, options or warrants to subscribe for or purchase Common Stock or any of any other subscription rights, options or warrants;

(iii) A dissolution, liquidation or winding up of the Corporation (other than in connection with a consolidation, merger, or sale or conveyance of the property of the Corporation as an entirety or substantially as an entirety); or

(iv) A capital reorganization or reclassification of the Common Stock (other than a subdivision or combination of the outstanding Common Stock and other than a change in the par value of the Common Stock) or any consolidation or merger of the Corporation with or into another corporation (other than a consolidation or merger in which the Corporation is the continuing corporation and that does not result in any reclassification or change of Common Stock outstanding) or any sale or conveyance to another corporation of the property of the Corporation as an entirety or substantially an entirety.

Such notice shall be given at least 10 business days prior to the date fixed as a record date or effective date or the date of closing of the Corporation's stock transfer books for the determination of the stockholders entitled to such dividend, distribution, or subscription rights, or for the determination of the stockholders entitled to vote on such proposed merger, consolidation, sale, conveyance, dissolution, liquidation or winding up. Such notice shall specify such record date or the date of the closing of the stock transfer books, as the case may be.

6. NO VOTING RIGHTS. This Warrant shall not entitle the Holder to any voting rights or other rights as a shareholder of the Corporation.

7. NOTICE OF TRANSFER OF WARRANT OR RESALE OF THE WARRANT SHARES.

(a) Subject to the sale, assignment, hypothecation, or other transfer restrictions set forth in Section 1 hereof, the Holder, by acceptance hereof, agrees to give written notice to the Corporation before transferring this Warrant or transferring any Warrant Shares of such Holder's intention to do so, describing briefly the manner of any proposed transfer. Promptly upon receiving such written notice, the Corporation shall present copies thereof to the Corporation's counsel. If in the opinion of such counsel the proposed transfer may be effected without registration or qualification (under any federal or state securities laws), the Corporation, as promptly as practicable, shall notify the Holder of such opinion, whereupon the Holder shall be entitled to transfer this Warrant or to dispose of Warrant Shares received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by the Holder to the Corporation; provided that an appropriate legend may be endorsed on this Warrant or the certificates for such Warrant Shares respecting restrictions upon transfer thereof necessary or advisable in the opinion of counsel and satisfactory to the Corporation to prevent further transfers which would be in violation of Section 5 of the 1933 Act and applicable state securities laws; and provided further that the prospective transferee or purchaser shall execute such documents and make such representations, warranties, and agreements as may be required solely to comply with the exemptions relied upon by the Corporation for the transfer or disposition of the Warrant or Warrant Shares.

(b) If, in the opinion of the Corporation's counsel, the proposed transfer or disposition of the Warrant or such Warrant Shares described in the written notice given pursuant to this Section 7 may not be effected without registration or qualification of this Warrant or such Warrant Shares, the Corporation shall promptly give written notice thereof to the Holder, and the Holder will limit its activities in respect to such transfer or disposition as, in the opinion of such counsel, are permitted by law.

8. FRACTIONAL SHARES. Fractional shares shall not be issued upon the exercise of this Warrant, but in any case where the Holder would, except for the provisions of this Section, be entitled under the terms hereof to receive a fractional share, the Corporation shall, upon the exercise of this Warrant for the largest number of whole shares then called for, pay a sum in cash equal to such fraction multiplied by the Market Price on the day prior to the date of exercise of this Warrant in lieu of such fractional share. For purposes of this Section, the term "Market Price" with respect to shares of Common Stock of any class or series means the last reported sale price or, if none, the average of the last reported closing bid and asked prices on any national or regional securities exchange or quoted in the Nasdaq Stock Market ("Nasdaq"), or if not listed on a national or regional securities exchange or quoted in Nasdaq, the average of the last reported closing bid and asked prices as reported by the Electronic Bulletin Board of the National Association of Securities Dealers, Inc. from quotations by market makers in such Common Stock on the over-the-counter market, or if no quotations in such Common Stock are available, the fair market value of the shares as determined in good faith by the Board of Directors of the Corporation.

