As filed with the Securities and Exchange Commission on May 23, 2013 Registration No. 333-184948

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 5

FORM S-1

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

HEATWURX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3531**	**45-1539785**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

	Allen Dodge, CFO **Heatwurx, Inc.**
6041 South Syracuse Way, Suite 315 **Greenwood Village, CO 80111** **(303) 532-1641** **(303) 532-1642 (fax)**	**6041 South Syracuse Way, Suite 315** **Greenwood Village, CO 80111** **(303) 532-1641** **(303) 532-1642 (fax)**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practical after this registration statement is declared effective by the SEC.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☑

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 Ac.

Large accelerated filer ☐ Accelerated filer ☐

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common stock, $0.0001 par value	1,750,000 shares	$ 3.00	$ 5,250,000	$ 762
Common stock, $0.0001 par value, underlying Series A Preferred Stock	4,200,000 shares	$ 3.00	12,600,000	1,719
Common stock, $0.0001 par value, underlying Series B Preferred Stock	1,500,000 shares	$ 3.00	4,500,000	614
Common stock, $0.0001 par value, underlying Series C Preferred Stock	760,000 shares	$ 3.00	2,280,000	311
TOTAL	8,210,000 shares(3)		$ 24,630,000	$ 3,406 (2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act, as amended.

(2) An aggregate registration fee of $7,388 was previously paid in connection with the filing of the registration statement and amendments. No additional amounts will be paid in connection with the filing of this amendment.

(3) Pursuant to Rule 416 under the Securities Act, the shares of common stock registered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable to the selling stockholders by reason of stock splits, stock dividends, or similar transactions.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated May 23, 2013

PROSPECTUS

Heatwurx, Inc.

Up to 8,210,000 Shares of Common Stock

We are registering:

- the resale by our common stockholders of 1,750,000 shares of outstanding common stock; and
- 6,460,000 shares of common stock issuable upon conversion of Series A, B and C Preferred Stock.

No public market currently exists for our common stock and we can give no assurance that a public market will develop for our securities in the future.

We will not receive any proceeds from the sale of the 1,750,000 shares of common stock offered by our selling stockholders or from the sale of the 6,460,000 shares of common stock issuable upon conversion of Series A, B and C Preferred Stock and offered by our selling stockholders.

The selling stockholders will sell their stock at $3.00 per share, which is the offering price, until our shares are quoted on the OTCQB Marketplace, operated by OTC Markets Group, and thereafter at prevailing market prices or privately negotiated prices. Actual prices may vary based on prevailing market prices or privately negotiated prices.

Heatwurx, Inc. is an emerging growth company as defined in Section 2(a) of the Securities Act of 1933.

Investing in these securities involves a high degree of risk and immediate and substantial dilution. See “Risk Factors’’ beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2013

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Until ____, 2013, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as Underwriter and with respect to their unsold allotments or subscriptions.

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This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications, other publicly available information and information based on our internal sources.

Neither we nor the selling stockholders have authorized anyone to provide you with information or to make any representations other than those contained in this prospectus. We take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

PROSPECTUS SUMMARY

This summary highlights key aspects of the information contained elsewhere in this prospectus. You should read this entire prospectus carefully, including the financial statements and the notes to the financial statements included elsewhere in this prospectus.

Heatwurx, Inc.

General

Heatwurx, Inc. was incorporated under the laws of the State of Delaware on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011. Our founders were Larry Griffin and David Eastman, the principals of Hunter Capital Group, LLC, an investment banking entity, which acquired our technology, equipment designs, trademarks, and patent applications from Richard Giles, the inventor and a founder of the Company, in April 2011.

On April 15, 2011, the Company entered into an Asset Purchase Agreement with Mr. Giles, who is still a current stockholder. Pursuant to the agreement, the Company purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The total purchase price was $2,500,000. The purchase price was paid in a $1,500,000 cash payment and the issuance of a senior subordinated note to the seller in the amount of $1,000,000.

The business essentially consisted of the investment in research and development of the technology, the patents applied for as a result of the research and development activities and certain distribution relationships that were in process, but not finalized as of the acquisition date. Collectively, these investments constitute the in-process research and development we refer to as the “asphalt preservation and repair solution”. The Company capitalized $2,500,000 of in-process research and development related to this asphalt preservation and repair solution. As of October 1, 2012, in-process research and development is now classified as developed technology and amortized over its estimated useful life of 7 years. The estimated fair value of the in-process research and development was determined using the income approach. Under the income approach, the expected future cash flows from the asset are estimated and discounted to its net present value at an appropriate risk-adjusted rate of return.

In conjunction with the Asset Purchase Agreement, the Company granted Mr. Giles 200,000 performance stock options with an exercise price of $0.40 per share and a term of 7 years. Following the 7 for 1 forward stock split completed in October 2011, the 200,000 performance stock options were exchanged for 1,400,000 performance stock options with an exercise price of $0.057 per share.

The performance stock options will vest in full on the occurrence of any the following, determined in accordance with generally accepted accounting principles in the United States: (1) The Company achieves total revenue in year 2013 of $24,750,000; (2) the Company achieves total revenue in year 2014 of $49,500,000; or (3) the Company achieves total revenue in year 2015 of $99,000,000. If the performance stock options do not vest per the aforementioned vesting schedule, the performance stock options will immediately terminate and expire.

In connection with the acquisition, we raised $1,500,000 in senior secured debt and $500,000 through the offering of Series A Preferred Stock to three investors. In October 2011, we completed a 7-1 forward stock split and raised gross proceeds of $3,000,000 through the sale of our Series B Preferred Stock. In August 2012, we raised gross proceeds of $1,520,000 through the sale of our Series C Preferred Stock. In August 2012, the proceeds from the sale of the Series C Preferred Stock were used to repay our senior secured debt. Subsequent to the sale of our Series B Preferred Stock, our two founders, Messrs. Griffin and Eastman stepped down as officers and directors of the Company and did not retain an ownership interest.

Management anticipates that the Company will require additional funds to continue operations. As of March 31, 2013, we had approximately $422,000 cash on hand and were spending approximately $250,000 per month, of which only a minor amount was satisfied by gross proceeds from operations. Hence, the amount of cash on hand is not adequate to meet our operating expenses over the next twelve months. In addition, we have an obligation to make principal payments of $1,000,000 on our current senior subordinated note payable beginning in October 2013 through April 2014, and to repay on September 15, 2013, the $1,000,000 for our senior secured promissory notes issued in May 2013. We anticipate the need to secure funding of up to approximately $4,500,000 over the next twelve months to meet our cash flow requirements and repay our secured debt. We currently have no firm commitments or arrangements to secure the additional funds. We anticipate that these funds would be raised by management through the sale of equity or debt securities. Without these additional funds, we may be required to reduce operations, curtail any future growth opportunities, or cease operations all together. (See “Risk Factors” below.)

We have limited sales and a history of operating losses. We reported a net operating loss for the period from incorporation on March 29, 2011 to March 31, 2013. We also had an accumulated deficit of approximately $4,277,000 at March 31, 2013. We anticipate that we will continue to incur operating losses in the near term and we may not be able to achieve profitable operations. In order to achieve profitable operations we need to secure sufficient sales of our preservation and repair equipment. Our potential customers are federal, state, and local governmental entities, pavement contractors, equipment distributors and original equipment manufacturers. We cannot be certain that our business will be successful or that we will generate significant revenues and become

profitable. If we are unable to achieve profitability or locate alternate sources of capital, we may be forced to cease operations.

From November 2013 through April 2014, the Company was in the process of completing a proposed initial public offering with a designated underwriter. Due to market timing and other factors, this offering was abandoned in May 2013. As further described throughout this prospectus, management of the company intends to raise additional capital through a private placement of equity or debt securities.

In May 2013, we raised an additional $1,000,000 pursuant to the terms of a Senior Loan Agreement and the issuance of Senior Secured Promissory Notes. In connection with these loans, we have agreed to pay each investor an origination fee of 1.5%, for a maximum of $15,000, of the amount loaned to us within 10 days following the date of the loan. These promissory notes mature on September 15, 2013, and bear interest at 12% per annum. Interest is payable monthly commencing on the first day of the month following the issuance date of the notes. The loans are secured by all of our assets, except for certain equipment we have previously financed. Mr. Giles has agreed to subordinate to these lenders his security interest in our assets granted under the Subordinated Security Agreement dated April 15, 2011, between us and Mr. Giles entered into in connection with the senior subordinated note issued to him in the amount of $1,000,000.

Successful completion of the Company's development program and its transition to profitable operations is dependent upon obtaining additional financing adequate to fulfill its development and commercialization activities, and achieve a level of revenues adequate to support the Company's cost structure. Many of the Company's objectives to establish profitable business operations rely upon the occurrence of events outside its control; there is no assurance that the Company will be successful in accomplishing these objectives.

The issues described above raise substantial doubt about our ability to continue as a going concern. Our independent accounting firm has included an explanatory paragraph in its audit opinion for our financial statements for the years ended December 31, 2012 and 2011 describing this condition. Our management intends to address these issues by raising additional capital through a private placement of equity or debt securities. We have no current agreements or arrangements to provide this additional financing and there can be no assurance that we will be able raise additional capital through the successful completion of a private placement.

We have not yet commercialized our products and we are therefore classified as a developmental stage enterprise.

We are an asphalt preservation and repair equipment company. Our innovative, and eco-friendly hot-in-place recycling process corrects surface distresses within the top three inches of existing pavement by heating the surface material to a temperature between 300 ° and 350° Fahrenheit with our electrically powered infrared heating equipment, mechanically loosening the heated material with our processor/tiller attachment that is optimized for producing a seamless repair, and mixing in additional recycled asphalt pavement and a binder (asphalt-cement), and then compacting repaired area with a vibrating roller or compactor. We consider our equipment to be eco-friendly as the Heatwurx process reuses and rejuvenates distressed asphalt, uses recycled asphalt pavement for filler material, eliminates travel to and from asphalt batch plants, and extends the life of the roadway. We believe our equipment, technology and processes provide savings over other processes that can be more labor and equipment intensive.

Our hot-in-place recycling process and equipment has been selected by the Technology Implementation Group of the American Association of State Highway Transportation Officials (AASHTO TIG) as an "additionally Selected Technology" for the year 2012. We develop, manufacture and intend to sell our unique and innovative and eco-friendly equipment to federal, state and local agencies as well as contractors for the repair and rehabilitation of damaged and deteriorated asphalt surfaces.

Our executive offices are located at 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111 and our telephone number is (303) 532-1641. Our website is www.heatwurx.com. The information on or accessible through our website does not constitute a part of, and is not incorporated into, this prospectus.

The Offering

Securities outstanding prior to this offering:	
Common stock	1,900,000 shares
Preferred stock	2,860,000 shares (1)
Securities offered:	
Common stock	1,750,000 shares
Common stock issuable upon conversion of Series A, B and C Preferred Stock	6,460,000 shares

Use of proceeds	We will not receive any proceeds from the sale of the 1,750,000 shares of common stock offered by our selling stockholders. We will not receive any proceeds from the conversion or sale of the 6,460,000 shares of common stock issuable upon conversion of Series A, B and C Preferred Stock and offered by our selling stockholders.
Risk factors	Please read “Risk Factors” for a discussion of factors you should consider before investing in our common stock.

(1) Preferred stockholders may elect to convert shares of their preferred stock into shares of common stock as follows:

- Series A – 600,000 shares of Series A Preferred Stock are convertible into 4,200,000 shares of common stock at $0.12 per share;
- Series B – 1,500,000 shares of Series B Preferred Stock are convertible into 1,500,000 shares of common stock at $2.00 per share; and
- Series C – 760,000 shares of Series C Preferred Stock are convertible into 760,000 shares of common stock at $2.00 per share.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this prospectus, before making an investment decision. If any of the following risks actually occurs, our business, financial condition, and/or results of operations could suffer. In that case, the trading price of our shares of common stock could decline, and you may lose all or part of your investment. You should read the section entitled " **Cautionary Note Regarding Forward-Looking Statements**" below for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this prospectus.

Risks Relating to Our Business

If we fail to raise additional capital to fund current operations, we may be unable to continue our proposed business operations as currently contemplated.

As discussed in several of the risk factors below, we will need additional funds to continue operations. As of March 31, 2013, we had approximately $422,000 cash on hand and were spending approximately $250,000 per month, of which only a minor amount was satisfied by gross proceeds from operations. Hence, the amount of cash on hand is not adequate to meet our operating expenses over the next twelve months. In addition, we have an obligation to make principal payments of $1,000,000 on our current senior subordinated note payable beginning in October 2013 through April 2014, and to repay $1,000,000 in outstanding loans from lenders on September 15, 2013. We currently have no source for the funds necessary to satisfy either our operation cash flow requirements for the next twelve months or to repay the secured debt. We are principally dependent upon obtaining funds from investors to meet our cash flow requirements. If we are unsuccessful in doing so, we would be required to substantially revise our business plan or our business could fail. We anticipate the need to secure funding of up to approximately $4,500,000 over the next twelve months to meet our cash flow requirements and repay our secured debt. We currently have no firm commitments or arrangements to secure the additional funds. We anticipate that these funds would be raised by management through the sale of equity or debt securities. We have not determined the terms of these financings and any terms ultimately secured from investors could be less favorable to us than if the needed financing were to fund expansion or less critical financial needs. If we fail to raise all of the funds as needed, or if our ability to raise additional funds is substantially delayed for any reason, we may be required to reduce operations, curtail any future growth opportunities, or cease operations all together.

We have a limited operating history and there can be no assurance that we can achieve or maintain profitability.

We have a limited operating history, and the likelihood of our success must be evaluated in light of the problems, expenses, complications and delays that we may encounter because we are a small business. As a result, we may not be profitable and we may not be able to generate sufficient revenue to develop as we have planned.

Our ability to achieve and maintain profitability and positive cash flow is currently dependent upon and will continue to be dependent upon:

- the market's acceptance of our equipment;
- our ability to keep abreast of the changes by government agencies and in laws related to our business, particularly in the areas of intellectual property and environmental regulation;
- our ability to maintain any competitive advantage via patents, if attainable, or protection of our intellectual property and trade secrets;
- our ability to attract customers who require the products we offer;
- our ability to generate revenues through the sale of our products to potential customers; and
- our ability to manage our logistics and operations and the distribution of our products and services.

If we are unable to successfully manage these aspects of our business, our business, financial condition, and/or results of operations could suffer, the trading price of our shares of common stock could decline, and you may lose all or part of your investment.

We have incurred operating losses since formation and our independent accountants have issued a going concern opinion with respect to our financial statements as of and for the years ended December 31, 2012 and 2011. We expect to continue to incur net losses for the near term and may not be able to attain a level of profitability sufficient to sustain operations without additional sources of capital.

We have limited sales and a history of operating losses. We reported a net operating loss for the period from incorporation on March 29, 2011 to March 31, 2013. We also had an accumulated deficit of approximately $4,277,000 at March 31, 2013. We anticipate that we will continue to incur operating losses in the near term and we may not be able to achieve profitable operations. In order to achieve profitable operations we need to secure sufficient sales of our preservation and repair equipment. Our potential customers are federal, state, and local governmental entities, pavement contractors, equipment distributors and original equipment manufacturers. We cannot be certain that our business will be successful or that we will generate significant revenues and become profitable. If we are unable to achieve profitability or locate alternate sources of capital, we may be forced to cease operations.

Successful completion of our development program and our transition to profitable operations is dependent upon obtaining additional financing adequate to fulfill our development and commercialization activities, and achieve a level of revenues adequate to support our cost structure. We have no agreements or arrangements by which we could assure the additional funding. Many of our objectives to establish profitable business operations rely upon the occurrence of events outside its control; there is no assurance that we will be successful in accomplishing these objectives.

The issues described above raise substantial doubt about our ability to continue as a going concern. Our independent accounting firm has included an explanatory paragraph in its audit opinion describing this condition. Our management intends to address these issues by raising additional capital through interim financing commencing with a private placement of our equity securities. There can be no assurance that we will be able raise additional capital through the successful completion of a private placement.

We currently have a single manufacturer of our equipment. If our manufacturing partner chooses not to manufacture our equipment or is otherwise unable to timely manufacture our equipment, we may not be able to locate another manufacturing partner in a timely manner to satisfy future demand for our products.

We currently have only one manufacturing partner, Boman Kemp, a Utah-based company. We do not currently have a formal agreement with our manufacturing partner, who is free to discontinue manufacturing services for us or to increase prices charged to us. This arrangement is adequate for the near term as we do not have a large number of customer orders and do not have any urgent need for equipment. However, we anticipate that as our business grows, we will contract with additional manufacturing partners to protect us against business interruptions related to having a sole manufacturing partner. If we experience any business interruption in our manufacturing partner's business or if our manufacturing partner decides to discontinue manufacturing for us on mutually agreeable terms, we may be unable to meet commitments to existing customers or attract new ones.

We are developing our warranty policies. If we begin selling a material amount of equipment, we will need to formalize our warranty polices with our suppliers and our customers. If we are unable to negotiate favorable warranty terms with our suppliers or, if our suppliers experience financial difficulties, we may have a material warranty obligation.

We have sold a limited number of units to date. We intend to offer an industry standard one-year limited warranty and provide nationwide service though our OEM partners and resellers. Although we anticipate that the majority of the warranty items will be passed through from the OEM partners and resellers through us and ultimately to the manufacturer, there are some parts on our equipment which will not be the responsibility of the manufacturer such as the heating elements on our HWX-30 electrically powered infrared heaters. We will need to provide industry standard warranties on these parts as well. In addition, if our manufacturing partner experiences financial difficulty

we may have additional warranty exposure to the end customers. If we have ultimate liability under any warranty claims, our financial position would be impacted and we may not be able to continue operations.

The growth of our business depends upon the development and successful commercial acceptance of our products. If we are unable to achieve successful commercial acceptance of our product, our business, financial condition, and/or results of operations could suffer.

We depend upon a variety of factors to ensure that our preservation and repair equipment is successfully commercialized, including timely and efficient completion of design and development, implementation of manufacturing processes, and effective sales, marketing, and customer service. Because of the complexity of our products, significant delays may occur between development, introduction to the market and volume production phases.

The development and commercialization of our preservation and repair equipment involves many difficulties, including:

- retention and hiring of appropriate operational, research and development personnel;
- determining the products' technical specifications;
- successful completion of the development process;
- successful marketing of the preservation and repair equipment and achieving customer acceptance;
- establishing, managing and maintaining key reseller relationships;
- producing products that meet the quality, performance and price expectations of our customers;
- developing effective sales, advertising and marketing programs; and
- managing additional customer service and warranty costs associated with supporting product modifications and/or subsequent potential field upgrades.

If we are unable to achieve successful commercial acceptance of our product, we may be unable to generate sufficient revenues to sustain operations and may be forced to cease operations.

We and our customers may be required to comply with a number of laws and regulations, both foreign and domestic, in the areas of safety, health and environmental controls. Failure to comply with government regulations could severely limit our sales opportunities and future revenues.

We intend to market our preservation and repair equipment domestically and internationally. We may be required to comply with local and international laws and regulations and obtain permits when required. We also cannot be certain that we will be able to obtain or maintain, required permits and approvals, that new or more stringent environmental regulations will not be enacted or that if they are, that we will be able to meet the stricter standards.

Failure to obtain operating permits, or otherwise to comply with federal and state regulatory and environmental requirements, could affect our abilities to market and sell our preservation and repair equipment and could have a material adverse effect on our business, financial condition, and/or results of operations, any future trading price of our shares of common stock could decline, and you may lose all or part of your investment.

Our ability to grow the business depends on being able to demonstrate our equipment to potential customers and distributors and train them on proper usage. If we do not add more demonstration teams, our growth may be limited geographically.

Our current marketing efforts utilize two driver/trainers that transport our equipment to potential customers and distributors to demonstrate the value of our equipment and train them on the process. This team can travel approximately 1,000 miles in any direction to conduct the demonstrations and training. These efforts are very time-consuming and with high gas prices, very expensive. In order to overcome the natural geographic limitations, we intend to deploy demonstration equipment throughout the country and hire and train additional driver/trainers.

These efforts will be dependent upon our ability (i) to raise capital to purchase and/or lease new demonstration equipment and (ii) to locate and hire qualified personnel. If we cannot raise additional capital or locate qualified personnel, it will be much more difficult to grow our business. If that happens, any future trading price of our common stock may decline and our investors may lose all or a part of their investment.

Commodity or component price increases and/or significant shortages of component products may erode our expected gross profit on sales and adversely impact our ability to meet commitments to customers.

Steel is used in the manufacture of our products. Accordingly, increases in the price of steel could significantly increase our production cost. If we were unable to fully offset the effect of any such increased costs through price increases, productivity improvements, or cost reduction programs, our expected gross profit on sales would decline.

We also rely on suppliers to secure component products required for the manufacture of our products. We have no assurance that key suppliers will be able to increase production in a timely manner in the event of an increase in the demand for our products. A disruption in deliveries to or from suppliers or decreased availability of components could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. If component supply is insufficient for the demand for our products, we may be unable to meet commitments to existing customers or attract new ones.

Our business is subject to the risk that our customers and/or other companies will produce their own version of our equipment which could significantly reduce our expected product sales.

We intend to sell finished products through an independent reseller network and directly to OEMs. Some of our potential customers are OEMs that currently manufacture or could in the future manufacture their own products. Despite their manufacturing abilities, we believe that these customers have chosen to purchase from us due to the quality of our products and to reduce their production risks and maintain their company focus. There is also the risk that other companies will copy our equipment and will become our competitors. However, we have no assurance that these customers will place significant equipment orders with us or continue to outsource manufacturing in the future. Our sales would decline and our profit margin would suffer if our potential customers decide to produce their own version of our products or there is increased competition from other manufacturers.

Our future success is dependent, in part, on the performance and continued service of Stephen Garland and other key management personnel. Without their continued service, we may be forced to interrupt or cease operations.