9. SECURITIES REPRESENTATIONS.

(a) The Holder acknowledges that neither the Warrant nor the Warrant Shares (collectively, the "Securities") have been registered under the 1933 Act, and the Securities are being sold in reliance upon an exemption from registration afforded by Regulation S promulgated under the 1933 Act. Pursuant to the requirements of Regulation S, the Securities may not be transferred, sold or otherwise exchanged unless in compliance with the provisions of Regulation S and/or pursuant to registration under the 1933 Act, or pursuant to an available exemption thereunder.

(b) The Holder is not a U.S. Person and is not acquiring the Securities for the account of any U.S. Person. If the Holder is an entity, none of the Holder's directors, executive officers, partners or managers is a national or citizen of the United States, and such entity was not formed specifically for the purpose of acquiring the Securities acquired hereunder.

(c) The Holder is acquiring the Securities for its own account and not for the account or benefit of a U.S. Person and no other Person has any interest in or participation in the Securities or any right, option, security interest, pledge or other interest in or to the Securities. The Holder acknowledges and agrees that it must bear the economic risk of its investment in the Securities for an indefinite period of time and that prior to any such offer or sale, the Corporation may require, as a condition to effecting a transfer of the Securities, an opinion of counsel, acceptable to the Corporation, as to the registration or exemption therefrom under the 1933 Act.

(d) The Holder, will, after the expiration of the "restricted period," as set forth under Regulation S Rule 903(b)(3)(iii)(A), offer, sell, pledge or otherwise transfer the Securities only in accordance with Regulation S, or pursuant to an available exemption under the Act. The transactions contemplated hereunder have neither been pre-arranged with a purchaser who is in the United States or who is a U.S. Person, nor are they part of a plan or scheme to evade the registration provisions of the United States federal securities laws.

(e) The offer leading to the sale evidenced hereby was made in an "offshore transaction." For purposes of Regulation S, the Holder understands that an "offshore transaction" as defined under Regulation S is any offer or sale not made to a Person in the United States and either (A) at the time the buy order is originated, the purchaser is outside the United States, or the seller or any Person acting on his behalf reasonably believes that the purchaser is outside the United States; or (B) for purposes of (1) Rule 903 of Regulation S, the transaction is executed in, or on or through a physical trading floor of an established foreign exchange that is located outside the United States, or (2) Rule 904 of Regulation S, the transaction is executed in, on or through the facilities of a designated offshore securities market, and neither the seller nor any Person acting on its behalf knows that the transaction has been prearranged with a buyer in the U.S.

(f) The Holder has not made and is not aware of any "directed selling efforts" in the United States, which is defined in Regulation S to be any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Securities.

(g) The Holder understands that the Corporation is the seller of the Securities, and that, for purpose of Regulation S, a "distributor" is any underwriter, dealer or other person who participates, pursuant to a contractual arrangement, in the distribution of securities offered or sold in reliance on Regulation S and that an "affiliate" is any partner, officer, director or any person directly or indirectly controlling, controlled by or under common control with any person in question. The Holder agrees that it will not, during the "restricted period," as set forth under Rule 903 (b)(iii)(A), act as a distributor, either directly or through any affiliate, nor shall it sell, transfer, hypothecate or otherwise convey the Securities other than to a non-U.S. Person.

10. MISCELLANEOUS.

(a) NOTICES. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, or (c) two (2) business days after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Corporation at the address as set forth on the signature page hereof, to the Holder at the Holder's address as appearing on the Corporation's records, or at such other address as the Corporation or Holder may designate by ten (10) days advance written notice to the other party hereto.

(b) ATTORNEYS' FEES. If any action at law or in equity is necessary to enforce or interpret the terms of this Warrant, the prevailing party shall be entitled to reasonable attorneys' fees, costs and disbursements in addition to any other relief to which such party may be entitled.

(c) AMENDMENTS AND WAIVERS. This Warrant may be amended or modified only upon the written consent of both Holder and the Corporation. This Warrant and any provision hereof may be waived only by an instrument in writing signed by the party against which enforcement of the same is sought.

(d) SEVERABILITY. If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision shall be excluded from this Warrant and the balance of the Warrant shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(e) GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Nevada, without giving effect to its conflicts of laws principles.

(f) BINDING EFFECT. This Warrant shall be binding upon any entity succeeding the Corporation by merger, consolidation or acquisition of all or substantially all of the Corporation's assets. All of the covenants and agreements of the Corporation shall inure to the benefit of the successors and assigns of the Holder hereof.

IN WITNESS WHEREOF, Sigma Labs, Inc. has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of January 10, 2014.

SIGMA LABS, INC.

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

Sigma Labs, Inc.
100 Cienega Street, Suite C
Santa Fe, NM 8750

NOTICE OF EXERCISE

(To be signed only upon exercise of the Warrant)

To: _____:

The undersigned hereby elects to purchase shares of Common Stock (the "Warrant Shares") of Sigma Labs, Inc. (the "Company"), pursuant to the terms of the enclosed warrant (the "Warrant"). The undersigned tenders herewith payment of the exercise price pursuant to the terms of the Warrant.

The undersigned hereby represents and warrants to, and agrees with, the Company as follows:

1 The Holder is not a U.S. Person and is not acquiring the Warrant Shares for the account of any U.S. Person. If the Holder is an entity, none of the Holder's directors, executive officers, partners or managers is a national or citizen of the United States, and such entity was not formed specifically for the purpose of acquiring the Warrant Shares acquired hereunder.

2 The Holder is acquiring the Warrant Shares for its own account and not for the account or benefit of a U.S. Person and no other Person has any interest in or participation in the Warrant Shares or any right, option, security interest, pledge or other interest in or to the Warrant Shares. The Holder acknowledges and agrees that it has the financial ability to bear the economic risk of its investment in the Warrant Shares, including a complete loss of such investment. Holder has adequate means for providing for its current financial needs and has no need for liquidity with respect to this investment.

3 The Holder, will, after the expiration of the "restricted period," as set forth under Regulation S Rule 903(b)(3)(iii)(A), offer, sell, pledge or otherwise transfer the Warrant Shares only in accordance with Regulation S, or pursuant to an available exemption under the Act. The transactions contemplated hereunder have neither been pre-arranged with a purchaser who is in the United States or who is a U.S. Person, nor are they part of a plan or scheme to evade the registration provisions of the United States federal securities laws.

4 The offer leading to the sale evidenced hereby was made in an "offshore transaction." For purposes of Regulation S, the Holder understands that an "offshore transaction" as defined under Regulation S is any offer or sale not made to a Person in the United States and either (A) at the time the buy order is originated, the purchaser is outside the United States, or the seller or any Person acting on his behalf reasonably believes that the purchaser is outside the United States; or (B) for purposes of (1) Rule 903 of Regulation S, the transaction is executed in, or on or through a physical trading floor of an established foreign exchange that is located outside the United States, or (2) Rule 904 of Regulation S, the transaction is executed in, on or through the facilities of a designated offshore securities market, and neither the seller nor any Person acting on its behalf knows that the transaction has been prearranged with a buyer in the U.S.

5 The Holder has not made and is not aware of any "directed selling efforts" in the United States, which is defined in Regulation S to be any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Warrant Shares.

6 The Holder understands that the Company is the seller of the Warrant Shares, and that, for purpose of Regulation S, a "distributor" is any underwriter, dealer or other person who participates, pursuant to a contractual arrangement, in the distribution of Warrant Shares offered or sold in reliance on Regulation S and that an "affiliate" is any partner, officer, director or any person directly or indirectly controlling, controlled by or under common control with any person in question. The Holder agrees that it will not, during the "restricted period," as set forth under Rule 903 (b)(iii)(A), act as a distributor, either directly or through any affiliate, nor shall it sell, transfer, hypothecate or otherwise convey the Warrant Shares other than to a non-U.S. Person

7 The Holder acknowledges that the issuance of the Warrant Shares to Holder have been registered under the Securities Act of 1933 (the "Act"), and the Warrant Shares are being sold in reliance upon an exemption from registration afforded by Regulation S promulgated under the Act. Pursuant to the requirements of Regulation S, the Warrant Shares may not be transferred, sold or otherwise exchanged unless in compliance with the provisions of Regulation S and/or pursuant to registration under the Act, or pursuant to an available exemption thereunder.

Each certificate evidencing the Warrant Shares will bear the following legend:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), AND ARE BEING SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION AFFORDED BY REGULATION S UNDER THE ACT. PURSUANT TO THE REQUIREMENTS OF REGULATION S, THE SECURITIES MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE EXCHANGED UNLESS IN COMPLIANCE WITH THE PROVISIONS OF REGULATION S AND/OR PURSUANT TO REGISTRATION UNDER THE ACT OR PURSUANT TO AN AVAILABLE EXEMPTION THEREUNDER."