We are presently dependent to a great extent upon the experience, abilities and continued services of Stephen Garland, our Chief Executive Officer, and our other executive officers, who are all at-will employees. Mr. Garland is responsible for the development, and with the other members of the executive team, the execution of our strategic vision. Mr. Garland also has developed and cultivated significant relationships in our industry that are critical to our success. As our company grows and more people are added to the team over time, Mr. Garland will share his knowledge of our company and the industry with new hires, and we will not be dependent upon Mr. Garland or any other individual. However, until we grow, there is a disproportionate dependence upon Mr. Garland, and the loss of his services would significantly impair our business operations. Some companies reduce the risk of the loss of key individuals by purchasing life insurance policies that pay the company upon the death of key personnel. We do not have a key man life insurance policy on Mr. Garland and do not intend to purchase one. If we interrupt or cease operations due to the loss of Mr. Garland's or other executive officer availability, we may be unable to service our existing customers or acquire new customers, and our business may suffer and any future trading price in our stock may decline.

The success of our business depends upon our ability to attract, retain and motivate highly skilled employees. If we experience any adverse outcome in such matters, our ability to grow and manage our business may suffer.

We currently rely upon outside consultants for many aspects of our operations. Our ability to execute our business plan and be successful depends upon our ability to attract, retain and motivate highly skilled employees. As we expand our business, we will need to hire additional personnel to support our operations. We may be unable to

retain our key employees or attract other highly qualified employees in the future. If we fail to attract new personnel with the requisite skills and industry knowledge we will need to execute against our business plan, our business, financial condition, and/or results of operations could suffer.

The success of our business depends, in part, upon our infrared heating process and technical information which may be difficult to protect and may be perceived to infringe on the intellectual property rights of third parties. If we are unable to protect our products from being copied by others it may negatively impact our expected sales. Claims by others of infringement could prove costly to defend and if we are unsuccessful we could be forced into an expensive redesign of our products.

We believe that the identification, acquisition and development of our infrared heating process are key drivers of our business. Our success depends, in part, on our ability to obtain patents, and operate without infringing on the proprietary rights of third parties. We cannot assure you that:

- the patents of others will not have an adverse effect on our ability to conduct our business;
- our patents will be issued;
- our patents, if issued, will provide us with competitive advantages;
- patents, if issued, will not be challenged by third parties;
- we will develop additional proprietary technology that is patentable; or
- others will not independently develop similar or superior technologies, duplicate elements of our preservation and repair equipment or design around it.

In the future, we may be accused of patent infringement by other companies. To defend and/or settle such claims, we may need to acquire licenses to use, or to contest the validity of, issued or pending patents. We cannot assure you that any license acquired under such patents would be made available to us on acceptable terms, if at all, or that we would prevail in any contest regarding the issued or pending patents of others. In addition, we could incur substantial costs in defending ourselves in suits brought against us for alleged infringement of another party's patents or in defending the validity or enforceability of our patents, if any, or in bringing patent infringement suits against other parties based on our patents. Any negative outcome of a patent infringement case or failure to obtain license agreements would necessitate the need to redesign our products, which creates added expense. Such redesigned products may not be accepted in the market place and we may not be able to continue our operations.

Because we are smaller and have fewer financial and other resources than many other companies that manufacture and sell equipment for road repair work, we may not be able to successfully compete in the very competitive road repair work equipment industry.

There are over eleven million miles of paved roadways throughout the world. There is significant competition among companies that manufacture and sell equipment to repair existing roadways. Our business faces competition from companies that are much more connected to the decision-makers, have been in business for a longer period of time, and have the financial and other resources that would enable them to invest in new technologies if they chose to. These companies may be able to achieve substantial economies of scale and scope, thereby substantially reducing their costs and the costs to their customers. If these companies are able to substantially reduce their marginal costs, the market price to the customer may decline and we may be not be able to offer our preservation and repair equipment at a price that allows us to compete economically. Even if we are able to operate profitably, these other companies may be substantially more profitable than us, which may make it more difficult for us to raise any financing necessary for us to achieve our business plan and may have a materially adverse effect on our business.

Mergers or other strategic transactions involving our competitors could weaken our competitive position, which could harm our operating results. If our competitors merge or are involved in other strategic transactions that place us at a disadvantage in the marketplace, our results of operations could decline.

Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships. Any consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and

could result in a competitor with greater financial, technical, marketing, service and other resources which could result in a loss of our expected market share. If this occurs, our results of operations could decline.

Our long-term plan depends, in part, on our ability to expand the sales of our products to customers located outside of the United States and, accordingly, our business will be susceptible to risks associated with international operations. If we are unable to successfully manage the risks involved in international operations, the expected growth of our business may be negatively impacted.

We have no experience operating in foreign jurisdictions. We continue to explore opportunities outside of North America. Our lack of experience in operating our business outside of North America increases the risk that our current and any future international expansion efforts will not be successful. Conducting international operations subjects us to new risks that, generally, we do not face in the United States, including:

- fluctuations in currency exchange rates;
- unexpected changes in foreign regulatory requirements;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings;
- localization of our solutions, including translation into foreign languages and associated expenses;
- the burdens of complying with a wide variety of foreign laws and different legal standards, including laws and regulations related to privacy;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

If we fail to manage the risks associated with international operations, expected international sales may not materialize or may not prove to be as profitable as anticipated.

We may be sued by claimants that allege that they were injured due to our equipment. Our business will be negatively impacted if we do not have sufficient insurance to protect us against these claims.

Any business today is at risk of becoming involved in lawsuits. It is extremely difficult to identify all possibly claims that could be made against us based on our business, but to name a few, we may be sued by drivers that claim that roads repaired by our equipment caused them to get into an automobile accident. Or a worker using our equipment to repair a road may claim that he or she was injured by our equipment. These claims may or may not be meritorious. In any event, we will attempt to protect ourselves against these claims by purchasing general liability insurance. There can be no assurance that we will be able to obtain the insurance or that it will be sufficient to protect us against future claims. Further, even if we obtain insurance, some of the litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. As a result, we might also be required to incur significant legal fees with no assurance of outcome, and we may be subject to adverse judgments or settlements that could significantly impair our ability to operate.

We may not maintain sufficient insurance coverage for the risks associated with our business operations. Accordingly, we may incur significant expenses for uninsured events and our business, financial condition and results of operations could be materially and adversely affected.

Risks associated with our business and operations include, but are not limited to, claims for wrongful acts committed by our officers, directors, employees and other representatives, the loss of intellectual property rights, the loss of key personnel and risks posed by natural disasters. Any of these risks may result in significant losses. We do not carry business interruption insurance. In addition, we cannot provide any assurance that our insurance coverage is

sufficient to cover any losses that we may sustain, or that we will be able to successfully claim our losses under our insurance policies on a timely basis or at all. If we incur any loss not covered by our insurance policies, or the compensated amount is significantly less than our actual loss or is not timely paid, our business, financial condition and results of operations could be materially and adversely affected.

We have raised substantial amounts of capital in private placements and intend to continue to do so in the future, and if it is determined that we failed to comply with applicable securities laws, we could be subject to rescission claims or lawsuits that could severely damage our financial position.

We have offered and sold securities in private placements to investors, and may do so again in the future, pursuant to certain exemptions from the registration requirements of the Securities Act of 1933, as well as those of various state securities laws. Such exemptions are highly technical in nature and the basis for relying on such exemptions is factual; that is, the applicability of such exemptions depends upon our conduct and that of those persons contacting prospective investors and making the offering. We have not received a legal opinion to the effect that any of our prior offerings were exempt from registration under any federal or state law. Instead, we have relied upon the operative facts as the basis for such exemptions, including information provided by investors themselves. If any prior offerings did not qualify for such exemption, or if any future offering does not so qualify, an investor would have the right to rescind its purchase of the securities if it so desired. If investors were successful in seeking rescission, we would face severe financial demands that could adversely affect our business and operations. Additionally, if we did not, or do not in the future, in fact qualify for the exemptions upon which we have relied, we may become subject to significant fines and penalties imposed by the Securities and Exchange Commission and state securities agencies.

We have historically operated as a private company and have limited experience in complying with public company obligations. Complying with these requirements will increase our costs and require additional management resources. Even with additional resources we may fail to adequately comply with public company obligations and, as a result, any future market price of our common stock could be negatively affected.

We will face increased legal, accounting, administrative and other costs and expenses as a public company. Compliance with the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act of 2010, as well as rules of the Securities and Exchange Commission, for example, will result in significant initial cost to us as well as ongoing increases in our legal, audit and financial compliance costs. The Securities Exchange Act of 1934, as amended, will require, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage.

As a public company, we will be subject to Section 404 of the Sarbanes-Oxley Act relating to internal control over financial reporting. We expect to incur significant expense and devote substantial management effort toward ensuring compliance with Section 404. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Implementing any appropriate changes to our internal controls may require specific compliance training for our directors, officers and employees, entail substantial costs to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate consolidated financial statements or other reports on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Although we have not identified any material weaknesses in our internal control over financial reporting to date, we cannot assure you that our internal control over financial reporting will prove to be effective.

For as long as we remain an emerging growth company as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our public filings, periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote

on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an emerging growth company.

We will remain an emerging growth company for up to five years, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31 or if our annual gross revenues equal or exceed $1 billion, we would cease to be an emerging growth company on the last day of the year in which that occurs. We cannot predict if investors will find our common stock less attractive because we may rely on the exemptions from certain reporting standards as an emerging growth company. If some investors find our common stock less attractive, there may be a less active trading market for our common stock, and our stock price may be more volatile or decline. In addition, as a "Smaller Reporting Company," we enjoy the same exemptions as "emerging growth companies," and those exemptions would continue to be available to us even after the emerging growth company status expires if we still are a smaller reporting company at such time.

If we fail to comply with our public company obligations, our investors may lose confidence in us, any future market price of our common stock could be negatively affected, and investigations by stock exchange/regulatory agencies could commence requiring additional management and financial resources.

New accounting pronouncements may impact our reported results of operations and financial position.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. U.S. generally accepted accounting principles, or GAAP, and related implementation guidelines and interpretations can be highly complex and involve subjective judgments. Changes in these rules or their interpretation, the adoption of new pronouncements or the application of existing pronouncements to changes in our business could significantly alter our reported financial statements and results of operations.

Risks Related to our Common Stock:

Any public trading market for our common stock which may develop in the future will likely be a volatile one and will generally result in higher spreads in stock prices.

There is currently no public trading market for our common stock. If a public trading market for our common stock develops in the future, it would likely be in the over-the-counter market by means of OTC Markets, formerly known as the Pink Sheets. The over-the-counter market for securities has historically experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations and other factors, such as our ability to implement our business plan, as well as economic conditions and quarterly variations in our results of operations, may adversely affect the market price of our common stock. In addition, the spreads on stock traded through the over-the-counter market are generally unregulated and higher than on stock exchanges, which means that the difference between the price at which shares could be purchased by investors on the over-the-counter market compared to the price at which they could be subsequently sold would be greater than on these exchanges. Significant spreads between the bid and asked prices of the stock could continue during any period in which a sufficient volume of trading is unavailable or if the stock is quoted by an insignificant number of market makers. We cannot insure that our trading volume will be sufficient to significantly reduce this spread, or that we will have sufficient market makers to affect this spread. These higher spreads could adversely affect investors who purchase the shares at the higher price at which the shares are sold, but subsequently sell the shares at the lower bid prices quoted by the brokers. Unless the bid price for the stock increases and exceeds the price paid for the shares by the investor, plus brokerage commissions or charges, the investor could lose money on the sale. For higher spreads such as those on over-the-counter stocks, this is likely a much greater percentage of the price of the stock than for exchange listed stocks. There is no assurance that at the time the investor wishes to sell the shares, the bid price will have sufficiently increased to create a profit on the sale.

The exercise of our options may result in a dilution of our current stockholders' voting power and an increase in the number of shares eligible for future resale in any future public market which may negatively impact the trading price of our shares of common stock.

The exercise of some or all of our outstanding options could significantly dilute the ownership interests of our existing stockholders. The issuance of up to 1,022,000 shares of common stock upon exercise of stock options and 1,440,000 performance stock options outstanding as of May 1, 2013 will further dilute our existing stockholders' voting interest. To the extent options are exercised, additional shares of common stock will be issued, and such issuance will dilute existing stockholders.

In addition to the dilutive effects described above, the exercise of those securities would lead to an increase in the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect any future market price of our shares. Substantial increase in the number of common shares available for future resale may negatively impact the trading price of our shares of common stock.

Provisions in our third amended and restated certificate of incorporation, our amended and restated bylaws or Delaware law might discourage, delay or prevent a change-of-control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our third amended and restated certificate of incorporation, our amended and restated bylaws, or Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change-of-control of our company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest. These provisions include:

- advance notice requirements for stockholder proposals and nominations of directors;
- the inability of stockholders to call special meetings; and
- limitations on the ability of stockholders to remove directors without cause or amend our bylaws.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

We may seek to raise funds, finance acquisitions or develop strategic relationships by issuing capital stock that would dilute your ownership. If these activities result in significant dilution, it may negatively impact the trading price of our shares of common stock.

We have financed our operations, and we expect to continue to finance our operations, acquisitions, if any, and the development of strategic relationships by issuing equity and/or convertible securities, which could significantly reduce the percentage ownership of our existing stockholders. Furthermore, any newly issued securities could have rights, preferences and privileges senior to those of our existing securities. Any issuances by us of equity securities may be at or below the prevailing market price of our stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our common shares. The holders of any securities or instruments we may issue may have rights superior to the rights of our common stockholders. If we experience dilution from issuance of additional securities and we grant superior rights to new securities over common stockholders, it may negatively impact the trading price of our shares of common stock, and you may lose all or part of your investment.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging

growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock.

A total of 8,210,000 of our total outstanding shares are being registered for resale. The large number of shares eligible for public sale could depress any future market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market should a public trading market for our stock develop in the future, and the perception that these sales could occur may also depress the market price of our common stock. All of the shares of common stock of the selling stock holders in this prospectus will be freely tradable in the United States. The availability of these 8,210,000 shares of Common Stock being registered for resale, including the 6,460,000 shares registered for resale and issuable upon conversion of outstanding shares of preferred stock, can cause the price of the Common Stock to fall and investors may suffer a significant and immediate decline in the price of the Common Stock.

In addition, following the effective date of the registration statement of which this prospectus is a part, we intend to file a registration statement to register 1,800,000 shares of our outstanding common stock reserved for future issuance under our equity compensation plans. Upon the effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods, the shares of common stock issued upon exercise of outstanding options will be available for immediate resale in the United States in the open market.

Sales of our common stock, as lockup restrictions end, may depress the price of our common stock making it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause any future stock trading price to fall and make it more difficult for you to sell shares of our common stock, and, accordingly, you may lose all or part of your investment.

Ownership of our common shares is concentrated and you and other investors will have minimal influence on stockholder decisions.

As of May 1, 2013, our executive officers, directors, and a small number of investors, beneficially owned an aggregate of 2,277,500 shares of our outstanding common stock and 6,969,689 shares of our outstanding common stock (assuming the conversion of current preferred stock into common stock), representing, respectively, approximately 90% and 77% of the voting power of our then-outstanding capital stock. As a result, our existing officers, directors, and such investors could significantly influence stockholder actions of which you disapprove or that are contrary to your interests. This ability to exercise significant influence could prevent or significantly delay another company from acquiring or merging with us and the trading price of our shares of common stock could decline, and, accordingly, you may lose all or part of your investment.

Securities analysts may not cover our common stock and this may have a negative impact on the market price of our common stock.

Any trading market for our common stock which may develop in the future may depend on the research and reports that securities analysts publish about us or our business. We do not have any control over these analysts. There is no guarantee that securities analysts will cover our common stock. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect the market price of our common stock. If we are covered by securities analysts, and our stock is downgraded, the price of our stock would likely decline. If one or more of these analysts ceases to cover us or fails to publish regularly reports on us, we could lose or fail to gain visibility in the financial markets, which could cause a decline in our stock price and/or trading volume, and, accordingly, you may lose all or part of your investment.

Because our shares are designated as Penny Stock, broker-dealers will be less likely to trade in our stock in the future due to, among other items, the requirements for broker-dealers to disclose to investors the risks inherent in penny stocks and to make a determination that the investment is suitable for the purchaser.

Our shares are designated as "penny stock" as defined in Rule 3a51-1 promulgated under the Exchange Act and thus, if a public market for the stock develops in the future, it may be more illiquid than shares not designated as penny stock. The SEC has adopted rules which regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks are defined generally as securities with a price of less than $5.00 per share; that are not traded on a "recognized" national exchange; or in issuers with net tangible assets less than $2,000,000, if the issuer has been in continuous operation for at least three years, or $10,000,000, if in continuous operation for less than three years, or with average revenues of less than $6,000,000 for the last three years. The penny stock rules require a broker-dealer to deliver a standardized risk disclosure document prepared by the SEC, to provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, monthly account statements showing the market value of each penny stock held in the customer's account, to make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a stock that is subject to the penny stock rules. Since our securities are subject to the penny stock rules, investors in the shares may find it more difficult to sell their shares in any market which may develop in the future. Many brokers have decided not to trade in penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. The reduction in the number of available market makers and other broker-dealers willing to trade in penny stocks may limit the ability of purchasers in this offering to sell their stock in any secondary market which could develop in the future. These penny stock regulations, and the restrictions imposed on the resale of penny stocks by these regulations, could adversely affect our stock price if a public trading market for our stock is established in the future.

We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market prices of our common stock for returns on your investment .

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Accordingly, investors must be prepared to rely on sales of their common stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our common stock. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward looking statements that involve risks and uncertainties, principally in the sections entitled " **Description of Business**," "**Risk Factors**," and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**." All statements other than statements of historical fact contained in this prospectus, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including " **anticipates**," "**believes**," "**can**," "**continue**," " **could**," "**estimates**," "**expects**," "**intends**," " **may**," "**plans**," "**potential**," "**predicts**," or " **should**" or the negative of these terms or other comparable terminology. Although we do not make forward looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under " **Risk Factors**" or elsewhere in this prospectus, which may cause our or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assumes no obligation to update any such forward-looking statements.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this prospectus. Before you invest in our securities, you should be aware that the occurrence of the events described in the section entitled " **Risk Factors**" and elsewhere in this prospectus could negatively affect our business, operating results, financial condition and stock price. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this prospectus to conform our statements to actual results or changed expectations.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the common stock by the selling stockholders.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain future earnings to finance the operation, development and expansion of our business. We do not anticipate paying cash dividends on our common stock in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our Board of Directors considers relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of the financial condition and plan of operation in conjunction with our Heatwurx and predecessor carve-out financial statements and the notes to financial statements included elsewhere in this prospectus. Heatwurx, Inc. was incorporated on March 29, 2011 and we commenced operations on that date. On April 15, 2011, we entered into an asset purchase agreement with Mr. Richard Giles, a current stockholder of Heatwurx, Inc. Pursuant to the agreement, we purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand.

Mr. Giles began developing the Heatwurx business during 2009. The financial statements of Heatwurx included in this prospectus for the period from January 1, 2011 through April 15, 2011 (date of acquisition of the Heatwurx business from Mr. Giles' construction business have been disaggregated, or "carved-out" of the financial statements of Mr. Giles construction business, as our "predecessor". These carved-out financial statements form what we refer to herein as the financial statement of our predecessor, and include both direct and indirect expenses. The historical direct expenses consist primarily of the various cost of development of the Heatwurx equipment (technology, design, etc.), incurred by Mr. Giles' construction business on behalf of Heatwurx. Indirect expenses represent principally the estimated time Mr. Giles spent on Heatwurx activities. In addition, the net intercompany activities between predecessor and Mr. Giles' construction business have been accumulated in a single caption entitled, "Divisional Net Equity".

The Heatwurx financial information as of December 31, 2011 and 2012, as of March 31, 2013, and for the periods from March 29, 2011 (date of inception) through December 31, 2011, as well as for the periods ended March 31, 2013 and 2012, are referred to in this prospectus as the financial information of the successor.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of various factors, including those discussed in " ***Risk Factors****" and elsewhere in this prospectus.*

Overview and Basis of Presentation

Heatwurx, Inc. was incorporated under the laws of the State of Delaware on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011. We have not yet commercialized our products and we are therefore classified as a development stage enterprise.

We are an asphalt preservation and repair equipment company. Our innovative, and eco-friendly hot-in-place recycling process corrects surface distresses within the top 3 inches of existing pavement by heating the surface material to a temperature between 300 ° and 350° Fahrenheit with our electrically powered infrared heating equipment, mechanically loosening the heated material with our processor/tiller attachment that is optimized for producing a seamless repair, and mixing in additional recycled asphalt pavement and a binder (asphalt-cement), and then compacting repaired area with a vibrating roller or compactor. We consider our equipment to be eco-friendly as the Heatwurx process reuses and rejuvenates distressed asphalt, uses recycled asphalt pavement for filler material, eliminates travel to and from asphalt batch plants, and extends the life of the roadway. We believe our equipment, technology and processes provide savings over other processes that can be more labor and equipment intensive.

Our hot-in-place recycling process and equipment has been selected by the Technology Implementation Group of the American Association of State Highway Transportation Officials (AASHTO TIG) as an "additionally Selected Technology" for the year 2012. We develop, manufacture and intend to sell our unique and innovative and eco-friendly equipment to federal, state and local agencies as well as contractors for the repair and rehabilitation of damaged and deteriorated asphalt surfaces.