Number of Warrant Shares Exercised: _____

Date: _____, 2014 _____

Signature*

* The signature on the Notice of Exercise of Warrant must correspond to the name as written upon the face of the Warrant in every particular without alteration or enlargement or any change whatsoever. When signing on behalf of a corporation, partnership, trust or other entity, please indicate your position(s) and title(s) with such entity.

SIGMA LABS, INC.
REGULATION S SUBSCRIPTION AGREEMENT AND
CONFIDENTIAL PURCHASER QUESTIONNAIRE

Sigma Labs, Inc.
100 Cienega Street, Suite C
Santa Fe, NM 8750

Gentlemen:

1. *Securities.* Subject to the terms and conditions of this subscription agreement (this "**Subscription Agreement**"), Rockville Asset Management Ltd., a Hong Kong company (the "**Purchaser**"), hereby subscribes for and agrees to purchase from the Company 43,750,000 shares (the **Shares**") of Common Stock (the "**Common Stock**") of the Company, at an aggregate purchase price of $3,500,000 (the "**Purchase Price**"). In connection with the purchase and sale of the Shares, for no additional consideration, the Purchaser will receive a warrant (the "**Warrant**," and together with the Shares, the "**Securities**"), substantially in the form attached hereto as Exhibit A, to purchase up to 14,259,259 shares of Common Stock at an exercise price of $0.15 per share (the "**Warrant Shares**"), in accordance with the terms and conditions set forth in Section 5 hereof. The Securities are being purchased from the Company pursuant to Regulation S ("**Regulation S**") promulgated by the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended (the "**Securities Act**"). Capitalized terms used herein and not defined herein shall have the meanings given them in Regulation S.

2. *Representations, Warranties and Covenants of the Purchaser.* The Purchaser hereby represents and warrants to and covenants with the Company as follows:

(a) Offshore Transaction.

(i) The Purchaser is not a U.S. Person within the meaning of Regulation S or the Purchaser was not formed for the purpose of investing in securities which have not been registered under the Securities Act for the benefit of a U.S. person;

(ii) At the time the buy order was originated, the Purchaser was outside the United States;

(iii) To the Purchaser's knowledge, no offer to sell or purchase the Securities was made in the United States;

(iv) The Purchaser is purchasing the Securities for its own account and for investment purposes and not with the view towards distribution or for the account of a U.S. Person;

(v) The Purchaser agrees that it will not hedge the Securities except in compliance with the Securities Act;

(vi) All subsequent offers and sales of the Securities shall be made in compliance with Regulation S, and/or pursuant to registration of the Securities under the Securities Act or pursuant to an exemption from registration under the Securities Act;

(vii) The Purchaser agrees that it will not, during the Restricted Period set forth under Rule 903(b)(iii)(A), act as a distributor, either directly or through any affiliate, nor shall it sell, transfer, hypothecate or otherwise convey the Securities other than to a non-U.S. Person except in compliance with applicable securities laws;

(viii) The Purchaser acknowledges that the Common Stock purchased (including shares of Common Stock issuable upon the exercise of the Warrant) will bear a legend in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN OFFERED AND SOLD IN AN "OFFSHORE TRANSACTION" IN RELIANCE UPON REGULATION S AS PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION. ACCORDINGLY, THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE TRANSFERRED OTHER THAN IN ACCORDANCE WITH REGULATION S, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE COMPANY. THE SHARES REPRESENTED BY THIS CERTIFICATE CANNOT BE THE SUBJECT OF HEDGING TRANSACTIONS UNLESS SUCH TRANSACTIONS ARE CONDUCTED IN COMPLIANCE WITH THE SECURITIES ACT.

(b) The Purchaser has reviewed the reports, forms or other information filed by the Company with the Securities and Exchange Commission under the Securities Act and the Securities Exchange Act of 1934 (the foregoing materials being collectively referred to herein as the "**SEC Reports**"), and the "Risk Factors" contained therein, including those described in the Company's Annual Report on Form 10-K at http://www.sec.gov/Archives/edgar/data/788611/000114420413022123/v337273_10k.htm. The Purchaser has relied solely upon the review of the SEC Reports and investigations made by or on behalf of the Purchaser or its representative in evaluating the suitability of an investment in the Company. **Purchaser recognizes that an investment in the Company involves a high degree of risk**. Purchaser also has been advised that, due to the dates of the SEC Reports, the SEC Reports may not contain the latest information pertaining to the Company;

(c) The Purchaser has been advised of the risks set forth in the Risk Factors contained in the SEC Reports, including (i) the risks regarding the Company's financial position; (ii) that it may not be possible to readily liquidate this investment; (iii) the Company is an early-stage company that has only generated limited revenues from its operations; and (iv) the Company may need to raise additional capital in order to operate and fund its proposed operations;

(d) The Purchaser's overall commitment to high risk investments is not disproportionate to the Purchaser's net worth; the Purchaser's investment in the Company will not cause such overall commitment to become excessive; and the Purchaser can afford to bear the loss of its entire investment in the Company;

(e) The Purchaser has adequate means of providing for the Purchaser's current needs and personal contingencies and has no need for liquidity in its investment in the Company;

(f) The Purchaser satisfies any special suitability or other applicable requirements of its state of residence and/or the state in which the transaction by which the Securities is purchased occurs;

(g) The Purchaser has such knowledge and experience in financial and business matters that the Purchaser is capable of evaluating the merits and risks of an investment in the Company, or the Purchaser has employed the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Company to the Purchaser and to evaluate the merits and risks of such an investment on the Purchaser's behalf;

(h) The execution, delivery and performance by the Purchaser of the Subscription Agreement are within the powers of the Purchaser, have been duly authorized and will not constitute or result in a breach or default under, or conflict with, any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency, or any agreement or other undertaking, to which the Purchaser is a party or by which the Purchaser is bound; and will not violate any provision of the charter documents, by-laws, indenture of trust, partnership agreement or similar documents, as applicable, of the Purchaser. The signatures on the Subscription Agreement are genuine; and the signatory has been duly authorized to execute the same; and the Subscription Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms;

(i) The Purchaser acknowledges that the Securities have not been recommended by any Federal or state securities commission or regulatory authority. In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, and the applicable state securities laws, pursuant to registration or exemption therefrom;

(j) The information contained in the Purchaser's Confidential Purchaser Questionnaire (the '**Questionnaire**") attached hereto is complete, accurate and true in all respects; and

(k) The Purchaser acknowledges that the Company may engage one or more finders, placement agents or registered broker-dealers in connection with the private placement of the Securities subject to this Subscription Agreement and may pay a finder's fee or placement commission to such finders, placement agents or registered broker-dealers.

3. *Representations, Warranties and Covenants of the Company.* The Company hereby represents and warrants to and covenants with the Purchaser as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada, and it has full corporate power and authority to enter into this Subscription Agreement and to carry out the provisions hereof;

(b) The execution and delivery of this Subscription Agreement has been duly authorized by all necessary corporate action on the part of the Company and such Agreement constitutes the valid and legally binding obligations of the Company, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting generally the enforceability of creditors' rights, by general principles of equity and by limitations on the availability of equitable remedies;

(c) Neither the execution and delivery of this Subscription Agreement by the Company, nor compliance by the Company with the provisions hereof, violates any provision of its Articles of Incorporation or By Laws, as amended, or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or will result in any breach of the terms of or constitute a default under or result in the termination of or the creation of any lien pursuant to the terms of any agreement or instrument to which the Company is a party or by which it or any of its properties is bound;

(d) No authorization, consent, approval, license or exemption of, and no registration, qualification, designation or filing with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign is or was necessary to (i) the valid execution and delivery by the Company of this Subscription Agreement and all other instruments, documents and agreements contemplated hereby or (ii) the issuance of the Securities hereunder;

(e) There are no claims, actions, disputes, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against the Company or any of the properties or assets of the Company, by or before any court, administrative agency or other governmental authority or any arbitrator which could prevent performance or enforcement of the transactions contemplated hereby or have an adverse effect on the business, assets or condition of the Company;