Section 107 of the JOBS Act provides that an "emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Critical Accounting Policies and Estimates

Use of Estimates

Management's discussion and analysis of our financial condition and results of operations include the predecessors' financial statements for the periods through April 15, 2011; and the successor's financial statements as of December 31, 2012 and 2011, as of March 31, 2013, for the year ended December 31, 2012, for the periods ended March 31, 2013 and 2012, and for the period from March 29, 2011 (date of inception) through December 31, 2011. The preparation of these financial statements requires management to make estimates, allocations and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to impairment of long-lived assets, accrued liabilities and certain expenses. We base our estimates about the carrying values of assets and liabilities that are not readily apparent from other sources on historical experience and on other assumptions believed to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We believe the following critical accounting policies involve significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

Equipment sales revenue is recognized when equipment is shipped to our customer and collection is reasonably assured. The Company sells its equipment (HWX-30 heater and HWX-AP-40 asphalt processor), as well as certain consumables, such as rejuvenation oil, to third parties. Equipment sales revenue is recognized when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) price is fixed and determinable; (c) collectability is reasonably assured; and (d) delivery has occurred. Persuasive evidence of an arrangement and a fixed or determinable price exist once we receive an order or contract from a customer. We assess collectability at the time of the sale and if collectability is not reasonably assured, the sale is deferred and not recognized until collectability is probable or payment is received. Typically, title and risk of ownership transfer when the equipment is shipped.

Research and Development Expenses

Research and development costs are expensed as incurred and consist of direct and overhead-related expenses. Expenditures to acquire technologies, including licenses, which are utilized in research and development and that have no alternative future use are expensed when incurred. Technology we develop for use in our products is expensed as incurred until technological feasibility has been established after which it is capitalized and depreciated.

Stock-based Compensation

We account for stock-based compensation in accordance with Accounting Standards Codification ("ASC") 718 – Compensation – Stock Compensation for all share-based payments, based on the grant-date fair value estimated in accordance with the provisions of ASC 718 is recognized as an expense over the requisite service period.

The fair value of each option grant is estimated using the Black-Scholes option-pricing model. We account for equity instruments issued to non-employees in accordance with the provisions of ASC 718 which requires that such equity instruments be recorded at their fair value on the measurement date.

All stock options issued to date by the Company were issued during the period beginning October 2011 and ending in August 2012. During this period, the Company made two private placements of its preferred stock, one on October 21, 2011 and one on August 6, 2012. Both private placements were priced at $2.00 per share and each share of preferred stock converts on a one to one basis into one share of common stock. Given that the share price of these private placements represents, in managements view, the best indication of the fair value of the Company's common stock prior to this offering by selling stockholders, we utilized a $2.00 estimate of fair value for a share of our common stock for all options issued during the period from October 2011 to August 2012.

Other significant assumptions utilized in determining the fair value of our stock options included the volatility rate, estimated term of the options, risk-free interest rate and forfeiture rate. In order to estimate the volatility rate at each issuance date, given that the Company has not established a historical volatility rate as it has been a private company through the filing date, management reviewed volatility rates for a number of companies with similar manufacturing operations to arrive at an estimated volatility rate for each option grant. The term of the options was assumed to be five years, which is the contractual term of the options. The risk-free interest rate was determined utilizing the treasury rate with a maturity equal to the estimated term of the option grant. Finally, management assumed a zero forfeiture rate as the options granted were either fully-vested upon the date of grant or had relatively short vesting periods. As such, management does not currently believe that any of the options granted will be forfeited. We will monitor actual forfeiture rates, if any, and make any appropriate adjustments necessary to our forfeiture rate in the future.

Non-employee share-based compensation charges generally are immediately vested and have no future performance requirements by the non-employee and the total share-based compensation charge is recorded in the period of the measurement date.

Impairment of Long-Lived Assets

We review long-lived assets for impairment on an annual basis, during the fourth quarter or on an interim basis if an event occurs that might reduce the fair value of such assets below their carrying values. An impairment loss would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or other appropriate fair value methods.

Results of operations

For the Three Months Ended March 31, 2013 and 2012

Our results of operations include the activity of the successor for the quarter ended March 31, 2013 and 2012 and the period from March 29, 2011 (date of inception) through March 31, 2013. For the quarter ended March 31, 2013, our net loss was $816,000, compared to a net loss of $581,000. Further description of these losses is provided below.

Revenue

Revenue increased to approximately $19,000 for the three months ended March 31, 2013 from approximately $15,000 for the three months ended March 31, 2012. We sold one HWX-30 heating unit and one HWX-AP-40 asphalt processor in each of the three month periods presented.

Given we are still in a start-up stage, sales of our equipment have not been material to date. Accordingly, for accounting purposes we consider ourselves to be a development stage company.

Cost of goods sold

Cost of goods sold of approximately $12,000 remained consistent for each of the three month periods presented.

Selling, general and administrative

Selling, general and administrative expenses increased to approximately $736,000 for the three months ended March 31, 2013 from approximately $390,000 for the three months ended March 31, 2012. The increase in selling, general and administrative expenses is principally due to increased employee expenses related to the hiring of company employees of approximately $222,000, increased costs of approximately $144,000 in advertising and promotion activities related to business development, increased costs (including legal fees, accounting fees and other items) of approximately $109,000 related to the Company's preparation for its proposed initial public offering, an increase in depreciation and amortization of approximately $102,000, partially offset by a decrease in stock-based compensation related to stock option grants for directors and officers of approximately $263,000, among other costs.

Research and Development

Research and development decreased to approximately $72,000 for the three months ended March 31, 2013 from approximately $144,000 for the three months ended March 31, 2012. The principal reason for the decrease is due to fewer legal and other intellectual property consulting fees related to certain patent applications on technology and processes that may be patentable.

For the Years Ended December 31, 2012 and 2011

Our results of operations include the activity of the successor for the year ended December 31, 2012 and the period from March 29, 2011 (date of inception) through December 31, 2012 and the activity of our predecessor for the period from January 1, 2011 through April 15, 2011. As such, our discussion for the relevant periods described below at times refers to the combined activity of the successor and predecessor.

For the year ended December 31, 2012, our net loss was $2,441,000, compared to a net loss of $902,000 (consisting of a loss of $941,000 from the successor and income of $39,000 from the predecessor), for the year ended December 31, 2011, based on the methodology used in carving out our financial information from Mr. Richard Giles' construction business, as described elsewhere in this prospectus. Further description of these losses is provided below.

Revenue

Revenue increased to approximately $192,000 for the year ended December 31, 2012 from approximately $159,000 (consisting of $16,000 from the successor and $143,000 from the predecessor) for the year ended December 31, 2011. We sold five HWX-30 heating units and five HWX-AP-40 asphalt processors in each of the years presented at the same price per unit. During 2011, we also had a small amount of rental income related to the rental of our equipment as well as sales related to certain consumables (e.g. rejuvenating oil).

Given we are still in a start-up stage, sales of our equipment have not been material to date. Accordingly, for accounting purposes we consider ourselves to be a development stage company.

Cost of goods sold

Cost of goods sold increased to approximately $133,000 for the year ended December 31, 2012 from $77,000 (consisting of $0 from the successor and $77,000 from the predecessor) for the year ended December 31, 2011, due to the sales of our equipment as described above.

Selling, general and administrative

Selling, general and administrative expenses increased to approximately $1,884,000 for the year ended December 31, 2012 from approximately $625,000 (consisting of $612,000 from the successor and $13,000 from the predecessor) for the year ended December 31, 2011. The increase in selling, general and administrative expenses is principally due to stock-based compensation recorded for the year ended December 31, 2012 related to stock option grants for directors, officers and a consultant of approximately $245,000, increased employee expenses related to the hiring of company employees of approximately $182,000, costs (including legal fees, accounting fees and other items) of approximately $211,000 related to the Company's preparation for its initial public offering, increased consulting fees to third parties of approximately $304,000 and marketing costs of approximately $100,000 incurred with an outside consulting firm, among other costs.

Research and Development

Research and development increased to approximately $448,000 for the year ended December 31, 2012 from approximately $188,000 (consisting of $174,000 from the successor and $14,000 from the predecessor) for the year ended December 31, 2011. The principal reason for the increase is due to legal and other intellectual property consulting fees related to our research on technology and processes that may be patentable.

Income taxes

Prior to March 29, 2011, we operated as part of Mr. Richard Giles general construction business. The tax benefits related to the carved-out expenses benefit Mr. Giles construction business since the carved-out Heatwurx activities were part of Mr. Giles construction business. Because the carve-out tax benefits belong to Mr. Giles construction business, we are not given credit for the tax losses in the accompanying financial statements. Heatwurx, the successor company, has incurred tax losses since it began operations. A tax benefit would have been recorded for losses incurred since March 29, 2011; however, due to the uncertainty of realizing these assets, a valuation allowance was recognized which fully offset the deferred tax assets.

Liquidity and capital resources

On April 15, 2011, we entered into an Asset Purchase Agreement with an individual who is a current stockholder. Pursuant to the agreement, we purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The total purchase price was $2,500,000. The purchase price was paid in a $1,500,000 cash payment and the issuance of a senior subordinated note to the seller in the amount of $1,000,000.

To date we have relied exclusively on private placements with a small group of investors to finance our business and operations. We have had little revenue since our inception. For the three months ended March 31, 2013, the Company incurred a net loss of $816,000 a working capital deficit of $546,000 and utilized $593,000 in cash flows from operating activities. The Company had cash on hand of approximately $421,000 as of March 31, 2013. Successful completion of the Company's development program and its transition to profitable operations is dependent upon obtaining additional financing adequate to fulfill its development and commercialization activities, and achieve a level of revenues adequate to support the Company's cost structure. Many of the Company's objectives to establish profitable business operations rely upon the occurrence of events outside its control; there is no assurance that the Company will be successful in accomplishing these objectives. We cannot assure that additional debt or equity or other funding will be available to us on acceptable terms, if at all. If we fail to obtain

additional funding when needed, we would be forced to scale back, or terminate our operations, or seek to merge with or be acquired by another company.

The Company has incurred operating losses, accumulated deficit and negative cash flows from operations since inception. As of March 31, 2013, the Company had an accumulated deficit of approximately $4,277,000. The Company had a working capital deficit of approximately $546,000 as of March 31, 2013 and notes payable of $750,000 due within the next 12 months. The issues described above raise substantial doubt about the Company's ability to continue as a going concern. Management of the Company intends to address these issues by raising additional capital through a through a private placement of equity or debt securities. If we successfully complete these transactions, we believe the proceeds we will receive from them will be sufficient to fund our operations, including our expected capital expenditures, through at least the next twelve months.

Management anticipates that the Company will require additional funds to continue operations. As of March 31, 2013, we had approximately $422,000 cash on hand and were spending approximately $250,000 per month, of which only a minor amount was satisfied by gross proceeds from operations. Hence, the amount of cash on hand is not adequate to meet our operating expenses over the next twelve months. In addition, we have an obligation to make principal payments of $1,000,000 on our current senior subordinated note payable beginning in October 2013 through April 2014, and to repay on September 15, 2013, the $1,000,000 for our senior secured promissory notes issued in May 2013. We anticipate the need to secure funding of up to approximately $4,500,000 over the next twelve months to meet our cash flow requirements and repay our secured debt. We currently have no firm commitments or arrangements to secure the additional funds. We anticipate that these funds would be raised by management through the sale of equity or debt securities. Without these additional funds, we may be required to reduce operations, curtail any future growth opportunities, or cease operations all together.

In May 2013, we raised an additional $1,000,000 pursuant to the terms of a Senior Loan Agreement and the issuance of Senior Secured Promissory Notes. In connection with these loans, we have agreed to pay each investor an origination fee of 1.5%, for a maximum of $15,000, of the amount loaned to us within 10 days following the date of the loan. These promissory notes mature on September 15, 2013, and bear interest at 12% per annum. Interest is payable monthly commencing on the first day of the month following the issuance date of the notes. The loans are secured by all of our assets, except for certain equipment we have previously financed. Mr. Giles has agreed to subordinate to these lenders his security interest in our assets granted under the Subordinated Security Agreement dated April 15, 2011, between us and Mr. Giles entered into in connection with the senior subordinated note issued to him in the amount of $1,000,000.

Recent accounting pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-04, *Fair Value Measurement* ("ASU 2011-04"), which amended ASC 820, *Fair Value Measurements* ("ASC 820"), providing a consistent definition and measurement of fair value, as well as similar disclosure requirements between U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles, clarifies the application of existing fair value measurement and expands the disclosure requirements. ASU 2011-04 will be effective for us for the fiscal year beginning January 1, 2012. The adoption of ASU 2011-04 is not expected to have a material effect on the Company's financial statements or disclosures.

In September 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 20): Presentation of Comprehensive Income* ("ASU 2011-05"), which is effective for annual reporting periods beginning after December 31, 2011. ASU 2011-05 will become effective for us for the fiscal year beginning January 1, 2012. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 is not expected to have a material effect on the Company's financial statement or disclosures.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment* ("ASU 2011-08"), which amends the guidance in ASC 350-20, *Intangibles—Goodwill and Other – Goodwill*. ASU 2011-08 provides entities with the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, the entities are required to perform a two-step goodwill impairment test. ASU 2011-08 will be effective for us for the fiscal year beginning January 1, 2012. The adoption of ASU 2011-08 is not expected to have a material effect on the Company's financial statements or disclosures.

BUSINESS

Our business

Heatwurx, Inc. was incorporated under the laws of the State of Delaware on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011. Our founders were Larry Griffin and David Eastman, the principals of Hunter Capital Group, LLC, an investment banking entity, which acquired our technology, equipment designs, trademarks, and patent applications from Richard Giles, the inventor and a founder of the Company in April 2011. In connection with the acquisition, we raised $1,500,000 in senior secured debt and $500,000 through the offering of Series A Preferred Stock to three investors. In October 2011, we completed a 7-1 forward stock split and raised gross proceeds of $3,000,000 through the sale of our Series B Preferred Stock. In August 2012, we raised gross proceeds of $1,520,000 through the sale of our Series C Preferred Stock. In August 2012, the proceeds from the sale of the Series C Preferred Stock were used to repay our secured debt.

We are an asphalt preservation and repair equipment company. Our innovative, and eco-friendly hot-in-place recycling process corrects surface distresses within the top three inches of existing pavement by heating the surface material to a temperature between 300 ° and 350° Fahrenheit with our electrically powered infrared heating equipment, mechanically loosening the heated material with our processor/tiller attachment that is optimized for producing a seamless repair, and mixing in additional recycled asphalt pavement and a binder (asphalt-cement), and then compacting repaired area with a vibrating roller or compactor. We believe our equipment, technology and processes provide savings over other repair processes that can be more labor and equipment intensive.

We have not yet commercialized our products and we are therefore classified as a development stage enterprise. Although we have had some limited sales for our products, our efforts continue to be principally focused on developing our distribution network and improving our products to make them completely standardized. We believe we will have commercialized our products in or around the first half of 2013 and will be focused at that time on the sale of our products. At such time as that occurs, we will no longer be classified as a development stage company.

Pothole Patching and Repair

Potholes occur on asphalt-surfaced pavements that are subjected to a broad spectrum of traffic levels, from two-lane rural routes to multi-lane interstate highways. Any agency responsible for asphalt-surfaced pavements eventually performs pothole patching or repair. Pothole patching or repair is generally performed either as an emergency repair under harsh conditions, or as routine maintenance scheduled for warmer and drier periods. Pothole patching and repair can be performed during various weather conditions.

Need for Pothole Patching or Repair

The decision to patch or repair potholes is influenced by many factors:

- The level of traffic
- Location of pothole
- Weather conditions
- Resources
- The tolerance of the traveling public

In most cases, the public likes all potholes to be patched or repaired promptly and forms a negative opinion of the agency when this fails to happen in a timely manner.

Potholes are generally caused by moisture, freeze-thaw cycle, traffic, poor underlying support, or some combination of these factors. Pothole patching or repair is necessary in those situations where potholes compromise safety and cause damage to vehicles.

Traditional pothole patching or repair operations can usually be divided into two distinct periods. The first period is winter repairs, when temperatures are low, base material are frozen, and additional moisture and freeze-thaw cycles are expected before the spring thaw. The second period is spring repairs, when base material is wet and soft, and few additional freeze-thaw cycles are expected.

Examples of Asphalt Repair and Patching Techniques

The following techniques and asphalt repair methods have been documented by the Transportation Research Board as part the Strategic Highway Research Program ("SHRP"). The Federal Highway Association Long Term Pavement Performance ("LTPP") program conducted five years of additional research on pothole repair, providing guidelines and recommendations to assist highway maintenance agencies and other related organizations in planning, constructing, and monitoring the performance of pothole repairs in asphalt-surfaced pavements.

Throw-and-Roll

Many maintenance agencies use the "throw-and-roll" method for patching potholes. It is the most commonly used method because of its high rate of production.

The throw-and-roll method consists of the following steps:

1. Shovel the hot asphalt into a pothole (which may or may not be filled with water or debris).
2. Drive over the asphalt using the truck tires to compact.
3. Move on to the next pothole.

One difference between this method and the traditional throw-and-go method is that some effort is made to compact the patches. Compaction provides a tighter patch for traffic than simply leaving loose material. The extra time to compact the patches (generally one to two additional minutes per patch) will not significantly affect productivity. This is especially true if the areas to be patched are separated by long distances and most of the time is spent traveling between potholes.

Crack Sealing

Crack sealing is utilized by agencies, parking lot owners and homeowners to seal cracks in asphalt pavement to prevent water and other debris from penetrating the asphalt and causing further damage during the freeze and thaw cycles. This method is preventative and not suitable for repairing or patching potholes.

The process for sealing cracks consists of the following steps:

1. Clean the surface of the area to be sealed and let dry.
2. Heat the sealing material to 300° to 400 ° Fahrenheit.
3. Pour the heated material into the crack.
4. Let cool and dry.
5. Place a layer of sand over the sealing material to prevent tracking by vehicle tires.

Spray injection Patching

The spray injection repair technique is performed by spraying heated aggregate (minerals such as sand, grave, or crushed stone) into the area to be repaired. This repair method requires a truck to haul the replacement asphalt and specialized machinery to heat and disperse.

The spray-injection procedure consists of the following steps:

1. Blow water and debris from the pothole with a high-pressure air blower.
2. Spray a generous layer of binder (asphalt-cement) on the sides and bottom of the pothole.
3. Blow heated aggregate (minerals such as sand, gravel or crushed stone) and asphalt-cement (binder) into the pothole.
4. Cover the patched area with a layer of dry aggregate (minerals).

This procedure process does not include compaction of the repaired area.

Semi-Permanent Repair (Saw cut)

Many agencies employ semi-permanent repair methods such as saw cutting. This method represents an increased level of effort for repairing potholes. This increased effort increases the performance of the repair by improving the underlying and surrounding support provided for the repair. It also raises the cost, due to the increased labor required and the amount of time the repair takes.

The semi-permanent repair method has traditionally been considered one of the best for repairing potholes, short of full-depth removal and replacement. This procedure includes the following steps:

1. Remove water and debris from the pothole.
2. Using a radial saw with a hardened blade, cut the repair area on four sides creating a square or rectangle.
3. Remove the material inside the section that was cut.
4. Shovel hot asphalt into the repair area. Spread with an asphalt rake to proper grade.
5. Compact with a vibrating drum roller or vibrating plate compactor.

This repair procedure results in a tightly compacted repair. However, it requires more workers and equipment and has a lower productivity rate than both the throw-and-roll and the spray-injection procedure.

Infrared Heating Technology

The infrared method utilized by Heatwurx consists of the following steps:

1. Place infrared heating equipment on area to be repaired and heat until asphalt roadway reaches a temperature of between 300° and 350° Fahrenheit through the full depth of the section. Overlap infrared equipment onto existing asphalt a minimum of 12 inches to enable seamless repair.
2. Using a skid steer (compact loader), remove heater and move to the next section to be repaired for heating.
3. Add recycled asphalt pavement as needed to provide proper volume and grade within the treated area.
4. Using the skid steer, attach the asphalt processor and dig up the heated area.
5. Apply binder (asphalt-cement) to the asphalt in the repair area.
6. Repeat the processing until the material is thoroughly mixed.
7. Using the screed (winged spreader) on the processor attachment, spread the asphalt to proper grade in preparation for compaction.
8. Use asphalt rake to remove excess material and square up the sides.
9. Compact treated area with a double wheel vibrating steel drum roller when treated area reaches a temperature range of 150° to 200° Fahrenheit.

Heatwurx Products

Heatwurx HWX-30 – Electrically Powered Infrared Heater

The HEATWURX™ HWX-30 Electric Infrared Heater is designed to effectively heat asphalt pavement to a pliable 300 ° to 350 ° Fahrenheit without scorching, burning, or oxidizing the existing asphalt. The HWX-30 is easily attached to a skid steer with standard quick releases and is a self-contained mobile infrared heater that can be used to repair/rejuvenate asphalt damaged by potholes and cracking. The HEATWURX™ HWX-30 Electric Infrared Heater specifications are as follows:

- Weight 3,550 lbs. (with generator mounted)
- Heats repair area of 30 square feet
- Generator requirement 45 kilowatts
- Custom industrial heating elements
- Cycle times of approximately 20 – 40 minutes depending on depth and weather conditions
- Fuel consumption approximately 2.8 gallons of fuel per hour
- Heavy duty steel constructed frame
- Top wind 7,000 lbs. jacks
- Six inches of heat resistance insulation
- Heavy duty high temperature powder coated finish for maximum durability and visibility
- Heavy duty steel attachment plate for skid steers or forklifts

Heatwurx AP-40 – Asphalt processor

The HEATWURX™ HWX-AP40 Asphalt Processor is powered by an orbital hydraulic motor and has a 40 inch working width. Designed to process and rejuvenate existing asphalt in place, it processes, remixes, and levels the heated, rejuvenated asphalt to the desired depth, ready for compaction. It is designed to easily attach to a skid steer and has custom beveled tines to provide a seamless bond between the repaired area and existing pavement. The HEATWURX™ HWX-AP40 Asphalt Processor specifications are as follows:

- One inch wear plate with ability to adjust to desired depth
- Orbital hydraulic motor
- 40” working width
- 5/16 inch processing blades
- Custom beveled cutting blades tooling to maximize asphalt bonding
- 12 gauge wings to funnel material into desired location

Sources and Availability of Raw Materials

The primary raw material that is used in manufacturing our equipment is steel. We currently outsource our manufacturing to a contract manufacturer, Boman Kemp, a family owned business based in Utah, who procures all raw materials and components. See " **Risk Factors**" for a discussion on the risk related to having a single manufacturer of equipment.