(f) The Company (i) has authorized 750,000,000 shares of Common Stock, of which 559,266,061 shares are issued as of December 13, 2013, (ii) is authorized to issue 10,000,000 shares of preferred stock, of which no shares are outstanding, and (iii) the Company granted to a director 500,000 shares of Common Stock, subject to restrictions, pursuant to the Company's 2011 Equity Incentive Plan, on October 31, 2013 in connection with the appointment of such director to the Company's Board of Directors. Such shares will vest in accordance with the following schedule: (i) 300,000 vested immediately; (ii) 100,000 will vest on April 30, 2014; and (iii) 100,000 will vest on October 31, 2014. Other than as described in the SEC Reports, there are no outstanding subscriptions, options, warrants or convertible securities obligating the Company to issue or sell any shares of the capital stock of the Company;

(g) The Shares and the Warrant have been duly authorized and, when issued upon payment thereof in accordance with this Subscription Agreement, will have been validly issued, fully paid and non- assessable. The Warrant Shares have been duly authorized and validly reserved for issuance, and when issued upon exercise of the Warrant in accordance with the terms thereof, will have been validly issued, fully paid and non-assessable; and

(h) B6 Sigma, Inc., a Delaware corporation, and Sumner & Lawrence Limited (dba Sumner Associates), a New Mexico corporation, are the Company's only subsidiaries, each of which is wholly- owned by the Company, has been duly incorporated, and is validly existing and in good standing as a corporation under the laws of its jurisdiction of incorporation.

4. *Exemption*.

(a) Purchase and Sale Under Regulation S. The Purchaser understands that the offer and sale of the Securities are not being registered under the Securities Act. The Company is relying on the rules governing offers and sales made outside the United States pursuant to Regulation S as an exemption from registration for this transaction between the Company and the Purchaser.

(b) Restricted Securities. The Purchaser agrees that the Securities will be acquired from the Company in a transaction not involving any public offering and are deemed to be “restricted securities” as defined in SEC Rule 144(a)(3). The Purchaser further understands that “restricted securities” cannot be resold publicly within the United States except, pursuant to an effective registration statement or an exemption from such registration. The Purchaser acknowledges that SEC Rule 144 permits the public resale of “restricted securities” in reliance upon an exemption from registration under Section 4(1) of the Securities Act only if the conditions of Rule 144 are met. The Purchaser acknowledges that because the Company was previously a "shell" company as defined in Rule 144, the safe harbor provided by Rule 144 will only be available to the Purchaser at such times as the Company is current in all of its reporting obligations under the Securities Exchange Act of 1934, as amended. Although the Company is current in the filing of such reports as of the date hereof, the Purchaser acknowledges that the Company cannot assure the Purchaser that the Company will remain in compliance.

(c) Compliance With Securities Laws. The Purchaser understands and agrees that because the Securities are being acquired under Regulation S and are “restricted securities,” The Purchaser will be required to comply with both the provisions of Regulation S and Rule 144 in any resale of the Common Stock, absent registration of the Common Stock or an exemption therefrom.

5. *Purchase, Sale, Exchange and Delivery of the Securities.*

(a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Purchaser, and Purchaser agrees to purchase from the Company, the Shares in exchange for the payment to the Company by the Purchaser of the Purchase Price. In connection with the purchase and sale of the Shares, for no additional consideration, the Purchaser will receive the Warrant to purchase the Warrant Shares, as set forth below.

(b) Subject to the fulfillment of each of the conditions to closing set forth herein, the closing of the transactions described herein (the "**Closing**") shall take place on December 31, 2013 or such later date as may be specified by the parties, but in no event later than January 8, 2014 (i.e., five business days after December 31, 2013) (the "**Closing Date**"). On the Closing Date, the Purchaser shall acquire 43,750,000 Shares of Common Stock and the Warrant to purchase up to 14,259,259 Warrant Shares. The Company shall deliver to the Purchaser (i) a stock certificate representing the Shares promptly after the Closing Date, and (ii) the Warrant to purchase the Warrant Shares. On the Closing Date, the Purchaser shall deliver to the Company the Purchase Price (i.e., $3,500,000) by wire transfer of immediately available funds to an account as directed by the Company. The Warrant shall have a term of nine-months from the date of issuance and shall have an exercise price of $0.15 per share. The Closing will occur when all documents and instruments necessary or appropriate to effect the transactions contemplated herein are exchanged by the parties and all actions taken at the Closing will be deemed to be taken simultaneously.