Disadvantages of Our Products

Although we believe our product offering is superior over other methods described above, there may be situations where methods such as the Throw-and-Roll method, may be more appealing than ours. For example, in emergency situations where roads must be patched as quickly as possible, the Throw-and-Roll method can be applied more quickly than our method and with less training of personnel. Additional disadvantages of our infrared technology relative to other processes and equipment are:

1. Inability to operate during adverse weather conditions
2. Heating time increases as ambient temperature decreases
3. Equipment requires the use of a skid steer
4. Our equipment and processes require training, whereas some of the other methods require little or no training

Potential Markets and Major Customers

The potential customers of our equipment are federal, state, and local governments, the military, contractors, commercial real estate owners, home owner associations, and parking lot owners. We do not intend to sell directly into any of these markets but instead intend to rely on distribution agreements with other companies that are well-positioned in these markets or for entry into these markets. At this time, we do not have any major customers and are focused on building our relationships with distributors, and promoting our equipment and processes with governmental agencies and other potential customers.

Intellectual Property

We currently have five U.S. patent applications pending. Our first patent application, entitled "Infrared Heating System and Method for Heating Surfaces" and filed in December 2009, is currently in the examination process. We have responded to two Office Actions issued by the US Patent and Trademark Office (USPTO) which rejected the application based on prior art referenced by the examiner. Our response argues that the invention as claimed is patentable over the cited prior art. Our second patent application, entitled "Asphalt Repair System and Method" and filed in June 2011, is currently in the examination process. We have responded to one Office Action issued by the US Patent and Trademark Office which rejected the application based on prior art referenced by the examiner. Our response argues that the invention as claimed is patentable over the cited prior art. Our third patent application, entitled, "System and Method for Remote Sensing of Pothole Location and Characteristics" was filed in January 2013; no substantive action has been received from the USPTO. Our fourth patent application, entitled, "System and Method for Controlling an Asphalt Repair Apparatus" was filed in February 2013; no substantive action has been received from the USPTO. Finally, our fifth patent application, entitled, "Asphalt Repair System and Method" was filed in March 2013; no substantive action has been received from the USPTO. We anticipate filing a sixth patent application entitled "Paving Material Object and Method of Making Same" during May 2013.

We intend to develop other technologies for which we will seek patent protection. However, we do not have any assurance that our current pending patent applications will be granted or that we will be able to develop future patentable technologies. We believe our ability to operate our business is not dependent on the patentability of our technology.

Governmental Regulation

We do not manufacture our own equipment nor do we utilize our own equipment to perform road repair. It will be up to the manufacturer as well as the end-users to comply with any governmental regulations. To the extent that any regulations require changes to our equipment, we will have to comply or risk losing the customers. See " **Risk Factors**" for a discussion relating to compliance with government regulations. **Research and Development**

Employees

As of May 1, 2013, we had seven employees, all of which were full-time employees.

Competition

According to the 2011 IBIS World Report on US Road and Highway Maintenance, the total spent on road maintenance in the United States is in excess of $30 billion per year. As an emerging company, we are at a competitive disadvantage because we do not have the financial resources of larger, more established competitors, nor do we have a sales force large enough to challenge our competitors. We intend to address this disadvantage by entering into distribution agreements with larger companies, and providing education and training to our sales partners, customers, and governmental agencies. We also believe that our equipment and processes are better than what is offered by other companies, and that purchasers will choose our equipment because of its effectiveness, quality of design, reputation in the marketplace, as well as the recognition we have received from state and federal agencies. We intend to offer an industry standard one-year limited warranty and provide nationwide service though our OEM partners and resellers. See " **Risk Factors**" for a discussion of the risks associated with our company.

Facilities

The Company's executive offices are located at 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111. The one year lease for these facilities expires in August 2013. All manufacturing and storage of products is performed by contractors.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Our directors and executive officers are:

Name	Age	Positions
Stephen Garland	45	Chief Executive Officer, President and Interim Chairman
Allen Dodge	45	Chief Financial Officer
Gus Blass III	60	Director
Reginald Greenslade	49	Director
Donald Larson	74	Director

Stephen Garland. Stephen Garland has served as the President and Chief Executive Officer of Heatwurx, Inc. since January 2012, a Director since November 2011, and a consultant and interim Chief Executive Officer to the Company from November 2011 until December 31, 2011. From 2007 to present, Mr. Garland is the Managing Director of Sugarland Consulting, an executive management-consulting firm focused on the private equity and venture capital sector. Mr. Garland received a BA in liberal arts from Colorado State University, a Master of Science in Management from University of Denver, and Master of Global Management from Thunderbird School of Global Management. We believe that Mr. Garland's consulting background and experience with a variety of

companies and his strong educational background give him the skills and expertise to serve as a director of our company.

Allen Dodge. Allen Dodge has served as our Chief Financial Officer since August 2012. From July 2006 through July 2012, Mr. Dodge was the Executive Vice President/Chief Financial Officer of Health Grades, Inc., a leading provider of comprehensive information about physicians and hospitals. Mr. Dodge received a BA in business economics from UC Santa Barbara and is a certified public accountant.

Gus Blass III. Mr. Blass has been a director since August 2012. He has been a General Partner of Capital Properties LLC since 1981. Capital Properties owns and manages over one million square feet of warehouse space in the Little Rock, Arkansas area and invests in public and private companies. He has also been a Principal of Falcon Securities since 1984. Mr. Blass also serves on the board of directors at BancorpSouth and Black Raven Energy, both from 2007 to date. Mr. Blass has a Bachelor of Science Degree in Finance and Banking from the University of Arkansas. We believe that Mr. Blass's financial and business expertise, including a diversified background of managing and directing public and private companies with substantial real property and serving on other boards of directors, give him the qualifications and skills to serve as a director and as the chairman of our audit committee.

Reginald Greenslade. Mr. Greenslade has been a director since September 2012. He has also been a director of Tuscany International Drilling Inc., a Canadian-based oilfield services company, from October 2007 to January 2013, President of Tuscany International Drilling Inc. from April 2010 and President and Chief Executive Officer from June 2011 to January 2013. Mr. Greenslade has also served as a director Spartan Oil Corp from June 2011 to present and a director of Spartan Exploration Ltd. from January 2010 to June 2011. Mr. Greenslade has served as an officer and/or director of both public and private companies during his career. We believe that his prior experience gives him the qualification and skills to serve as a director and as chairman of our nominating committee.

Donald Larson. Mr. Larson has been a director since November 2011. Mr. Larson is Chairman and Chief Executive Officer of W. D. Larson Companies LTD., Inc. (Larson Companies). Larson Companies with its affiliates is the second largest Peterbilt dealer group in North America operating in Minnesota, Wisconsin, North Dakota, South Dakota and Ohio. Mr. Larson opened his first Peterbilt dealership in South St. Paul, MN in 1971 and, through internal growth and acquisitions, has expanded to 16 locations employing more than 500 persons. Mr. Larson also owns and is Chairman and Chief Executive Officer of Citi-Cargo & Storage Co., Inc., a provider of business storage and transportation solutions, including contract public warehousing and distribution services throughout the Midwestern United States. We believe that Mr. Larson's experience in building up the Larson companies and overseeing over 500 employees provides him ample experience to serve as a director of our company and chairman of our compensation committee.

Board of Directors

Our Board of Directors is comprised of four directors. Our directors serve one-year terms, or until an earlier resignation, death or removal, or their successors are elected. There are no family relationships among any of our directors or officers.

Other than fees paid to the Chairman of the Board of Directors, directors do not receive cash compensation for service on the Board of Directors. We reimburse our directors for their out-of-pocket costs, including travel and accommodations, relating to their attendance at any Board of Directors meeting. Directors are entitled to participate in our equity compensation plan. Upon their election to the Board of Directors, directors receive options to purchase 75,000 shares of common stock.

Director Compensation

The following table provides a summary of annual compensation for our Directors for the year ended December 31, 2012:

Name	Option awards	All other compensation	Total
Stephen Garland (1)	$ -	$ 45,000	$ 45,000
Richard Giles (2)	$ 27,913	$ 196,400	$ 224,313
Don Larson (3)	$ 52,852	$ -	$ 52,852
Reginald Greenslade (4)	$ 52,401	$ -	$ 52,401
Gus Blass III (5)	$ 52,576	$ -	$ 52,576
Hugh Wolff (6)	$ 17,617	$ 12,000	$ 29,617
Larry Griffin (7)	$ -	$ 12,500	$ 12,500
Justin Yorke (8)	$ -	$ -	$ -

(8) Mr. Garland received a $45,000 consulting fee, unrelated to his service as a Director, during this period.

(2) Mr. Giles received $196,400 in consulting fees and 40,000 common stock options, unrelated to his service as a Director, during this period. He resigned as a director in June 2012.

(3) Mr. Larson was issued 75,000 common stock options upon his appointment to the Board.

(4) Mr. Greenslade was issued 75,000 common stock options upon his appointment to the Board.

(5) Mr. Blass was issued 75,000 common stock options upon his appointment to the Board.

(6) Mr. Wolff was issued 25,000 common stock options during the period. He received $12,000 in fees for his position as Chairman of the Board of Directors during this period. He resigned as a Director in June 2012.

(7) Mr. Griffin resigned as Chief Executive Officer in November 2011. He received $12,500 in consulting fees for services performed for us during January 2012. Mr. Griffin resigned as a director in January 2012.

(8) Mr. Yorke resigned as a Director in June 2012.

Committees of the Board of Directors

The charters of each of the following committees are available in print, free of charge, to any investor who requests it by writing to: 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111.

Audit committee

Our audit committee consists of Mr. Blass, committee chairman and designated audit committee financial expert, and Messrs. Greenslade and Larson. All members of our audit committee meet the independence standards for directors as set forth in the NASDAQ Exchange Rules. The audit committee reviews in detail and recommends approval by the full Board of Directors of our annual and quarterly financial statements, recommends approval of the remuneration of our auditors to the full board, reviews the scope of the audit procedures and the final audit report with the auditors, and reviews our overall accounting practices and procedures and internal controls with the auditors.

Compensation committee

Our compensation committee consists of Mr. Larson, committee chairman, and Messrs. Blass and Greenslade, all of whom are independent directors under the NASDAQ Exchange Rules. The compensation committee reviews and approves annually the compensation of the Chief Executive Officer, provides recommendations annually to full Board of Directors regarding the compensation to other executive officers, and makes recommendations to the Board's regarding other compensation issues.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Mr. Greenslade, committee chairman, and Messrs. Blass and Larson. The nominating and corporate governance committee determines the qualifications, qualities, skills, and other expertise required to be a director and develops criteria that it recommends to the full Board of Directors. The nominating and corporate governance committee also develops and recommends to the full Board of Directors a set of corporate governance guidelines applicable to us, including our certificate of incorporation and bylaws.

Code of Ethics and Business Conduct

We adopted a Code of Ethics and Business Conduct in October 2012, which applies to all of our employees, officers and directors. It establishes standards of conduct for individuals and also individual standards of business conduct and ethics. We will provide such Code of Ethics and Business Conduct in print, free of charge, to any investor who requests it by writing to: 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides a summary of annual compensation for our executive officers for the period from incorporation on March 29, 2011 to December 31, 2012. We do not have an employment agreement with either of our executive officers, who are referred to as our named executive officers.

Name and principal position	Year	Salary	Option Awards ($)	All other compen-sation	Total
Steve Garland – Chief Executive Officer (1) (2)	2012	$ 139,000	$ 211,411	$ 45,000	$ 395,411
	2011	$ -	$ 52,777	$ 20,000	$ 72,777
Allen Dodge – Executive Vice President and Chief Financial Officer (3) (4)	2012	$ 75,000	$ 69,533	$ -	$ 144,533
	2011	$ -	$ -	$ -	$ -

(1) Mr. Garland served as our interim Chief Executive Officer from November 2011 until March 31, 2012. His monthly compensation was $10,000 per month during 2011 and $15,000 per month during 2012.

(2) Mr. Garland received 75,000 options upon acceptance of his position on our company's Board of Directors in November 2011. The options have an exercise price of $2.00 per share, which was the offering price of our Series B Preferred Stock in October 2011. Mr. Garland received 300,000 options as interim Chief Executive Officer in January 2012. The options have an exercise price of $2.00 per share, which was the offering price of our Series B Preferred Stock in October 2011.

(3) Mr. Dodge was hired in August 2012. His annual base salary is $180,000.

(4) Upon his acceptance of his position as Chief Financial Officer Mr. Dodge received 100,000 options. The options have an exercise price of $2.00 per share, which was the offering price of our Series C Preferred Stock in August 2012.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information about outstanding stock options held by our named executive officers at December 31, 2012. No other named executive received stock or stock options. All of these options were granted under our 2011 Stock Incentive Plan. Our named executive officers did not hold any restricted stock or other stock awards at the end of 2012.

Name	Number of Shares underlying Unexercised Options		
	Exercisable	Option Exercise Price	Option Expiration Date
Steve Garland	75,000	$2.00	11/5/16
	300,000	$2.00	1/20/17
Allen Dodge	100,000	$2.00	8/1/17

Equity compensation plan

Our Board of Directors and stockholders approved the Amended and Restated Heatwurx, Inc. 2011 Equity Incentive Plan (the " **Plan**") in October 2012.

Eligibility. Employees, non-employee directors, advisors, and consultants of the Company and its affiliates are eligible to receive grants under the Plan.

Shares Available. In October 2012, the Board of Directors and stockholders increased the number of shares of common stock reserved for issuance under the Plan to a total of 1,800,000 shares. There are currently 1,022,000 outstanding option grants to officers, directors, employees and consultants under the Plan. If unexercised options expire or are terminated, the underlying shares will again become available for grants under the Plan.

Grants under the Plan. The Plan provides for the grant of options to purchase shares of common stock of the Company. Options may be incentive stock options, designed to satisfy the requirements of Section 422 of the U.S. Internal Revenue Code, or non-statutory stock options, which do not meet those requirements. Incentive stock options may only be granted to employees of the Company and its affiliates. Non-statutory stock options may be granted to employees, non-employee directors, advisors, and consultants of Company and its affiliates.

Outstanding Options. All currently outstanding options are exercisable at a price per share of $2.00, which was the offering price for our Series B and Series C Preferred Stock at the time of the grant of those options, and expire five years from the date of issuance. Options issued to directors are fully vested upon grant. Except as otherwise specified at the time of grant, all other options vest over a period of four years.

Administration of the Plan. The Plan provides that it will be administered by the Board or a Committee designated by the Board. Our Board of Directors appointed a Compensation Committee, which administers the Plan. The Compensation Committee has complete discretion to:

determine who should receive an option;

determine the type, the number shares, vesting requirements and other terms and conditions of options;

interpret the Plan and options granted under the Plan; and

make all other decisions relating to the operation and administration of the Plan and the options granted under the Plan.

Terms of Options. The exercise price for non-statutory and incentive stock options granted under the equity compensation plan may not be less than 100% of the fair market value of the common stock on the option grant date or 110% in the case of incentive stock options granted to employees who own stock representing more than 10% of the voting power of all classes of common stock of the Company and its parent and subsidiaries (" **10%-Stockholders**"). The Compensation Committee has the authority to establishing the vesting, including the terms

under which vesting may be accelerated, and other terms and conditions of the options granted. Options can have a term of no more than ten years from the grant date except for incentive stock options granted to 10%-Stockholders which can have a term of no more than five years from the grant date.

The Plan authorizes the Compensation Committee to provide for accelerated vesting of options upon a "Change in Control," as defined in the Plan. All of the options currently outstanding provide that if there is a Change in Control, (i) immediately prior to the effective date of the Change in Control, an unvested award will become fully exercisable as to all shares subject to the award and (ii) unless the option is assumed by a successor corporation or parent thereof, immediately following the Change in Control any unexercised options will terminate and cease to be outstanding. A Change in Control includes:

- any Person (as such term is used in Sections 13(b) and 14(b) of the 1934 Act) is or becomes the beneficial owner (" **Beneficial Owner**") (as defined in Rule 13d-3 promulgated under the 1934 Act), directly or indirectly, of securities representing fifty percent (50%) or more of the combined voting power of the Company's securities that are then outstanding; provided, however, that an initial public offering shall not constitute a Change in Control for purposes of the Plan;
- a merger or consolidation after which the Company's then current stockholders own less than 50% of the surviving corporation; or
- a sale of all or substantially all of the Company's assets.

Amendment and Termination. The Board of Directors may amend or terminate the Plan and outstanding options at any time without the consent of option holders provided that such action does not adversely affect outstanding options. Amendments are subject to stockholder approval to the extent required by applicable laws and regulations. Unless terminated sooner, the Plan will automatically terminate on April 15, 2021, the tenth anniversary of April 15, 2011, the date the Plan was adopted by our Board of Directors and approved by our Stockholders.

The table below provides information as to the number of options outstanding and their weighted average exercise price at May 1, 2013.

Equity compensation plan information as of May 1, 2013

Plan category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plan	1,022,000 (1)	$2.00	478,000

(1) Excludes 1,440,000 performance options that were not issued under the equity compensation plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common stock as of May 1, 2013, by:

- each of our executive officers and directors;
- all executive officers and directors as a group; and
- each person who is known by us to beneficially own more than 5% of our outstanding common stock.

Shares of common stock not outstanding but deemed beneficially owned because an individual has the right to acquire the shares of common stock within 60 days, including shares issuable upon conversion of preferred stock, are treated as outstanding when determining the amount and percentage of common stock owned by that individual and by all directors and executive officers as a group. The address of each executive officer and director is 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111. The address of other beneficial owners is set forth below.

The percentage of shares beneficially owned shown in the table is based upon 1,900,000 shares of common stock outstanding as of May 1, 2013. In addition, we have shown the percentage of shares beneficially owned on an "as if converted" basis, assuming 8,360,000 shares of common stock outstanding as of May 1, 2013, after giving effect to the conversion of all of our outstanding preferred stock into 6,460,000 shares of common stock, as these shares may be converted at any time by the preferred shareholders.

	Actual		As if converted	
Name of beneficial owner	**Amount and nature of beneficial ownership**	**Percent of class**	**Amount and nature of beneficial ownership (1)**	**Percent of class (1)**
Executive officers and directors:				
Stephen Garland (2)	375,000	16.48%	375,000	4.29%
Allen Dodge (3)	-	-	-	-
Gus Blass III (4)	175,000	8.86%	356,130	4.22%
Reginald Greenslade (5)	75,000	3.80%	181,065	2.15%
Donald Larson (6)	150,000	7.59%	150,000	1.78%
All executive officers and directors as a group(5) persons)	775,000	31.96%	1,062,195	12.71%
Stockholders owning more than 5%:				
JMW Fund LLC (7) 4 Richland Place Pasadena, California 91103 Manager: Justin Yorke	-	-	1,575,000	18.84%
San Gabriel Fund LLC (7) 4 Richland Place Pasadena, California 91103 Manager: Justin Yorke	-	-	1,575,000	18.84%
Justin Yorke (7) 4 Richland Place Pasadena, California 91103	-	-	3,362,994	40.23%
Charles F. Kirby (8) PO Box 3087 Greenwood Village, Colorado 80155	-	-	1,117,000	13.36%
Kirby Enterprise Fund LLC (8) PO Box 3087 Greenwood Village, Colorado 80155 Manager: Charles Kirby	-	-	605,000	7.24%

Charles F. Kirby Roth IRA (8) PO Box 3087 Greenwood Village, Colorado 80155	-	-	482,000	5.77%
Richard Giles (9) 6300 Sagewood Dr. Suite 400 Park City, Utah 84098	1,427,500	73.58%	1,427,500	16.99%

(1) Assumes 8,360,000 shares of common stock outstanding as of May 1, 2013, after giving effect to the conversion of all of our outstanding preferred stock into 6,460,000 shares of common stock, as these shares may be converted at any time by the preferred shareholders.

(2) Consists of 375,000 shares of common stock issuable upon exercise of vested stock options.

(3) Does not include 100,000 shares of common stock issuable upon exercise of unvested stock options.

(4) Gus Blass III may be deemed to be the beneficial owner of securities held by a fund which owns 50,000 shares of common stock and 75,065 shares of Series B Preferred Stock, due to his position as manager of the fund. As a result, when including Mr. Blass's personal stock holdings of 231,065 shares of common stock, consisting of 50,000 shares of common stock, 75,065 shares of common stock issuable upon conversion of Series B Preferred Stock, and 31,000 shares of common stock issuable upon conversion of Series C Preferred Stock and 75,000 shares of common stock underlying vested stock options, he may be deemed to own beneficially 356,130 shares of common stock.

(5) Includes 75,000 shares of common stock underlying vested stock options, 75,065 shares of common stock issuable upon conversion of Series B Preferred Stock, and 31,000 shares of common stock issuable upon conversion of Series C Preferred Stock.

(6) Includes 75,000 shares of common stock underlying vested stock options and 75,000 shares of common stock.

(7) Mr. Yorke may be deemed to be the beneficial owner of securities held by JMW Fund LLC and of San Gabriel Fund LLC due to his position as manager of both funds. He is also the manager of funds owning an aggregate of 125,500 shares of Series C Preferred Stock. As a result, when including Mr. Yorke's personal stockholdings of 87,494 shares of common stock, he may be deemed to own beneficially 3,362,994 shares of common stock.

(8) Mr. Kirby is the beneficial owner of the Charles F. Kirby Roth IRA and may be deemed to be the beneficial owner of Kirby Enterprise Fund LLC due to his position as manager. He is also the manager of funds owning an aggregate of 30,000 shares of Series B Preferred Stock. As a result, Mr. Kirby may be deemed to own beneficially 1,117,000 shares of common stock.