Payment by wire transfer should be sent referencing the subscriber's name to:

Bank Name:	Wells Fargo Bank (Santa Fe Business Banking)
Address:	241 Washington Ave. Santa Fe, NM 87501
SWIFT Code:	
Account Name:	
Account Number:	
Reference:	*Rockville Asset Management Ltd*

6. *Certain Covenants of the Company*. The Company covenants and agrees with the Purchaser as follows:

(a) Use of Proceeds. The net proceeds of the sale of the Securities hereunder shall be used, in addition to funding working capital and other general corporate purposes of the Company, primarily by the Company in connection with (i) PrintRite3D; (ii) 3D scanner technology; (iii) high productivity 3D (Service Bureau); and (iv) activities related to the foregoing. The exact amount to allocate by the company to each of these areas is at the discretion of the company.

(b) Listing of Common Stock. The Company shall use its best efforts to list the Common Stock on the New York Stock Exchange, NASDAQ or any other securities exchange acceptable to the Purchaser within 24-months from the Closing, to the extent the Common Stock is qualified to be listed on such securities exchanges.

(c) Actions Requiring Purchaser Approval. The Company shall not take any of the following actions during the 12-months following the Closing without the written approval of the Purchaser, provided that the Purchaser has not sold in excess of 40% of the Shares during such period:

(i) Approve any amendment or modification to the Company's Articles of Incorporation, as amended;

(ii) Declare or pay any cash dividends on the Common Stock; and

(iii) Sell all or substantially all of the property and assets of the Company.

7. *Conditions to Closing.*

(a) The obligation of the Purchaser to consummate the Closing is subject to the following conditions unless waived in writing by the Purchaser:

(i) The Purchaser's Investment Committee or similar governing body shall have approved the purchase of the Securities by the Purchaser;

(ii) The Purchaser shall have completed its business, legal, financial and tax due diligence to the satisfaction of the Purchaser;

(iii) The representations and warranties of the Company contained in this Subscription Agreement shall be true and correct in all material respects on and as of the Closing Date, and the Company shall have complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date;

(iv) None of the issuance and sale of the Securities pursuant to this Subscription Agreement shall be enjoined (temporarily or permanently) and no restraining order or other injunctive order shall have been issued in respect thereof; and there shall not have been any legal action, order, decree or other administrative proceeding instituted or, to the Company's knowledge, threatened against the Company; and

(v) The Company shall have delivered the Subscription Agreement to the Purchaser, duly executed on behalf of the Company.

(b) The obligation of the Company to consummate the Closing is subject to the following conditions unless waived in writing by the Company:

(i) The representations and warranties of the Purchaser contained in this Subscription Agreement shall be true and correct in all material respects on and as of the Closing Date, and the Purchaser shall have complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date; and

(ii) The Purchaser shall have delivered the Subscription Agreement to the Company, duly executed on behalf of the Purchaser.

8. *Indemnification.*

(a) The Purchaser acknowledges that it understands the meaning and legal consequences of the representations, warranties and covenants in Section 2 hereof and in the Questionnaire, and that the Company has relied upon such representations, warranties and covenants, as applicable, and the Purchaser hereby agrees to indemnify and hold harmless the Company, its officers, directors, controlling persons, agents, advisors, representatives and employees, from and against any and all loss, damage, expense, claim, action, suit or proceeding (including reasonable attorneys' fees and expenses) or liabilities due to or arising out of a breach of any representation, warranty, covenant or acknowledgements made by the Purchaser herein.

(b) The Company acknowledges that it understands the meaning and legal consequences of the representations, warranties and covenants in Section 3 hereof, and that the Purchaser has relied upon such representations, warranties and covenants, as applicable, and the Company hereby agrees to indemnify and hold harmless the Purchaser, its officers, directors, controlling persons, agents, advisors, representatives and employees, from and against any and all loss, damage, expense, claim, action, suit or proceeding (including reasonable attorneys' fees and expenses) or liabilities due to or arising out of a breach of any representation, warranty, covenant or acknowledgements made by the Company herein.

All representations, warranties, covenants and acknowledgements contained in this Subscription Agreement and in the Questionnaire and the indemnification contained in this Section 8 shall survive the delivery of the Securities. If, in any respect, any representations and warranties shall not be true and accurate on or prior to the Closing Date, the relevant party shall immediately give written notice to the other party specifying which representations and warranties are not true and accurate and the reason therefor.