(9) Includes 40,000 shares of common stock underlying vested stock options and 1,387,500 shares of common stock. Excludes 1,400,000 unvested performance stock options which vest based on meeting certain future revenue goals.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Related Persons, Promoters and Certain Control Persons

This section describes the transactions we have engaged in with persons who were our directors or officers at the time of the transaction, and persons or entities known by us to be the beneficial owners of more than 5% of our common stock since our incorporation on March 29, 2011.

Transactions with Hunter Capital LLC

Larry Griffin, a founder and the former Chief Executive Officer of Heatwurx and David Eastman, a founder and former Secretary of Heatwurx, were also executive officers of Hunter Capital LLC. The Company leased office

space and reimbursed Hunter Capital for its share of other related office expenses for the period from inception through December 31, 2011. Hunter Capital was compensated a total of $43,226 during that period.

In connection with our Series A Preferred Stock Offering on April 15, 2011, Messrs. Griffin and Eastman entered into a voting agreement, pledge agreements, and a right of first offer and co-sale agreement. These agreements terminated on January 26, 2012 when Messrs. Griffin and Eastman severed their ties with us upon execution of a settlement agreement with us. At the time of their departure from the Company, each returned 525,000 shares of common stock to the Company for cancellation to assist the company and provide for a better capitalization to all the investors, and sold their remaining shares to other persons. The settlement agreement did not provide for payment by us or Messrs. Griffin and/or Eastman. Messrs. Eastman and Griffin left the Company to pursue other interests.

Transactions with Richard Giles

Mr. Giles owns more than 5% of the outstanding shares of Company common stock. Mr. Giles is a founder and was a director of the Company from April 2011 to June 2012. He has also been a consultant of the Company from April 2011 to the present. His compensation as a consultant from April 2011 through March 2013 was $296,800. He continues to be paid $15,800 a month for his consulting services.

On April 15, 2011, the Company entered into an Asset Purchase Agreement with Mr. Giles. Pursuant to the agreement, the Company purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The total purchase price was $2,500,000. The purchase price was paid in a $1,500,000 cash payment and the issuance of a senior subordinated note to the seller in the amount of $1,000,000. The Company has paid Mr. Giles $110,500 for interest on the senior subordinated note through May 1, 2013. As of May 1, 2013, the full $1,000,000 remains outstanding. In connection with this transaction, we entered into a Subordinated Security Agreement dated April 15, 2011, which secured our obligation to him with all of our assets. Mr. Giles has agreed to subordinate to his security interest in our assets granted under this agreement to certain lenders and has entered into a Subordination Agreement dated May 22, 2013.

In conjunction with the Asset Purchase Agreement, the Company granted 200,000 performance stock options to Mr. Giles with an exercise price of $0.40 per share and a term of 7 years. Following the effectiveness of the 7 for 1 stock split that was completed in October 2011, the 200,000 performance stock options were exchanged for 1,400,000 performance stock options with an exercise price of $0.057 per share.

The performance stock options will vest in full on the occurrence of any the following: (1) The Company achieves total revenue in year 2013 of $24,750,000 determined in accordance with generally accepted accounting principles in the United States; (2) the Company achieves total revenue in year 2014 of $49,500,000; or (3) the Company achieves total revenue in year 2015 of $99,000,000. If the performance stock options do not vest per the aforementioned vesting schedule, the performance stock options will immediately terminate and expire.

The performance stock options are being accounted for as contingent consideration and were recognized at its estimated fair value at the acquisition date in the amount of $0. In order for the options to vest, as described above, the Company must achieve certain revenue targets within three years from December 31, 2012. In order to determine the fair value of the options granted, the Company prepared a forecast of the probability that the targets would be achieved, with a focus on the 2013 revenue given the uncertainty of forecasting revenue for years 2014 and 2015 given the Company's development stage. The Company prepared three scenarios only one of which resulted in the options vesting. The Company's forecasts indicated a 95% probability that the options would not vest and therefore would have no value. Although the third scenario did result in the options vesting, as the probability was only 5%, the value associated with this scenario was immaterial.

Conflicts of Interest Policies

We have adopted a Code of Ethics and Business Conduct. All our directors, officers, and employees are required to be familiar with the Code of Ethics and comply with its provisions. The Code of Ethics expressly prohibits loans made by the Company to our directors and executive officers. Any other transaction involving an executive officer or director that may create a conflict of interest must receive the prior approval of the Audit Committee. All other conflicts must be reported to the Chief Financial Officer. The Code of Ethics provides that conflicts of interest should be avoided but allows the Audit Committee to approve transactions with executive officers or directors other than loans or guaranty transactions.

Other than as described in this section, there are no material relationships between us and any of our directors, executive officers, or known holders of more than 5% of our common stock.

DESCRIPTION OF SECURITIES

The following is a description of our capital stock and certain provisions of our certificate of incorporation, our bylaws as well as certain provisions of applicable law. Other than the ability to issue preferred stock without stockholder authorization or approval as discussed below, we have no charter or bylaw provisions that would prevent or delay a change in control, or discourage potential bidders

General

We are authorized to issue 23,000,000 shares of capital stock, $0.0001 par value per share, consisting of 20,000,000 shares of common stock and 3,000,000 shares of preferred stock. We have designated and issued 600,000, 1,500,000, and 760,000 shares of Series A, B and C Preferred Stock, respectively, in separate private placements.

The following is a summary of the rights associated with our common stock and preferred stock.

Common stock

As of May 1, 2013, we had 16 stockholders of record owning a total of 1,900,000 shares of common stock. In addition, we had 6,460,000 shares of common stock reserved and subject to issuance upon conversion of preferred stock and 2,462,000 shares reserved for issuance upon exercise of outstanding options.

Our Certificate of Incorporation does not provide for cumulative voting and the holders of our common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Our preferred stockholders are entitled to cast the number of votes equal to the number of whole shares of common stock which they are convertible into. The holders of our common stock are entitled to receive ratably such common stock dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. A merger, conversion, exchange or consolidation of us with or into any other person or sale or transfer of all or any part of our assets (which does not in fact result in our liquidation and distribution of assets) will not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of our affairs. The holders of our common stock have no preemptive or conversion rights.

All outstanding shares of common stock and all shares of common stock when issued by us will be fully paid and nonassessable. Our board is authorized to issue additional shares of common stock within the limits authorized by our Certificate of Incorporation without stockholder approval.

Preferred stock

Our certificate of incorporation authorizes the issuance of up to 3,000,000 shares of preferred stock in one or more series. To date we have issued a total of 2,860,000 shares of preferred stock in series A, B and C as detailed below. Any further issuance will require amendment of our certificate of incorporation and stockholder approval.

Series A Preferred Stock. As of May 1, 2013, there were 600,000 shares of Series A Preferred Stock outstanding.

The Series A Preferred Stock has the following terms:

- annual dividend of $0.066664 cumulative dividend per share;
- dividends accrue but are not payable unless declared by the Board of Directors or unless dividends are to be paid on common stock;
- liquidation preference of $0.8333 per share with priority over common stock;

- convertible into common stock at $0.119047 per share for a total of 4,200,000 shares;
- voting rights equal to common stock on an as-converted basis;
- convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 4,200,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes.

Series B Preferred Stock. As of May 1, 2013, there were 1,500,000 shares of Series B Preferred Stock outstanding.

The Series B Preferred Stock has the following terms:

- annual dividend of $0.16 cumulative dividend per share;
- dividends accrue but are not payable unless declared by the Board of Directors or unless dividends are to be paid on common stock;
- liquidation preference of $2.00 per share with priority over common stock;
- convertible into common stock at $2.00 per share for a total of 1,500,000 shares;
- voting rights equal to common stock on an as-converted basis;
- convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 1,500,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes.

Series C Preferred Stock. As of May 1, 2013, there were 760,000 shares of Series C Preferred Stock outstanding.

The Series C Preferred Stock has the following terms:

- annual dividend of $0.16 cumulative dividend per share accrues and is payable quarterly;
- liquidation preference of $2.00 per share with priority over common stock;
- convertible into common stock at $2.00 per share for a total of 760,000 shares;
- voting rights equal to common stock on an as-converted basis;
- convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 760,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes..

Indemnification of directors and officers

Our certificate of incorporation and bylaws provide that we will indemnify our directors and officers to the maximum extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. We have agreed to indemnify our executive officers and directors for all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been a director or officer, if (a) they acted honestly and in good faith with a view to our best interests, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful.

These indemnification provisions may be sufficiently broad to permit indemnification of our directors, officers and controlling persons for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of

1933, as amended. To the extent that our directors, officers and controlling persons are indemnified under the provisions contained in our certificate of incorporation, bylaws, Delaware law or contractual arrangements against liabilities arising under the Securities Act, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Transfer agent and registrar

The transfer agent and registrar for our common stock is Corporate Stock Transfer, Inc., Denver, Colorado.

Shares eligible for future sale

There has been no public market for any of our securities. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market prices of our common stock.

We are registering in this prospectus:

- 6,460,000 shares of common stock underlying our Series A, B and C Preferred Stock; and
- 1,750,000 outstanding shares of common stock.

Accordingly, up to 8,210,000 shares of common stock may be sold under this prospectus.

Stock options

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of common stock issuable under our equity compensation plan. At May 1, 2013 there were 1,022,000 stock options outstanding under the plan to purchase an equal number of shares of common stock at $2.00 per share. At May 1, 2013 there were an additional 1,440,000 nonqualified performance stock options outstanding that were not issued under our equity compensation plan.

The registration statement on Form S-8 is expected to be filed not sooner than 90 days following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Shares issued upon the exercise of stock options after the effective date of the Form S-8 registration statement will be eligible for resale in the public market without restriction, subject to limitations applicable to affiliates under Rule 144 of the Securities Act.

SELLING STOCKHOLDERS

This prospectus relates to:

- the resale by our common stockholders of 1,750,000 shares of common stock; and
- 6,460,000 shares of common stock issuable upon conversion of Series A, B and C Preferred Stock.

These securities were issued as follows:

- Common Stock: Upon incorporation on March 29, 2011, 2,800,000 shares of common stock were sold at $0.001 par value. In January 2012, 1,050,000 of these shares were cancelled, resulting in a balance of 1,750,000 shares of Common Stock.
- Series A Preferred Stock: In April 2011, we realized $500,000 from the sale of 600,000 shares of Series A Preferred Stock for $0.8333 per share.
- Series B Preferred Stock: In October 2011, we realized $3,000,000 from the sale of 1,500,000 shares of Series B Preferred Stock for $2.00 per share.

- Series C Preferred Stock: In August 2012, we realized $1,520,000 from the sale of 760,000 shares of Series C Preferred Stock for $2.00 per share.

The following tables set forth information regarding the shares of common stock owned beneficially as of May 1, 2013, by each selling stockholder and assumes the conversion of all 2,860,000 shares of preferred stock into 6,460,000 shares of common stock. The selling stockholders are not required, and may choose not to sell any of their shares of common stock.

None of the selling stockholders is an officer, director or other affiliate except as indicated below.

Name of selling stockholder	Shares owned prior to offering	Shares being offered	Shares owned after offering (1)	Percentage owned after offering (1)
JMW Fund LLC (2)	1,575,000	1,575,000	-	-
San Gabriel Fund LLC (3)	1,575,000	1,575,000	-	-
Richard Giles (4)	1,387,500	1,387,500	-	-
Kirby Enterprise Fund LLC (5)	605,000	605,000	-	-
Charles F Kirby Roth 401k (6)	525,000	525,000	-	-
Gus Blass II	156,065	156,065	-	-
The Richland Fund LLC	135,500	135,500	-	-
Capital Properties LLC	125,065	125,065	-	-
Gus Blass III (7)	125,065	125,065	-	-
Jay R Kuhne	125,065	125,065	-	-
West Hampton Special Situations Fund, LLC	125,000	125,000	-	-
Reg Greeenslade (8)	106,065	106,065	-	-
Echo Capital Growth Corporation	87,565	87,565	-	-
Buddy Walker	75,000	75,000	-	-
W D Larson (9)	75,000	75,000	-	-
W Douglas Moreland	75,000	75,000	-	-
Buddy & Linda Walker Comm. Prop.	70,000	70,000	-	-
High Speed Aggregate	52,532	52,532	-	-
Daryl & Stacy Monday Comm. Prop.	50,043	50,043	-	-
William J. Gordica	50,043	50,043	-	-
James T Galvin	50,032	50,032	-	-
The Russell Trust dtd 6/23/97	50,022	50,022	-	-
Underwood Family Partners	45,000	45,000	-	-
Goldstein Family Associates, a Colorado LLP	40,022	40,022	-	-
William F Hubble	37,522	37,522	-	-
John Paulson	33,766	33,766	-	-
Linda G McGrain	32,500	32,500	-	-
Alex Conner Blass Trust #3	31,000	31,000	-	-
Wayne T Grau	31,000	31,000	-	-
Donald P Wells	30,013	30,013	-	-
Stephen C Ball	27,500	27,500	-	-
88 Lapis Investments, LLC	25,022	25,022	-	-
Reuben Sandler	25,022	25,022	-	-
Wayne T. & Maria A. Grau, Joint Ten.	25,022	25,022	-	-
Macquarie Private Wealth ITF Trevor	25,000	25,000	-	-
Mason Family Trust	25,000	25,000	-	-

Volcano Fund LLC	25,000	25,000	-	-
Jerry Donahue	22,511	22,511	-	-
Shuster Family Trust dtd 4/4/80	22,511	22,511	-	-
Joseph W Skeehan	20,000	20,000	-	-
Kirby Enterprise Capital Management, LLC (10)	20,000	20,000	-	-
Pamela A Pryor	20,000	20,000	-	-
Michael A Schneider	17,500	17,500	-	-
Georgette Pagano	16,000	16,000	-	-
Cecelia Yorke	15,000	15,000	-	-
Jeff P. Ploen	15,000	15,000	-	-
Bruce Stewart	12,511	12,511	-	-
Lee & Janet Keyte Comm Pro.	12,511	12,511	-	-
Linda Waitsman & Kenton Spuehler Jt. Ten.	12,511	12,511	-	-
Aaron A. & Patricia Grunfeld Jt. Ten.	12,500	12,500	-	-
Chad K Kirby	12,500	12,500	-	-
David Erickson	12,500	12,500	-	-
Growth Ventures Inc Roth 401 K	12,500	12,500	-	-
James R Colburn	12,500	12,500	-	-
Kelsey Kirby	12,500	12,500	-	-
Lee Keyte	12,500	12,500	-	-
Mary Schneider	12,500	12,500	-	-
Justin & Jannina Yorke Comm. Prop.	12,494	12,494	-	-
Aaron A Grunfeld	10,000	10,000	-	-
Arthur Kassoff	10,000	10,000	-	-
Dennis J. Gordica	10,000	10,000	-	-
Fisk Investments LLC	10,000	10,000	-	-
Patrick M. Reidy	10,000	10,000	-	-
Richard Orman	10,000	10,000	-	-
The Mulhern Family Trust UDT 8/20/92	10,000	10,000	-	-
Thomas E. Manoogian	10,000	10,000	-	-
Weston P Munselle	10,000	10,000	-	-
Barbara J Chambers	7,500	7,500	-	-
Beverly Yorke	7,500	7,500	-	-
Brian R Cullen	7,500	7,500	-	-
Jim Williams	7,500	7,500	-	-
Pole Creek Associates LLC	7,500	7,500	-	-
Horst H Engel	7,000	7,000	-	-
Darlyne Garofalo	6,000	6,000	-	-
Andrew Elliot	5,000	5,000	-	-
Antonio & Boliva Castaneda Jt. Ten.	5,000	5,000	-	-
Chris Antonsen	5,000	5,000	-	-
Edward A. Cerkovnik. Sr.	5,000	5,000	-	-
Hillary Ridland	5,000	5,000	-	-
International Card Services, LLC	5,000	5,000	-	-
John Kennedy	5,000	5,000	-	-
Kimberly Stump	5,000	5,000	-	-
Mccall Kuhne	5,000	5,000	-	-
Stacey Mercer	5,000	5,000	-	-
Steve Jackson	5,000	5,000	-	-

Susan Cooper	5,000	5,000	-	-
Taylor Keyte	5,000	5,000	-	-
Teddy Keyte	5,000	5,000	-	-
William Hoover	5,000	5,000	-	-
Frank Guiltinan	4,000	4,000	-	-
Fred M. & Virginia Rusk Comm. Rop.	3,000	3,000	-	-
Monica F Burman	2,500	2,500	-	-
Ximena Blanca Proano	2,500	2,500	-	-
Amy Antonsen	1,000	1,000	-	-
Joanna Antonsen	1,000	1,000	-	-
Sarah B Trainotti	1,000	1,000	-	-
Doreen Fox Oswaks	500	500	-	-
Francis Guiltinan	300	300	-	-
Steven Guiltinan	300	300	-	-
Christopher & Laura Bragg Jt. Ten.	200	200	-	-
Kyle & Katie Miller	200	200	-	-
Michael & Jennifer Skeehan Jt. Ten.	200	200	-	-
Joeseph Guiltinan	150	150	-	-
Nicole Guiltinan	150	150	-	-
Total	8,210,000	8,210,000	-	-

(1) Amount gives effect to the conversion of all 2,860,000 shares of preferred stock to 6,460,000 shares of common stock but does not include the issuance of 1,022,000 and 1,440,000 shares of common stock upon exercise of outstanding stock options and performance stock options, respectively.

(2) JMW Fund LLC owns more than 5% of the outstanding shares of Company common stock. Justin Yorke is the Manager of the Fund and was a director from April 2011 until June 2012.

(3) San Gabriel Fund LLC owns more than 5% of the outstanding shares of Company common stock. Justin Yorke is the Manager of the Fund and was a director from April 2011 until June 2012.

(4) Mr. Giles owns more than 16.90% of the outstanding shares of our common stock. Mr. Giles was a director of the Company from April 2011 to June 2012 and has been a consultant of the Company from April 2011 to the present.

(5) Kirby Enterprise Fund LLC owns more than 5% of the outstanding shares of Company common stock. Charles Kirby is the Manager of the Fund and was a director from April 2011 until October 2011.

(6) Charles F Kirby Roth 401k owns more than 5% of the outstanding shares of Company common stock. Charles Kirby was a director from April 2011 until October 2011.

(7) Mr. Blass III is a director of our company.

(8) Mr. Greenslade is a director of our company.

(9) Mr. Larson is a director of our company.

(10) Kirby Enterprise Capital Management Fund LLC is an affiliate of a stockholder who owns more than 5% of the outstanding shares of Company common stock. Charles Kirby is the Manager of the Fund and was a director from April 2011 until October 2011.

SALE OF SECURITIES AND PLAN OF DISTRIBUTION

The sale of the securities described in this prospectus may be made from time-to-time in transactions, which may include block transactions by or for the account of the holders, in the over-the-counter market or in negotiated transactions through a combination of these methods of sale or otherwise. Sales may be made at fixed prices that may be changed, at market prices prevailing at the time of sale or at negotiated prices.

A post-effective amendment to the registration statement that includes this prospectus must be filed and declared effective by the Securities and Exchange Commission before a holder may:

- sell any securities described in this prospectus according to the terms of this prospectus either at a fixed price or a negotiated price, either of which is not at the prevailing market price;
- sell securities described in this prospectus in a block transaction to a purchaser who resells;
- pay compensation to a broker-dealer that is other than the usual and customary discounts, concessions or commissions; or
- make any arrangements, either individually or in the aggregate, that would constitute a distribution of the securities described in this prospectus.

No underwriting arrangements exist as of the date of this prospectus to sell any common stock on behalf of the selling stockholders. Upon being advised of any underwriting arrangements that may be entered into by a selling stockholder after the date of this prospectus, we will prepare a supplement to this prospectus to disclose those arrangements.

The selling stockholders may, from time to time, sell all or a portion of their shares of common stock at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to such market prices or at negotiated prices. The selling stockholders may offer our common stock at various times in one or more of the following transactions:

- on any national securities exchange, or other market on which our common stock may be listed at the time of sale;
- in the over-the-counter market;
- through block trades in which the broker or dealer so engaged will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- through purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this prospectus;
- in ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- through options, swaps or derivatives;
- in privately negotiated transactions;
- in transactions to cover short sales; and
- through a combination of any such methods of sale.

In addition, the selling stockholders may also sell common stock pursuant to Rule 144 under the Securities Act of 1933 under the requirements of such rule, if available, rather than pursuant to this prospectus.

The selling stockholders may sell our common stock directly to purchasers or may use brokers, dealers, underwriter or agents to sell our common stock upon terms and conditions that will be described in the applicable prospectus supplement. In effecting sales, brokers and dealers engaged by the selling stockholders may arrange for other brokers or dealers to participate. Brokers or dealers may receive commissions, discounts or concessions from a selling stockholder or, if any such broker-dealer acts as agent for the purchaser of such common stock , from such purchaser in amounts to be negotiated. Such compensation may, but is not expected to, exceed that which is customary for the types of transactions involved. Broker-dealers may agree to sell a specified number of such common stock at a stipulated price per share, and, to the extent such broker-dealer is unable to do so acting as agent for us or a selling stockholder, to purchase as principal any unsold common stock at the price required to fulfill the broker-dealer commitment. Broker-dealers who acquire common stock as principal may thereafter resell such common stock from time to time in transactions, which may involve block transactions and sales to and through other broker-dealers, including transactions of the nature described above, in the over-the-counter market or otherwise at prices and on terms prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. In connection with such resales, broker-dealers may pay to or receive from the purchasers of such common stock commissions as described above.