9. *Purchaser Information.* The Purchaser has furnished a completed and executed Questionnaire as part of the Subscription Agreement, the information in which is true and correct in all respects and which is hereby incorporated by reference herein.

10. *Standstill*. Unless approved in advance in writing by the Company's board of directors, the Purchaser agrees that neither the Purchaser nor any of the Purchaser's representatives acting on behalf of or in concert with the Purchaser or the Purchaser's affiliates will, for a period of two years after the Closing Date, directly or indirectly:

(a) make any statement or proposal to the Company's board of directors or the Company, any of the Company's representatives or any of the Company's other stockholders regarding, or make any public announcement, proposal or offer (including any "solicitation" of "proxies" as such terms are defined or used in Regulation 14A of the Securities Exchange Act of 1934, as amended) with respect to, or otherwise solicit, seek or offer to effect (including, for the avoidance of doubt, indirectly by means of communication with the press or media) (i) any business combination, merger, tender offer, exchange offer or similar transaction involving the Company's or any of the Company's subsidiaries, (ii) any restructuring, recapitalization, liquidation or similar transaction involving the Company's or any of the Company's subsidiaries, (iii) any proposal to seek representation on the Company's board or otherwise seek to control or influence the management, board of directors or policies of the Company, (iv) any request or proposal to waive, terminate or amend the provisions of this Section 10 or (v) any proposal, arrangement or other statement that is inconsistent with the terms of this Section 10;

(b) instigate, encourage or assist any third party (including forming a "group" with any such third party) to do, or enter into any discussions or agreements with any third party with respect to, any of the actions set forth in clause (a), above; or

(c) take any action which would reasonably be expected to require the Company or any of the Company's affiliates to make a public announcement regarding any of the actions set forth in clause (a), above.

11. *Entire Agreement.* This Subscription Agreement and the documents and instruments and other agreements between the parties as contemplated by or referred to herein constitute the entire agreement of the parties with respect to the subject matter of this Subscription Agreement and supersede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, it being understood that the Non-Disclosure Agreement previously signed by Greg Xie in favor of the Company shall continue in full force and effect, and shall apply in all respects to the Purchaser, who shall be bound by such agreement to the same extent as if the Purchaser was a party to such Non-Disclosure Agreement.

12. *Assignability*. This Subscription Agreement is not transferable or assignable by the undersigned or any successor thereto.

13. *Applicable Law.* This Subscription Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without reference to the principles thereof relating to conflicts of law.

14. *Counterparts.* This Subscription Agreement may be executed in two or more counterparts and may be delivered by facsimile transmission or e-mail, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement as of the 26th day of December, 2013.

Rockville Asset Management Ltd.

By: /s/ Guoqiang Xie
Name: Guoqiang Xie
Title: CEO & Director

Address for notice:

RM 6A, UNIT K, YIHONG XUAN, ZHUJIANG DI
JING, YIZHOU ROAD,
GUANGZHOU CITY, CHINA
ZIP CODE 510300

Accepted as of this 8 day of January, 2014
SIGMA LABS, INC.

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

Exhibit 21.1

SUBSIDIARIES OF SIGMA LABS, INC.

Name	Jurisdiction of Incorporation
B6 Sigma, Inc.	Delaware
Sumner & Lawrence Limited (dba Sumner Associates, Inc.)	New Mexico

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 March 31, 2014, relating to the December 31, 2013 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, 2013.

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

PRITCHETT, SILER & HARDY, P.C.

Salt Lake City, Utah

March 31, 2014

Exhibit 31.1

Certification of the Principal Executive Officer Under Section 302 of the Sarbanes-Oxley Act of 2002

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: March 31, 2014

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 of 2002

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: March 31, 2014 By: /s/ Monica Yaple
Name: Monica Yaple
Title: Treasurer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Sigma Labs, Inc., (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of the Company certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(i) 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: March 31, 2014 By: /s/ Mark J. Cola
Name: Mark J. Cola
Title: President and Chief Executive Officer (Principal Executive Officer)

Date: March 31, 2014 By: /s/ Monica Yaple
Name: Monica Yaple
Title: Treasurer (Principal Financial Officer)