The selling stockholders and any broker-dealers or agents that participate with them in sales of the common stock are deemed to be "Underwriter" within the meaning of the Securities Act of 1933 in connection with such sales. Accordingly, any commissions received by such broker dealers or agents and any profit on the resale of the common

stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

From time to time the selling stockholder, other than officers, directors, and affiliates of the Company, may be engaged in short sales, short sales against the box, puts and calls and other hedging transactions in our securities, and may sell and deliver the common stock in connection with such transactions or in settlement of securities loans. These transactions may be entered into with broker-dealers or other financial institutions. In addition, from time to time, a selling stockholder may pledge its common stock pursuant to the margin provisions of its customer agreements with its broker-dealer. Upon delivery of the common stock or a default by a selling stockholder, the broker-dealer or financial institution may offer and sell the pledged common stock from time to time.

LEGAL MATTERS

The validity of the securities offered hereby is being passed upon for us by The Law Office of Ronald N. Vance & Associates, P.C., South Jordan, Utah.

EXPERTS

The predecessor financial statements of Heatwurx, Inc. for the period from January 1, 2009 (date of inception) to April 15, 2011 and for the period from January 1, 2011 to April 15, 2011 and the financial statements of the successor entity, Heatwurx, Inc. as of December 31, 2012 and 2011 and for the year ended December 31, 2012 and for the period from March 29, 2011 (date of inception) to December 31, 2011, appearing in this Prospectus and Registration Statement have been audited by Hein & Associates LLP, an independent registered public accounting firm, as stated in their report appearing elsewhere herein, which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (File Number 333-184948) under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the securities offered hereby, reference is made to the registration statement and the exhibits filed therewith.

Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. We currently do not file periodic reports with the SEC. Upon the effective date of the registration statement of which this prospectus is a part, we will be required to file periodic reports and other information with the SEC pursuant to the Exchange Act.

A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

If you are a stockholder, you may request a copy of these filings at no cost by contacting us at: 6041 South Syracuse Way, Suite 315, Greenwood Village, Colorado 80111.

HEATWURX, INC.
(A Development Stage Company)

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HEATWURX, INC.
(A Development Stage Company)
BALANCE SHEETS

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 421,489	$ 1,027,475
Accounts receivable	19,700	30,451
Prepaid expenses and other current assets	49,916	50,368
Inventory	62,640	48,749
Total current assets	553,745	1,157,043
EQUIPMENT, net of depreciation	309,599	316,357
INTANGIBLE ASSETS, net of amortization	2,321,430	2,410,715
TOTAL ASSETS	$ 3,184,774	$ 3,884,115
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 160,991	$ 73,172
Accrued liabilities	159,003	112,482
Interest payable	2,630	2,630
Income taxes payable	150	150
Loan payable	27,398	27,218
Current portion of senior subordinated note payable	750,000	500,000
Total current liabilities	1,100,172	715,652
LONG-TERM LIABILITIES:		
Loan payable	99,241	106,158
Senior subordinated note payable	250,000	500,000
Total long-term liabilities	349,241	606,158
TOTAL LIABILITIES	$ 1,449,413	$ 1,321,810
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
STOCKHOLDERS' EQUITY:		
Series A Preferred Stock, $0.0001 par value, 600,000 issued and outstanding; liquidation preference of $578,353 at March 31, 2013 and $568,490 as of December 31, 2012	$ 60	$ 60
Series B Preferred Stock, $0.0001 par value, 1,500,000 shares issued and outstanding; liquidation preference of $3,345,863 at March 31, 2013 and $3,286,685 as of December 31, 2012	150	150
Series C Preferred Stock, $0.0001 par value, 760,000 shares issued and outstanding; liquidation preference of $1,599,073 at March 31, 2013 and $1,569,172 as of December 31, 2012	76	76
Common stock, $0.0001 par value, 20,000,000 shares authorized; 1,900,000 shares issued and outstanding	190	190
Additional paid-in capital	6,011,958	5,992,636
Accumulated deficit during development stage	(4,277,073)	(3,430,807)
Total stockholders' equity	$ 1,735,361	$ 2,562,305
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,184,774	$ 3,884,115

The accompanying notes are an integral part of these unaudited financial statements.

HEATWURX, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the period from March 29, 2011 (date of inception) through March 31,	Three Months Ended March 31,	
	2013	**2013**	**2012**
REVENUE:			
Equipment sales	$ 209,345	$ 19,200	$ 14,614
Other revenue	17,534	-	-
Total revenues	226,879	19,200	14,614
COST OF GOODS SOLD	145,380	12,125	12,405
GROSS PROFIT	81,499	7,075	2,209
EXPENSES:			
Selling, general and administrative	3,232,132	736,566	390,060
Research and development	693,434	71,626	144,098
Total expenses	3,925,566	808,192	534,158
LOSS FROM OPERATIONS	(3,844,067)	(801,117)	(531,949)
OTHER INCOME AND EXPENSE:			
Interest income	5,472	641	791
Interest expense	(359,124)	(15,889)	(49,479)
Total other income and expense	(353,652)	(15,248)	(48,688)
LOSS BEFORE INCOME TAXES	(4,197,719)	(816,365)	(580,637)
Income taxes	(281)	-	-
NET LOSS	$ (4,198,000)	$ (816,365)	$ (580,637)
Preferred Stock Cumulative Dividend	503,289	98,942	69,617
Net loss available to common stockholders	$ (4,701,289)	$ (915,307)	$ (650,254)
Net loss per common share basic and diluted	$ (2.15)	$ (0.48)	$ (0.32)
Weighted average shares outstanding used in calculating net loss per common share	2,188,745	1,900,000	2,038,462

The accompanying notes are an integral part of these unaudited financial statements.

HEATWURX, INC.
(A Development Stage Company)
UNAUDITED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the period from March 29, 2011(date of inception) through March 31, 2013	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (4,198,000)	$ (816,365)	$ (580,637)
Adjustments to reconcile net loss to cash flows used in operating activities:			
Depreciation	32,741	13,034	60
Amortization	178,570	89,285	-
Bad debt expense	3,500	-	-
Non-cash expenses exchanged for services	1,694	-	-
Stock-based compensation	688,434	19,322	281,879
Changes in current assets and liabilities:			
Decrease (increase) in receivables	(22,700)	11,251	(13,314)
Increase in prepaid and other current assets	(50,416)	(48)	-
Increase in inventory	(62,640)	(13,891)	-
Increase in income taxes payable	150	-	-
Increase in accounts payable	160,991	87,819	89,047
Increase in accrued liabilities	79,930	16,620	37,271
(Decrease) increase in interest payable	2,630	-	(10,521)
Cash used in operating activities	(3,185,116)	(592,973)	(196,215)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(344,034)	(6,276)	-
Acquisition of business	(2,500,000)	-	-
Cash used in investing activities	(2,844,034)	(6,276)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of senior secured notes payable	1,500,000	-	-
Proceeds from issuance of senior subordinated note payable	1,000,000	-	-
Proceeds from issuance of common shares	4,000	-	-
Proceeds from exercise of options	300,000	-	-
Proceeds from issuance of Series A preferred shares	500,000	-	-
Proceeds from issuance of Series B preferred shares	3,000,000	-	-
Proceeds from issuance of Series C preferred shares	1,520,000	-	-
Loan proceeds from loan payable, net of payments	126,639	(6,737)	-
Repayment of senior secured notes payable	(1,500,000)	-	-
Cash (used in) provided by financing activities	6,450,639	$ (6,737)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	421,489	(605,986)	(196,215)
CASH AND CASH EQUIVALENTS, beginning of period	-	1,027,475	2,794,937
CASH AND CASH EQUIVALENTS, end of period	$ 421,489	$ 421,489	$ 2,598,722
Cash paid for interest	$ 356,205	$ 15,889	$ 49,479
Cash paid for income taxes	$ 200	$ -	$ -
Dividend payable in accrued expenses	$ 79,073	$ 79,073	$ -

The accompanying notes are an integral part of these unaudited financial statements.

1. PRINCIPAL BUSINESS ACTIVITIES:

Organization and Business – Heatwurx, Inc. ("Heatwurx," the "Company") is a development stage, asphalt repair equipment and technology company. Heatwurx was incorporated on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011. (Note 4)

Development Stage – From the date of incorporation, the Company has been in the development stage and therefore is classified as a development stage company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation – These unaudited interim financial statements and related notes are presented in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP"). Accordingly, it does not include all disclosures required in the annual financial statements by U.S. GAAP. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments considered necessary to present fairly in all material respects the financial position as of March 31, 2013. These financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2012. Operating results for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013 or any future period.

The Company's financial statements are prepared using U.S. GAAP applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company also faces certain risks and uncertainties which are present in many emerging companies regarding product development, future profitability, ability to obtain future capital, protection of patents and property rights, competition, rapid technological change, government regulations, recruiting and retaining key personnel, and third party manufacturing organizations.

The Company has incurred operating losses, accumulated deficit and negative cash flows from operations since inception. As of March 31, 2013, the Company had an accumulated deficit of approximately $4,277,000. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying unaudited financial statements do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions by management that affect reported amounts of assets and liabilities and 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. These estimates and assumptions are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. While management believes the estimates to be reasonable, actual results could differ materially from those estimates and could impact future results of operations and cash flows.

Cash and Cash Equivalents – The Company considers all highly liquid investments with a maturity at the date of purchase of three months or less to be cash equivalents. The Company had no cash equivalents at March 31, 2013. At times, the Company may have cash balances above the FDIC insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Accounts Receivable and Bad Debt Expense – Management reviews individual accounts receivable balances that exceed 90 days from the invoice date. Based on an assessment of current creditworthiness of the

customer, the Company estimates the portion, if any, of the balance that will not be collected. All accounts deemed to be uncollectible are written off to operation expense. There was no allowance for uncollectible accounts for the period from March 29, 2011 (date of inception) through March 31, 2013.

Inventories – The Company's finished goods and materials and supplies inventories are recorded at the lower of cost or net realizable value. Cost is determined by using the FIFO (first-in, first-out) inventory method.

Property and Equipment – Property and equipment is stated at cost and consists of office and computer equipment, depreciated on a straight line basis over an estimated useful life of three years, and process demonstration equipment (demo equipment) depreciated on a straight line basis over an estimated useful life of seven years.

Impairment of Long-lived Assets – The Company periodically reviews its long-lived assets to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition, whenever events or changes in circumstances indicate a potential impairment may exist. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value (estimated discounted future cash flows) of the long-lived assets. There were no impairment charges for the period from March 29, 2011 (date of inception) through March 31, 2013.

Intangible Assets – Intangible assets consist of in-process research and development acquired as part of an acquisition. During development, in-process research and development is not subject to amortization and is tested for impairment. As of October 1, 2012, in-process research and development is now classified as developed technology and amortized over its estimated useful life of 7 years.

Stock-Based Compensation – The Company accounts for the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award, determined on the date of grant. The expense is to be recognized over the period during which an employee is required to provide services in exchange for the award. The Company estimates forfeitures at the time of grant and makes revisions, if necessary, at each reporting period if actual forfeitures differ from those estimates. The Company estimated future unvested forfeitures at 0% for the period ended March 31, 2013.

Advertising Expense – The Company charges advertising costs to expense as incurred. Advertising costs were $68,737 for the three months ended March 31, 2013 and no advertising costs in the three months ended March 31, 2012.

Income Taxes – The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

The provision for income taxes includes federal and state income taxes currently payable and deferred taxes resulting from temporary differences between the financial statement and tax basis of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more-likely-than-not that a tax benefit will not be realized.

With respect to uncertain tax positions, the Company would recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits to be recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

Compensated absences – At March 31, 2013, the Company recorded a liability for paid time off earned by permanent employees but not taken, in accordance with human resource policies.

Revenue Recognition – The Company sells its equipment (HWX-30 heater and HWX-AP-40 asphalt processor), as well as certain consumables, such as rejuvenation oil, to third parties. Equipment sales revenue is recognized when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) price is fixed and determinable; (c) collectability is reasonably assured; and (d) delivery has occurred. Persuasive evidence of an arrangement and a fixed or determinable price exist once we receive an order or contract from a customer. We assess collectability at the time of the sale and if collectability is not reasonably assured, the sale is deferred and not recognized until collectability is probable or payment is received. Typically, title and risk of ownership transfer when the equipment is shipped.

Other revenue represents rentals of certain of the Company's equipment.

Interest income is recognized as earned, over the term of the investment.

Fair Value of Financial Instruments – The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Additionally, the Company is required to provide disclosure and categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities,
- Level 2 – other significant observable inputs for the assets or liabilities through corroboration with market data at the measurement date,
- Level 3 – significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

The carrying amount of certain financial instruments, including cash and cash equivalents and interest payable approximates fair value due to the relatively short maturity of such instruments. The carrying amount of the senior subordinated note payable approximates the fair value of such an instrument based upon management's best estimate of interest rates that would be available to the Company for a similar financial arrangement at March 31, 2013 and December 31, 2012. The Company does not have any fair value instruments for assets and liabilities measured at fair value on a recurring or non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at March 31, 2013, nor gains or losses reported in the statement of operations.

Concentration of Supplier and Customer Risk – During the period ended March 31, 2013, the Company's asphalt repair equipment, including major components, were purchased from a single supplier. During the same period, one customer was responsible for 100% of total revenues.

Recent Accounting Pronouncements – From time to time, the Financial Accounting Standards Board ("FASB") or other standard setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to be material to our financial statements upon adoption.

Subsequent Events – The Company performed an evaluation of subsequent events through the date of this filing.

3. PROPERTY AND EQUIPMENT:

A summary of the cost of property and equipment, by component, and the related accumulated depreciation is as follows:

	March 31, 2013	December 31, 2012
	(unaudited)	
Computer equipment & software	$ 20,561	$ 14,285
Demo equipment	321,432	321,432
	341,993	335,717
Accumulated depreciation	(32,394)	(19,360)
	$ 309,599	$ 316,357

Depreciation expense was $13,034 and $60, for the three months ended March 31, 2013 and 2012, respectively.

4. ACQUISITION:

On April 15, 2011, the Company entered into an Asset Purchase Agreement with an individual who is a founder and a current stockholder. Pursuant to the agreement, the Company purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The total purchase price was $2,500,000. The purchase price was paid in a $1,500,000 cash payment and the issuance of a senior subordinated note to the seller in the amount of $1,000,000. (Note 5)

The business essentially consisted of the investment in research and development of the technology, the patents applied for as a result of the research and development activities and certain distribution relationships that were in process, but not finalized as of the acquisition date. Collectively, these investments constitute the in-process research and development we refer to as the "asphalt preservation and repair solution." The Company capitalized $2,500,000 of in-process research and development related to this asphalt preservation and repair solution. As of October 1, 2012, in-process research and development is now classified as developed technology and amortized over its estimated useful life of 7 years. The estimated fair value of the in-process research and development was determined using the income approach. Under the income approach, the expected future cash flows from the asset are estimated and discounted to its net present value at an appropriate risk-adjusted rate of return.

In conjunction with the Asset Purchase Agreement, the Company granted 200,000 performance stock options to a founder of the Company with an exercise price of $0.40 per share and a term of 7 years. Following the effectiveness of the 7 for 1 stock split that was completed in October 2011, the 200,000 performance stock options were exchanged for 1,400,000 performance stock options with an exercise price of $0.057 per share.

The performance stock options will vest in full on the occurrence of any the following: (1) The Company achieves total revenue in year 2013 of $24,750,000 determined in accordance with U.S. GAAP; (2) the Company achieves total revenue in year 2014 of $49,500,000; or (3) the Company achieves total revenue in year 2015 of $99,000,000. If the performance stock options do not vest per the aforementioned vesting schedule, the performance stock options will immediately terminate and expire.

The performance stock options are being accounted for as contingent consideration and were recognized at its estimated fair value at the acquisition date in the amount of $0. In order for the options to vest, as described above, the Company must achieve certain revenue targets within three years from December 31, 2012. In order to determine the fair value of the options granted, the Company prepared a forecast of the probability that the targets would be achieved, with a focus on the 2013 revenue given the uncertainty of forecasting revenue for years 2014 and 2015 given the Company's development stage. The Company prepared three scenarios only one of which resulted in the options vesting. The Company's forecasts indicated a 95% probability that the options would not vest and therefore would have no value. Although the third scenario did result in the options vesting, as the probability was only 5%, the value associated with this scenario was immaterial.

5. NOTES PAYABLE:

Senior Subordinated Note Payable – The Company issued a senior subordinated note payable in the amount of $1,000,000 on April 15, 2011. The note, which is secured by all of the Company's assets, bears interest at a rate of 6% per annum and matures on April 15, 2014. As of March 31, 2013, the note is subject to mandatory principal payments as follows:

Date of Payment	Amount of Payment
October 15, 2013	$ 250,000
December 15, 2013	250,000
February 15, 2014	250,000
April 15, 2014	250,000
Total principal payments	$ 1,000,000

Interest on the senior subordinated note payable totaling $2,630 was outstanding at March 31, 2013.

Note Payable to Equipment Manufacturer – In September 2012, the Company financed the purchase of equipment primarily used for transporting the Company's process demonstration equipment. The note, in the original amount of $142,290, bears interest at a rate of 2.6% per annum and matures on September 4, 2017.

As of March 31, 2013, the note is subject to mandatory principal payments as follows:

Year ending December 31,	Payments
2013	$ 20,481
2014	27,944
2015	28,689
2016	29,454
2017	20,071
Total principal payments	$ 126,639

6. STOCKHOLDERS' EQUITY

Common Stock – The Company has authorized 20,000,000 common shares with a $0.0001 par value. As of March 31, 2013 there were 1,900,000 common shares outstanding.

Preferred Stock – The Company has authorized 3,000,000 shares of Preferred Stock with a $0.0001 par value. As of March 31, 2013, 600,000 shares were designated as Series A Preferred Stock, 1,500,000 shares were designated as Series B Preferred Stock and 760,000 shares were designated as Series C Preferred stock.

Series A Preferred Stock – As of March 31, 2013 there were 600,000 shares of Series A Preferred Stock outstanding.

The Series A Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series A Preferred Stock accrue dividends at the rate per annum of $0.066664. At March 31, 2013 Series A Preferred Stock had dividends accumulated of $78,353. No dividends have been declared, therefore there are no amounts accrued on the balance sheet.

The holders of the Series A Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series A original issue price of $0.8333 by the then applicable conversion price. The conversion ratio is subject to customary anti-dilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series A Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series A Preferred Stock plus any accrued and

unpaid dividends, whether or not declared, on the Series A Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore has classified the Series A Preferred Stock in stockholders' equity.

The holders of Series A Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series A Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series A Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series A Preferred Stock, the Company entered into an Investors' Rights Agreement (the "Rights Agreement"). The Rights Agreement provides that holders of at least 40% of the Series A Preferred Stock, including common stock into which the Series A Preferred Stock has been converted, may demand and cause the Company to register a Form S-1 or Form S-3, if eligible, on their behalf for the shares of common stock issued, issuable or that may be issuable upon conversion of the Series A Preferred Stock (the "Registrable Securities"). Whenever required under this agreement to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective.

Series B Preferred Stock – As of March 31, 2013 there were 1,500,000 shares of Series B Preferred Stock outstanding.

The Series B Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series B Preferred Stock accrue dividends at the rate per annum of $0.16 per share. At March 31, 2013, Series B Preferred Stock had dividends accumulated of $345,863. No dividends have been declared, therefore there are no amounts accrued on the balance sheet.

The holders of the Series B Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series B original issue price of $2.00 by the then applicable conversion price. The conversion ratio is subject to customary anti-dilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series B Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series B Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series B Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore the Company has classified the Series B Preferred Stock in stockholders' equity.

The holders of Series B Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series B Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series B Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series B Preferred Stock, the Company entered into an Investors' Rights Agreement with the same terms and conditions as the Rights Agreement for the Series A Preferred Stock described above.

Series C Preferred Stock – As of March 31, 2013 there were 760,000 shares of Series C Preferred Stock outstanding.

The Series C Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series C Preferred Stock accrue dividends at the rate per annum of $0.16 per share. At March 31, 2013, Series C Preferred Stock had dividends accumulated of $79,073. As dividends are accrued and payable quarterly on the Series C Preferred Stock, the Company has accrued $79,073 for dividends payable in accrued expenses as of March 31, 2013.

The holders of the Series C Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series C original issue price of $2.00 by the then applicable conversion price. The conversion ratio is subject to customary anti-dilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series C Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series C Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series C Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore the Company has classified the Series C Preferred Stock in stockholders' equity.

The holders of Series C Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series C Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series C Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series C Preferred Stock, the Company entered into an Investors' Rights Agreement with the same terms and conditions as the Rights Agreement for the Series A Preferred Stock described above.

Treasury Stock Transaction

Effective January 26, 2012 two of our founders, including our former Chief Executive Officer, Mr. Larry Griffin, severed their ties with the Company upon execution of a settlement agreement with us. At the time of their departure from the Company, each of them returned 525,000 shares of common stock to the Company for cancellation to assist the Company and provide for a better capitalization to all the investors, and sold their remaining shares to other persons. The settlement agreement did not provide for payment by us or the founders.

Stock Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, December 31, 2011	300,000	$ 2.00	
Granted	872,000	$ 2.00	
Exercised	(150,000)	$ 2.00	
Cancelled	–	$ –	
Balance, December 31, 2012	1,022,000	$ 2.00	4.30
Granted	–	$ –	
Exercised	–	$ –	
Cancelled	–	$ –	
Balance, March 31, 2013	1,022,000	$ 2.00	4.00
Exercisable, March 31, 2013 and December 31, 2012	710,000	$ 2.00	

There were no stock options granted during the three months ended March 31, 2013. The fair value of each stock option granted during the year ended December 31, 2012 was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

	December 31, 2012
Risk-free interest rate range	0.62% – 0.91%
Expected life	5.0 years
Vesting Period	0 – 4 Years
Expected volatility	39%
Expected dividend	–
Fair value range of options at grant date	$0.675– $0.705

During the three months ended March 31, 2013 and March 31, 2012, the Company recorded stock-based compensation expense of $19,322 and $281,879

As of March 31, 2013 there was $162,381 of unrecognized compensation expense related to the issuance of the stock options.

Performance Stock Options

There were no performance Stock options granted during the three months ended March 31, 2013.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2011	1,400,000	$ 0.06
Granted	40,000	$ 2.00
Exercised	–	$ –
Cancelled	–	$ –
Balance, March 31, 2013 and December 31, 2012	1,440,000	$ 0.11
Exercisable, March 31, 2013 and December 31, 2012	40,000	$ 2.00

See Note 4 for further discussion of the performance options.

7. NET LOSS PER COMMON SHARE:

The Company computes loss per share of common stock using the two-class method required for participating securities. Our participating securities include all series of our convertible preferred stock. Undistributed earnings allocated to these participating securities are added to net loss in determining net loss attributable to common stockholders. Basic and Diluted loss per share are computed by dividing net loss attributable to common stockholder by the weighted-average number of shares of common stock outstanding.

Outstanding options were not included in the computation of diluted loss per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

The calculation of the numerator and denominator for basic and diluted net loss per common share is as follows:

	For the three months ended March 31,		For the period from March 29, 2011 (date of inception) through March 31,
	2013	**2012**	**2013**
Net Loss	$ (816,365)	$ (580,637)	$ (4,198,000)
Basic and diluted:			
Preferred stock cumulative dividend – Series A	9,863	9,945	78,353
Preferred stock cumulative dividend – Series B	59,178	59,672	345,863
Preferred stock cumulative dividend – Series C	29,901	-	79,073
Net income available to preferred stockholders	98,942	69,617	503,289
Net loss attributable to common stockholders	(915,307)	(650,254)	(4,701,289)

8. COMMITMENTS AND CONTINGENCIES:

Lease Commitments **–** On July 18, 2012, the Company entered into a thirteen month lease for office space for our corporate headquarters located in Greenwood Village, Colorado. Under the terms of the lease agreement, the Company leased approximately 2,244 square feet of general office space. The lease term commenced on July 23, 2012 and continues through August 31, 2013.

Total rent expense for the three months ended March 31, 2013 and March 31, 2012 was $8,819 and $2,484, respectively.

The Company's remaining commitment under its current lease term for 2013 is approximately $14,000.

Purchase Commitments – As of March 31, 2013, the Company has a commitment to its manufacturer to purchase equipment totaling approximately $204,000.

9. RELATED PARTY TRANSACTIONS:

During the three months ended March 31, 2013 and March 31, 2012, the Company paid consulting fees of $47,400 and $37,800, respectively to Richard Giles, a founder, stockholder and former director of the Company. In addition the company paid $15,000 in each of the three months ended March 31, 2013 and March 31, 2012 to Richard Giles. During the three months ended March 31, 2012 the company also paid consulting fees of $12,500 to Larry Griffin, a founder, and former executive officer of the Company.

10. SUBSEQUENT EVENTS:

In May 2013, the Company raised an additional $1,000,000 pursuant to the terms of a Senior Loan Agreement and the issuance of Senior Secured Promissory Notes. In connection with these loans, the Company agreed to pay each investor an origination fee of 1.5%, for a maximum of $15,000, of the amount loaned to the Company within 10 days following the date of the loan. These promissory notes mature on September 15, 2013, and bear interest at 12% per annum. Interest is payable monthly commencing on the first day of the month following the issuance date of the notes. The loans are secured by all of the Company's assets, except for certain equipment that was previously financed. In connection with this transaction, a prior lender agreed to subordinate to these new lenders his security interest in our assets granted in April 2011.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Heatwurx, Inc.

We have audited the accompanying statements of operations, divisional net equity, and cash flows for the period from January 1, 2011 to April 15, 2011 and for the period from January 1, 2009 (date of inception) to April 15, 2011 of the predecessor carve-out entity to Heatwurx, Inc. (the "Company" or "Successor") a development stage company, and the balance sheet of the successor entity, Heatwurx, Inc., as of December 31 , 2012 and 2011 and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2012 and for the period from March 29, 2011 (date of inception) to December 31, 2011 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 audits 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 also 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses since incorporation and has an accumulated net deficit of approximately $3.4 million at December 31, 2012. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of financial position as of December 31, 2012 and 2011 of Heatwurx, Inc. and the results of the predecessor carve-out entity to Heatwurx, Inc. operations and its cash flows for period from January 1, 2011 to April 15, 2011 and for the period from January 1, 2009 (date of inception) to April 15, 2011 and the results of operations and cash flows of Heatwurx, Inc. for the year ended December 31, 2012 and for the period from March 29, 2011 (date of inception) to December 31, 2011 and 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ Hein & Associates LLP
Irvine, California

March 14, 2013

HEATWURX, INC. AND PREDECESSOR CARVE-OUT
(A Development Stage Company)
BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,027,475	$ 2,794,937
Accounts receivable	30,451	9,500
Prepaid expenses and other current assets	50,368	-
Inventory	48,749	-
Total current assets	1,157,043	2,804,437
EQUIPMENT, net of depreciation	316,357	1,201
INTANGIBLE ASSETS, net of amortization	2,410,715	2,500,000
TOTAL ASSETS	$ 3,884,115	$ 5,305,638
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 73,172	$ -
Accrued liabilities	112,482	20,000
Interest payable	2,630	10,521
Income taxes payable	150	100
Loan payable	27,218	-
Current portion of senior subordinated note payable	500,000	-
Current portion of senior secured notes payable	-	300,000
Total current liabilities	715,652	330,621
LONG-TERM LIABILITIES:		
Loan payable	106,158	-
Senior secured notes payable, net of current portion	-	1,200,000
Senior subordinated note payable	500,000	1,000,000
Total long-term liabilities	606,158	2,200,000
TOTAL LIABILITIES	1,321,810	2,530,621
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
STOCKHOLDERS' EQUITY:		
Series A Preferred Stock, $0.0001 par value, 600,000 issued and outstanding; liquidation preference of $568,490 and $528,492 as of December 31, 2012 and 2011, respectively	60	60
Series B Preferred Stock, $0.0001 par value, 1,500,000 shares issued and outstanding; liquidation preference of $3,286,685 and $3,046,685 as of December 31, 2012 and 2011, respectively	150	150
Series C Preferred Stock, $0.0001 par value, 760,000 shares issued and outstanding as of December 31, 2012; liquidation preference of $1,569,172 as of December 31, 2012	76	-
Common stock, $0.0001 par value, 20,000,000 shares authorized; 1,900,000 and 2,800,000 shares issued and outstanding at December 31, 2012 and 2011, respectively	190	280
Additional paid-in capital	5,992,636	3,715,624
Accumulated deficit during development stage	(3,430,807)	(941,097)
Total stockholders' equity	2,562,305	2,775,017
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,884,115	$ 5,305,638

The accompanying notes are an integral part of these financial statements

HEATWURX, INC. AND PREDECESSOR CARVE-OUT
(A Development Stage Company)
STATEMENTS OF OPERATIONS

				For the year ended December 31, 2011	
	For the period from March 29, 2011 (date of inception) through December 31, 2012	**For the year ended December 31, 2012**	**For the period from January 1, 2009 (date of inception) through April 15, 2011**	**For the period from January 1, 2011 through April 15, 2011**	**For the period from March 29, 2011 (date of inception) through December 31, 2011**
	(successor)	(successor)	(predecessor)	(predecessor)	(successor)
REVENUE:					
Equipment sales	$ 190,145	$ 190,145	$ 279,473	$ 143,393	$ -
Other revenue	17,534	2,000	-	-	15,534
Total revenues	207,679	192,145	279,473	143,393	15,534
COST OF GOODS SOLD	133,255	133,255	222,332	76,792	-
GROSS PROFIT	74,424	58,890	57,141	66,601	15,534
EXPENSES:					
Selling, general and administrative	2,495,566	1,883,635	90,323	13,130	611,931
Research and development	621,808	448,028	187,642	14,689	173,780
Total expenses	3,117,374	2,331,663	277,965	27,819	785,711
(LOSS) INCOME FROM OPERATIONS	(3,042,950)	(2,272,773)	(220,824)	38,782	(770,177)
OTHER INCOME AND EXPENSE:					
Interest income	4,831	3,131	-	-	1,700
Interest expense	(343,235)	(170,715)	-	-	(172,520)
Total other income and expense	(338,404)	(167,584)	-	-	(170,820)
(LOSS) INCOME BEFORE INCOME TAXES	(3,381,354)	(2,440,357)	(220,824)	38,782	(940,997)
Income taxes	(281)	(181)	-	-	(100)
NET (LOSS) INCOME	$ (3,381,635)	$ (2,440,538)	$ (220,824)	$ 38,782	$ (941,097)
Preferred Stock Cumulative Dividend	404,347	329,170	N/A	N/A	75,177
Net loss available to common stockholders	$(3,785,982)	$(2,769,708)	-	-	$(1,016,274)
Net loss per common share basic and diluted	$(1.70)	$(1.50)	-	-	$(0.37)
Weighted average shares outstanding used in calculating net loss per common share	2,229,160	1,843,033	-	-	2,739,350

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

HEATWURX, INC. AND PREDECESSOR CARVE-OUT
(A Development Stage Company)
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM MARCH 29, 2011 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2012 AND DIVISIONAL NET EQUITY FOR THE PERIOD FROM JANUARY 1, 2009 (DATE OF INCEPTION) TO APRIL 15, 2011

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-In Capital	Accumu-lated Deficit	Divisional Net Equity	Total
	Shares	**$**	**Shares**	**$**	**Shares**	**$**	**Shares**	**$**	**$**	**$**	**$**	**$**
Predecessor:												
Balance at January 1, 2009 (date of inception)	-	-	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-	(100,012)	-
Net transactions with Parent	-	-	-	-	-	-	-	-	-	-	116,263	-
Balance at December 31, 2009	-	-	-	-	-	-	-	-	-	-	16,251	-
Net loss	-	-	-	-	-	-	-	-	-	-	(159,594)	-
Net transactions with Parent	-	-	-	-	-	-	-	-	-	-	160,764	-
Balance at December 31, 2010	-	-	-	-	-	-	-	-	-	-	17,421	-
Net income	-	-	-	-	-	-	-	-	-	-	38,782	-
Net transactions with Parent	-	-	-	-	-	-	-	-	-	-	(41,969)	-
Balance at April 15, 2011	-	-	-	-	-	-	-	-	-	-	14,234	-
Successor:												
Balance at March 29, 2011 (date of inception)	–	$ –	–	$ –	–	$–	–	$–	$–	$ –		$ –
Shares issued on April 4, 2011	–	–	–	–	–	–	2,800,000	280	3,720	–		4,000
600,000 shares issued at $0.833 per share pursuant to private placement dated April 15, 2011	600,000	60	–	–	–	–	–	–	499,940	–		500,000
1,500,000 shares issued at $2.00 per share pursuant to private placement dated October 21, 2011	–	–	1,500,000	150	–	–	–	–	2,999,850	–		3,000,000
Stock-based compensation	–	–	–	–	–	–	–	–	212,114	–		212,114
Net loss for the period	–	–	–	–	–	–	–	–	–	(941,097)		(941,097)
Balance at December 31, 2011	600,000	$60	1,500,000	$150		$–	2,800,000	$280	$3,715,624	$(941,097)		$2,775,017
760,000 shares issued at $2.00 per share pursuant to private placement dated August 6, 2012	–	–	–	–	760,000	76	–	–	1,519,924	–		1,520,000
Stock-based compensation	–	–	–	–	–	–	–	–	456,998	–		456,998
Dividend payable on Series C Preferred Stock	–	–	–	–	–	–	–	–	–	(49,172)		(49,172)
1,050,000 shares acquired as Treasury stock and retired	–	–	–	–	–	–	(1,050,000)	(105)	105	–		–
Stock options exercised	–	–	–	–	–	–	150,000	15	299,985	–		300,000
Net loss	–	–	–	–	–	–	–	–	–	(2,440,538)		(2,440,538)
Balance at December 31, 2012	600,000	$60	1,500,000	$150	760,000	$76	1,900,000	$ 190	$5,992,636	$(3,430,807)		$2,562,305

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

HEATWURX, INC. AND PREDECESSOR CARVE-OUT
(A Development Stage Company)
STATEMENT OF CASH FLOWS

	For the period from March 29, 2011(date of inception) through December 31, 2012	For the year ended December 31, 2012	For the period from January 1, 2009 (date of inception) through April 15, 2011	For the year ended December 31, 2011	
				For the period from January 1, 2011 through April 15, 2011	For the period from March 29, 2011 (date of inception) through December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (loss) income	$ (3,381,635)	$ (2,440,538)	$ (220,824)	$ 38,782	$ (941,097)
Adjustments to reconcile net (loss) income to cash flows (used in) provided by operating activities:					
Depreciation	19,707	19,182	8,076	3,187	525
Amortization	89,285	89,285	-	-	-
Bad debt expense	3,500	3,500	-	-	-
Non-cash expenses exchanged for services	1,694	-	-	-	1,694
Stock-based compensation	669,112	456,998	-	-	212,114
Changes in current assets and liabilities:					
Increase in receivables	(33,951)	(24,451)	-	-	(9,500)
Increase in prepaid and other current assets	(50,368)	(50,368)	-	-	-
Increase in inventory	(48,749)	(48,749)	-	-	-
Increase in income taxes payable	150	50	-	-	10
Increase in accounts payable	73,172	73,172	-	-	-
Increase in accrued liabilities	63,310	43,310	-	-	20,000
Increase (decrease) in interest payable	2,630	(7,891)	-	-	10,521
Cash (used in) provided by operating activities	(2,592,143)	(1,886,500)	(212,748)	41,969	(705,643)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(337,758)	(334,338)	(22,310)	-	(3,420)
Acquisition of business	(2,500,000)	-	-	-	(2,500,000)
Cash used in investing activities	(2,837,758)	(334,338)	(22,310)	-	(2,503,420)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of senior secured notes payable	1,500,000	-	-	-	1,500,000
Proceeds from issuance of senior subordinated note payable	1,000,000	-	-	-	1,000,000
Proceeds from issuance of common shares	4,000	-	-	-	4,000
Exercise of options	300,000	300,000	-	-	-
Proceeds from issuance of Series A preferred shares	500,000	-	-	-	500,000
Proceeds from issuance of Series B preferred shares	3,000,000	-	-	-	3,000,000
Cash advances (to) from parent	-	-	235,058	(41,969)	
Loan proceeds from CAT financial, net of repayments	133,376	133,376	-	-	-
Proceeds from issuance of Series C preferred shares	1,520,000	1,520,000	-	-	-
Repayment of senior secured notes payable	(1,500,000)	(1,500,000)	-	-	-
Cash provided by (used in) financing activities	$ 6,457,376	$ 453,376	$ 235,058	$ (41,969)	$ 6,004,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,027,475	(1,767,462)	-	-	2,794,937
CASH AND CASH EQUIVALENTS, beginning of period	-	2,794,937	-	-	-
CASH AND CASH EQUIVALENTS, end of period	$ 1,027,475	$ 1,027,475	$ -	$ -	$ 2,794,937
Cash paid for interest	$ 340,316	$ 178,316	$ -	$ -	$ 162,000
Cash paid for income taxes	$ 100	$ 100	$ -	$ -	$ -
NON CASH INVESTING AND FINANCING ACTIVITY:					
Dividend payable in accrued expenses	$ 49,172	$ 49,172	$ -	$ -	$ -

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

HEATWURX, INC. AND PREDECESSOR CARVE-OUT
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

1. PRINCIPAL BUSINESS ACTIVITIES:

Organization and Business – Heatwurx, Inc. ("Heatwurx," the "Company") is a development stage, asphalt

repair equipment and technology company. Heatwurx was incorporated on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011. (Note 4)

Development Stage – From the date of incorporation, the Company has been in the development stage and therefore is classified as a development stage company.

Predecessor Carve-Out Financial Statements – On April 15, 2011, the Company entered into an Asset Purchase Agreement with an individual who is a current stockholder of the Company. Pursuant to the agreement, the Company purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The assets acquired represent Heatwurx's predecessor under Rule 405 of the Regulation C of the Securities Act of 1933, as amended, as the assets acquired represent the acquisition of a business and Heatwurx's own operations were insignificant relative to the operations acquired. The accompanying predecessor financial statements present the relative revenues earned and expenses incurred and the cash flows of the predecessor owner relative to the assets acquired.

Subsequent to the acquisition, the successor financial statements present the financial position, operations and cash flows of the assets acquired, the liabilities assumed and operations of the assets acquired as well as those acquired subsequently and are reflected at their purchase-date fair values. Those fair values are reflected as the cost of the assets acquired and the carrying amounts of the liabilities assumed, and are the basis of the resulting operations of the successor.

Prior to the acquisition of the predecessor assets, Heatwurx had minimal activity and was a development stage company. Its planned operations were to purchase the assets acquired and develop the business using the assets acquired. Heatwurx had no revenue for the period from incorporation on March 29, 2011 to the date of acquisition of the assets on April 15, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation – These financial statements and related notes are presented in accordance with the accounting principles generally accepted in the United States and are expressed in U.S. dollars. The Company's fiscal year end is December 31.

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company also faces certain risks and uncertainties which are present in many emerging companies regarding product development, future profitability, ability to obtain future capital, protection of patents and property rights, competition, rapid technological change, government regulations, recruiting and retaining key personnel, and third party manufacturing organizations.

For the year ended December 31, 2012, the Company incurred a net loss of $2.4 million and utilized $2.6 million in cash flows from operating activities. The Company had cash on hand of approximately $1.0 million as of December 31, 2012. Successful completion of the Company's development program and its transition to profitable operations is dependent upon obtaining additional financing adequate to fulfill its development and commercialization activities, and achieve a level of revenues adequate to support the Company's cost structure. Many of the Company's objectives to establish profitable business operations rely upon the occurrence of events outside its control; there is no assurance that the Company will be successful in accomplishing these objectives.

The issues described above raise substantial doubt about the Company's ability to continue as a going concern. Management of the Company intends to address these issues by raising additional capital through either an initial public offering or through a private placement. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts and classification of liabilities that might results from the outcome of these uncertainties.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions by management that affect reported amounts of assets and liabilities and 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 materially differ from these estimates.

Cash and Cash Equivalents – The Company considers all highly liquid investments with a maturity at the date of purchase of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2012. At times, the Company may have cash balances above the FDIC insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Accounts Receivable and Bad Debt Expense – Management reviews individual accounts receivable balances that exceed 90 days from the invoice date. Based on an assessment of current creditworthiness of the customer, the Company estimates the portion, if any, of the balance that will not be collected. All accounts deemed to be uncollectible are written off to operation expense. There was no allowance for uncollectible accounts for the years ended December 31, 2012 and 2011.

Inventories – The Company's finished goods and materials and supplies inventories are recorded at lower of cost or net realizable value. Cost is determined by using the FIFO (first-in, first-out) inventory method.

Property and Equipment – Property and equipment is stated at cost and consists of office and computer equipment depreciated on a straight line basis over an estimated useful life of three or seven years and process demonstration equipment (demo equipment) depreciated on a straight line basis over an estimated useful life of seven years.

Impairment of Long-lived Assets – The Company periodically reviews its long-lived assets to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition, whenever events or changes in circumstances indicate a potential impairment may exist. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value (estimated discounted future cash flows) of the long-lived assets. There were no impairment charges for the years ended December 31, 2012 and 2011.

Intangible Assets – Intangible assets consist of in-process research and development acquired as part of an acquisition. During development, in-process research and development is not subject to amortization and is tested for impairment. As of October 1, 2012, in-process research and development is now classified as developed technology and amortized over its estimated useful life of 7 years.

Stock-Based Compensation – The Company accounts for the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award, determined on the date of grant. The expense is to be recognized over the period during which an employee is required to provide services in exchange for the award. The Company estimates forfeitures at the time of grant and makes revisions, if necessary, at each reporting period if actual forfeitures differ from those estimates. The Company estimated future unvested forfeitures at 0% for the year ended December 31, 2012.

Advertising Expense – The Company charges advertising costs to expense as incurred. Advertising costs were $150,500 and $30,488 (consisting of $25,600 for the successor and $4,888 for the predecessor) for the year ended December 31, 2012 and 2011, respectively.

Income Taxes – The Company and its predecessor account for income taxes using the asset and liability method of accounting for deferred income taxes.

The provision for income taxes includes federal and state income taxes currently payable and deferred taxes resulting from temporary differences between the financial statement and tax bases of assets and liabilities.

Valuation allowances are recorded to reduce deferred tax assets when it is more-likely-than-not that a tax benefit will not be realized.

With respect to uncertain tax positions, the Company would recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits to be recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

Compensated absences – At December 31, 2012, the Company recorded a liability for paid time off earned by permanent employees in accordance with human resource policies, but not taken. There were no permanent employees at December 31, 2011.

Revenue Recognition – The Company sells its equipment (HWX-30 heater and HWX-AP-40 asphalt processor), as well as certain consumables, such as rejuvenation oil, to resellers. Equipment sales revenue is recognized when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) price is fixed and determinable; (c) collectability is reasonably assured; and (d) delivery has occurred. Persuasive evidence of an arrangement and a fixed or determinable price exist once we receive an order or contract from a customer. We assess collectability at the time of the sale and if collectability is not reasonably assured, the sale is deferred and not recognized until collectability is probable or payment is received. Typically, title and risk of ownership transfer when the equipment is shipped. The Company does not have any additional post shipment obligations or customer acceptance provisions. The Company's sales to resellers are non-cancelable, non-refundable and payment terms are typically net forty-five days.

Other revenue represents rentals of certain of the Company's equipment. Rental revenue is recognized over the period the equipment is rented as long as collectability is reasonably assured. We assess collectability at the time of the rental and if collectability is not reasonably assured, revenue recognition is deferred and not recognized until collectability is probable or payment is received.

Interest income is recognized as earned, over the term of the investment.

Fair Value of Financial Instruments – The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Additionally, the Company is required to provide disclosure and categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities,
- Level 2 – other significant observable inputs for the assets or liabilities through corroboration with market data at the measurement date,
- Level 3 – significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

The carrying amount of certain financial instruments, including cash and cash equivalents and interest payable approximates fair value due to the relatively short maturity of such instruments. The senior secured and senior subordinated notes payable approximates the fair value of such instrument based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangement at December 31, 2012 and 2011. The Company does not have any fair value instruments for assets and liabilities measured at fair value on a recurring or non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at December 31, 2012, nor gains or losses reported in the statement of operations.

Concentration of Supplier and Customer Risk – During the year ended December 31, 2012, the Company's asphalt repair equipment, including major components, were purchased from three primary suppliers

providing an aggregate of 98% of total equipment purchases. During the same period, three customers were responsible for an aggregate of 99% of total revenues.

Recent Accounting Pronouncements – In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-04, *Fair Value Measurement* ("ASU 2011-04"), which amended ASC 820, *Fair Value Measurements* ("ASC 820"), providing a consistent definition and measurement of fair value, as well as similar disclosure requirements between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles, clarifies the application of existing fair value measurement and expands the disclosure requirements. ASU 2011-04 became effective for the Company beginning January 1, 2012. The adoption of ASU 2011-04 did not have a material effect on the Company's financial statements or disclosures.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 20): Presentation of Comprehensive Income*, which is effective for annual reporting periods beginning after December 31, 2011. ASU 2011-05 became effective for the Company on January 1, 2012. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 did not have a material effect on the Company's financial statements or disclosures.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment* ("ASU 2011-08"), which amends the guidance in ASC 350-20, *Intangibles—Goodwill and Other – Goodwill*. ASU 2011-08 provides entities with the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. If the fair value of the reporting unit is determined, based on qualitative factors, to be more-likely-than-not less than the carrying amount of the reporting unit, the entities are required to perform a two-step goodwill impairment test. ASU 2011-08 became effective for the Company beginning January 1, 2012. The adoption of ASU 2011-08 did not have a material effect on the Company's financial statements or disclosures.

Subsequent Events – The Company performed an evaluation of subsequent events through the date of this filing.

3. PROPERTY AND EQUIPMENT:

A summary of the cost of property and equipment, by component, and the related accumulated depreciation is as follows:

	December 31, 2012	December 31, 2011
Computer equipment & software	$ 14,285	$ -
Demo Equipment	321,432	1,379
	335,717	1,379
Accumulated depreciation	(19,360)	(178)
	$ 316,357	$ 1,201

Depreciation expense was $19,182, for the year ended December 31, 2012 and $3,712 (consisting of $525 from the successor and $3,187 from the predecessor) for the year ended December 31, 2011, respectively.

4. ACQUISITION:

On April 15, 2011, the Company entered into an Asset Purchase Agreement with an individual who is a founder and a current stockholder. Pursuant to the agreement, the Company purchased the related business and activities of the design, manufacture and distribution of asphalt repair machinery under the Heatwurx brand. The total purchase price was $2,500,000. The purchase price was paid in a $1,500,000 cash payment and the issuance of a senior subordinated note to the seller in the amount of $1,000,000. (Note 5)

The business essentially consisted of the investment in research and development of the technology, the patents applied for as a result of the research and development activities and certain distribution relationships that were in process, but not finalized as of the acquisition date. Collectively, these investments constitute the in-process research and development we refer to as the "asphalt preservation and repair solution." The Company capitalized $2,500,000 of in-process research and development related to this asphalt preservation and repair solution. As of October 1, 2012, in-process research and development is now classified as developed technology and amortized over its estimated useful life of 7 years. The estimated fair value of the in-process research and development was determined using the income approach. Under the income approach, the expected future cash flows from the asset are estimated and discounted to its net present value at an appropriate risk-adjusted rate of return. Amortization expense for the year ended December 31, 2012 was $89,285.

Expected amortization expense for our developed technology for the next five years is as follows:

2013 - $ 357,153

2014 - $ 357,153

2015 - $ 357,153

2016 - $ 357,153

2017 - $ 357,153

$1,785,765

In conjunction with the Asset Purchase Agreement, the Company granted 200,000 performance stock options to a founder of the Company with an exercise price of $0.40 per share and a term of 7 years. Following the effectiveness of the 7 for 1 stock split that was completed in October 2011, the 200,000 performance stock options were exchanged for 1,400,000 performance stock options with an exercise price of $0.057 per share.

The performance stock options will vest in full on the occurrence of any the following: (1) The Company achieves total revenue in year 2013 of $24,750,000 determined in accordance with generally accepted accounting principles in the United States; (2) the Company achieves total revenue in year 2014 of $49,500,000; or (3) the Company achieves total revenue in year 2015 of $99,000,000. If the performance stock options do not vest per the aforementioned vesting schedule, the performance stock options will immediately terminate and expire.

The performance stock options are being accounted for as contingent consideration and were recognized at its estimated fair value at the acquisition date in the amount of $0. In order for the options to vest, as described above, the Company must achieve certain revenue targets within three years from December 31, 2012. In order to determine the fair value of the options granted, the Company prepared a forecast of the probability that the targets would be achieved, with a focus on the 2013 revenue given the uncertainty of forecasting revenue for years 2014 and 2015 given the Company's development stage. The Company prepared three scenarios only one of which resulted in the options vesting. The Company's forecasts indicated a 95% probability that the options would not vest and therefore would have no value. Although the third scenario did result in the options vesting, as the probability was only 5%, the value associated with this scenario was immaterial.

5. NOTES PAYABLE:

Senior Secured Notes Payable – The Company issued senior secured promissory notes totaling $1,500,000 on April 15, 2011. The notes bear interest at a rate of 12% per annum and were originally due on October 15, 2013.

On July 14, 2012, the Company entered into a First Amendment to Senior Secured Promissory Notes with the holders of the Senior Secured Notes Payable for a deferral of the scheduled principal payment of $150,000 that was due on July 15, 2012. The note holders agreed to relinquish their rights to receive the July 15, 2012 payment in exchange for the Company's early repayment of the Senior Secured Promissory Notes on or before August 31, 2012.

On August 6, 2012, the Company issued 760,000 Series C Preferred Stock for total gross proceeds of $1,520,000. The Series C Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock.

Holders of Series C Preferred Stock accrue dividends at the rate per annum $.16 per share. On August 8, 2012, the Company repurchased and retired the outstanding Senior Secured Promissory Notes for the principal balance of $1,500,000 outstanding plus accrued interest.

Senior Subordinated Note Payable – The Company issued a senior subordinated note payable in the amount of $1,000,000 on April 15, 2011. The note, which is secured by all of the Company's assets, bears interest at a rate of 6% per annum and matures on April 15, 2014. As of December 31, 2012, the note is subject to mandatory principal payments as follows:

Date of Payment	Amount of Payment
October 15, 2013	$ 250,000
December 15, 2013	250,000
February 15, 2014	250,000
April 15, 2014	250,000
Total principal payments	$ 1,000,000

Interest on the senior subordinated note payable totaling $2,630 was outstanding at December 31, 2012.

Note Payable to Equipment Manufacturer – In September 2012, the Company financed the purchase of equipment primarily used for transporting the Company's process demonstration equipment. The note, in the original amount of $142,290, bears interest at a rate of 2.6% per annum and matures on September 4, 2017.

As of December 31, 2012, the note is subject to mandatory principal payments as follows:

Year ending December 31,	Payments
2013	$ 27,218
2014	27,944
2015	28,689
2016	29,454
2017	20,071
Total principal payments	$ 133,376

6. **INCOME TAXES:**

The Company and its predecessor file income tax returns in the U.S. federal jurisdiction and in the states of Colorado and Utah. There are currently no income tax examinations underway for these jurisdictions. The Company filed its initial tax returns for the nine months ended December 31, 2011 with federal and Utah and December 31, 2012 is the initial tax filing period for Colorado.

The Company provides deferred income taxes for differences between the tax reporting bases and the financial reporting bases of assets and liabilities. The Company had no unrecognized income tax benefits. Should the Company incur interest and penalties relating to tax uncertainties, such amounts would be classified as a component of interest expense and operating expense, respectively. Unrecognized tax benefits are not expected to increase or decrease within the next twelve months.

As of December 31, 2012, the Company's tax year for 2011 is subject to examination by the tax authorities.

Deferred Income Taxes – The Company does not recognize the deferred income tax asset at this time because the realization of the asset is less likely than not. As of December 31, 2012, the Company has net operating losses for federal and state income tax purposes of approximately $2,927,838 and $2,927,638, respectively, which are available for application against future taxable income and which will start expiring in 2031 and 2026, respectively. The benefit associated with the net operating loss carry forward will more likely than not go unrealized unless future operations are successful. Since the success of future operations is indeterminable, the potential benefits resulting from these net operating losses have not been recorded in the financial statements.

	December 31, 2012	December 31, 2011
Deferred Tax Assets:		
Net operating loss carry forward	$ 1,134,761	$ 283,010
Stock-based compensation	40,373	82,724
Accrued liabilities and deferred rent	7,459	-
Depreciation	-	85
Total	1,182,593	365,819
Valuation allowance for deferred tax asset	(1,048,199)	(349,879)
Total deferred tax assets	134,394	15,940
Deferred Tax Liabilities:		
Deferred state taxes	49,310	15,940
Depreciation	58,746	-
Amortization	26,338	-
Total deferred tax liability	134,394	15,940
Net deferred tax asset	$ –	$ –

A reconciliation between the statutory federal income tax rate of 34% and our effective tax rate for the year ended December 31, 2012 and period from March 29, 2011 (date of inception) through December 31, 2011 is as follows:

	Year ended December 31, 2012	Period from March 29, 2011 (date of inception) through December 31, 2011
Federal statutory income tax rate	34.0%	34.0%
Permanent differences	(2.2)%	-
Deferred tax asset valuation allowance	(28.7)%	(34.0)%
Other	(3.1)%	-
Effective income tax rate	-	-

7. STOCKHOLDERS' EQUITY:

Common Stock – The Company has authorized 20,000,000 common shares with a $0.0001 par value. As of December 31, 2012 there were 1,900,000 common shares outstanding.

Preferred Stock – The Company has authorized 3,000,000 shares of Preferred Stock with a $0.0001 par value. As of December 31, 2012, 600,000 shares were designated as Series A Preferred Stock, 1,500,000 shares were designated as Series B Preferred Stock and 760,000 shares were designated as Series C Preferred stock.

Series A Preferred Stock – As of December 31, 2012 there were 600,000 shares of Series A Preferred Stock outstanding.

The Series A Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series A Preferred Stock accrue dividends at the rate per annum of $0.066664. At December 31, 2012, Series A Preferred Stock had dividends accumulated of $68,490. No dividends have been declared, therefore there are no amounts accrued on the balance sheet.

The holders of the Series A Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series A original issue price of $0.8333 by the then applicable conversion price. The conversion ratio is subject to customary antidilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series A Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series A Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series A Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's

common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore has classified the Series A Preferred Stock in stockholders' equity.

The holders of Series A Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series A Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series A Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series A Preferred Stock, the Company entered into an Investors' Rights Agreement (the "Rights Agreement"). The Rights Agreement provides that holders of at least 40% of the Series A Preferred Stock, including common stock into which the Series A Preferred Stock has been converted, may demand and cause the Company to register a Form S-1 or Form S-3, if eligible, on their behalf for the shares of common stock issued, issuable or that may be issuable upon conversion of the Series A Preferred Stock (the "Registrable Securities"). Whenever required under this agreement to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective.

Series B Preferred Stock **–** As of December 31, 2012 there were 1,500,000 shares of Series B Preferred Stock outstanding.

The Series B Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series B Preferred Stock accrue dividends at the rate per annum of $0.16 per share. At December 30, 2012, Series B Preferred Stock had dividends accumulated of $286,685. No dividends have been declared, therefore there are no amounts accrued on the balance sheet.

The holders of the Series B Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series B original issue price of $2.00 by the then applicable conversion price. The conversion ratio is subject to customary antidilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series B Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series B Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series B Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore the Company has classified the Series B Preferred Stock in stockholders' equity.

The holders of Series B Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series B Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series B Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series B Preferred Stock, the Company entered into an Investors' Rights Agreement with the same terms and conditions as the Rights Agreement for the Series A Preferred Stock described above.

Series C Preferred Stock **–** As of December 31, 2012 there were 760,000 shares of Series C Preferred Stock outstanding.

The Series C Preferred Stock ranks senior in liquidation and dividend preferences to the Company's common stock. Holders of Series C Preferred Stock accrue dividends at the rate per annum of $0.16 per share. At December 31, 2012, Series C Preferred Stock had dividends accumulated of $49,172. As dividends are accrued and payable quarterly on the Series C Preferred Stock, the Company has accrued $49,172 for dividends payable in accrued expenses as of December 31, 2012.

The holders of the Series C Preferred Stock have conversion rights equivalent to such number of fully paid and non-assessable shares of common stock as is determined by dividing the Series C original issue price of $2.00 by the then applicable conversion price. The conversion ratio is subject to customary antidilution adjustments, including in the event that the Company issues equity securities at a price equivalent to less than the conversion price in effect immediately prior to such issue.

The holders of Series C Preferred Stock have a liquidation preference over the holders of the Company's common stock equivalent to the purchase price per share of the Series C Preferred Stock plus any accrued and unpaid dividends, whether or not declared, on the Series C Preferred Stock. A liquidation would be deemed to occur upon the happening of customary events, including transfer of all or substantially all of the Company's common stock or assets or a merger, or consolidation. The Company believes that such liquidation events are within its control and therefore the Company has classified the Series C Preferred Stock in stockholders' equity.

The holders of Series B Preferred Stock vote together as a single class with the holders of the Company's common stock on all action to be taken by the Company's stockholders. Each share of Series C Preferred Stock entitles the holder to the number of votes equal to the number of shares of common stock into which the shares of the Series C Preferred Stock are convertible into as of the record date for determining stockholders entitled to vote on such matter.

In connection with the issuance of Series C Preferred Stock, the Company entered into an Investors' Rights Agreement with the same terms and conditions as the Rights Agreement for the Series A Preferred Stock described above.

Treasury Stock Transaction

Effective January 26, 2012 two of our founders, including our former Chief Executive Officer, Mr. Larry Griffin, severed their ties with the Company upon execution of a settlement agreement with us. At the time of their departure from the Company, each of them returned 525,000 shares of common stock to the Company for cancellation to assist the Company and provide for a better capitalization to all the investors, and sold their remaining shares to other persons. The settlement agreement did not provide for payment by us or the founders.

Stock Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, December 31, 2011	300,000	$ 2.00	
Granted	872,000	$ 2.00	
Exercised	(150,000)	$ 2.00	
Cancelled	–	$ –	
Balance, December 31, 2012	1,022,000	$ 2.00	4.30
Exercisable, December 31, 2012	710,000	$ 2.00	

The fair value of each stock option granted was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

	December 31, 2012	December 31, 2011
Risk-free interest rate range	0.62% – 0.91%	0.88% – 1.08%

Expected life	5.0 years	5.0 years
Vesting Period	0 – 4 Years	At date of grant
Expected volatility	39%	39%
Expected dividend	–	–
Fair value range of options at grant date	$0.675– $0.705	$0.704– $0.710

Significant assumptions utilized in determining the fair value of our stock options included the volatility rate, estimated term of the options, risk-free interest rate and forfeiture rate. In order to estimate the volatility rate at each issuance date, given that the Company has not established a historical volatility rate as it has been a private company through the filing date, management reviewed volatility rates for a number of companies with similar manufacturing operations to arrive at an estimated volatility rate for each option grant. The term of the options was assumed to be five years, which is the contractual term of the options. The risk-free interest rate was determined utilizing the treasury rate with a maturity equal to the estimated term of the option grant. Finally, management assumed a zero forfeiture rate as the options granted were either fully-vested upon the date of grant or had relatively short vesting periods. As such, management does not currently believe that any of the options granted will be forfeited. We will monitor actual forfeiture rates, if any, and make any appropriate adjustments necessary to our forfeiture rate in the future.

For the year ended December 31, 2012, the Company recorded stock-based compensation expense of $456,998. During the period from March 29, 2011 (date of inception) through December 31, 2011, the Company recorded stock-based compensation expense of $212,114.

As of December 31, 2012 there was $181,455 of unrecognized compensation expense related to the issuance of the stock options.

Performance Stock Options

	Number of Options	**Weighted Average Exercise Price**
Balance, December 31, 2011	1,400,000	$ 0.06
Granted	40,000	$ 2.00
Exercised	–	$ –
Cancelled	–	$ –
Balance, December 31, 2012	1,440,000	$ 0.11
Exercisable, December 31, 2012	40,000	$ 2.00

See Note 4 for further discussion of the performance options.

8. NET LOSS PER COMMON SHARE:

The Company computes loss per share of common stock using the two-class method required for participating securities. Our participating securities include all series of our convertible preferred stock. Undistributed earning allocated to these participating securities are added to net loss in determining net loss attributable to common stockholders. Basic and Diluted loss per share are computed by dividing net loss attributable to common stockholder by the weighted-average number of shares of common stock outstanding.

Outstanding options were not included in the computation of diluted loss per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The calculation of the numerator and denominator for basic and diluted net loss per common share is as follows:

	For the period from March 29, 2011 (date of inception) through December 31, 2012	For the year ended December 31, 2012	For the period from March 29, 2011 (date of inception) through December 31, 2011
Net Loss	$ (3,381,635)	$ (2,440,538)	$ (941,097)
Basic and diluted:			
Preferred stock cumulative dividend – Series A	68,490	39,998	28,492
Preferred stock cumulative dividend – Series B	286,685	240,000	46,685
Preferred stock cumulative dividend – Series C	49,172	49,172	-
Net income available to preferred stockholders	404,347	329,170	75,177
Net loss attributable to common stockholders	(3,785,982)	(2,769,708)	(1,016,274)
Net loss	$ (3,381,635)	$ (2,440,538)	$ (941,097)

9. COMMITMENTS AND CONTINGENCIES:

Lease Commitments **–** On July 18, 2012, the Company entered into a thirteen month lease for office space for our corporate headquarters located in Greenwood Village, Colorado. Under the terms of the lease agreement, the Company leased approximately 2,244 square feet of general office space. The lease term commenced on July 23, 2012 and continues through August 31, 2013.

Total rent expense for the year ended December 31, 2012 and the period from March 29, 2011 (date of inception) through December 31, 2011 was $27,000 and $34,000, respectively.

The Company's remaining commitment under its current lease term for 2013 is approximately $23,000.

Purchase Commitments – As of December 31, 2012, the Company has a commitment to its manufacturer to purchase equipment totaling approximately $216,000.

10. RELATED PARTY TRANSACTIONS:

For the year ended December 31, 2012, the Company paid consulting fees of $45,000 to Steve Garland, before he was hired as the Company's Chief Executive Officer. In addition, during the year ended December 31, 2012, the Company paid consulting fees of $196,400 and interest of $60,000 to Richard Giles, a founder, stockholder and former director of the Company. The consulting payments to Richard Giles in 2012 included a prepaid amount of $15,800, for January 2013 services.

During the period from March 29, 2011 (date of inception) through December 31, 2011, the Company paid consulting fees of $65,600 and interest of $43,130 to Richard Giles. In addition, during the period from March 29, 2011 (date of inception) through December 31, 2011, the Company paid rent and related office expenses of $46,032 to Hunter Capital LLC, managed by founders and former officers of the Company.

Heatwurx, Inc.

Up to 8,210,000 Shares of Common Stock

PROSPECTUS

, 2013

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution

The following is a list of estimated expenses in connection with the issuance and distribution of the securities being registered, with the exception of underwriting discounts and commissions:

SEC registration fee	$ 3,406
Printing costs	5,000
Legal fees and expenses	50,000
Accounting fees and expenses	50,000
Transfer agent fees	5,000
Miscellaneous	74,828
Total	$ 188,234

All of the above expenses except the SEC registration fee are estimates. All of the above expenses will be borne by the registrant.

Item 14. Indemnification of directors and officers

The General Corporation Law of the State of Delaware provides that a corporation may indemnify its officers and directors against expenses actually and reasonably incurred in the event an officer or director is made a party or threatened to be made a party to an action (other than an action brought by or on behalf of the corporation as discussed below) by reason of his or her official position with the corporation provided the director or officer (1) is not liable for the breach of any fiduciary duties as a director or officer involving intentional misconduct, fraud or a knowing violation of the law or (2) acted in good faith and in a manner he or she reasonably believed to be in the best interests of the corporation and, with respect to any criminal actions, had no reasonable cause to believe his or her conduct was unlawful. The General Corporation Law of the State of Delaware further provides that a corporation generally may not indemnify an officer or director if it is determined by a court that such officer or director is liable to the corporation or responsible for any amounts paid to the corporation as a settlement, unless a court also determines that the officer or director is entitled to indemnification in light of all of the relevant facts and circumstances. The General Corporation Law of the State of Delaware requires a corporation to indemnify an officer or director to the extent he or she is successful on the merits or otherwise successfully defends the action.

Our bylaws provide that we will indemnify our directors and officers to the maximum extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. These indemnification provisions may be sufficiently broad to permit indemnification of our officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, which we refer to as the Securities Act. We have been advised that, in the opinion of the Securities and Exchange Commission, indemnification of directors or officers for liabilities arising under the Securities Act is against public policy and, therefore, such indemnification provisions may be unenforceable.

Item 15. Recent sales of unregistered securities

No underwriters were involved in the following issuances of securities.

The offers, sales and issuances of the securities described below were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) and Rules 505 and 506 of Regulation D in that the issuance of securities to the accredited investors and fewer than 35 non-accredited investors did not involve a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Fewer than 35 non-accredited investors invested in the securities offered by us. Each of the non-accredited investors were provided with information required by Regulation D.

The offers, sales and issuances of the securities described under Plan-Related Issuances below were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701, as applicable, and/or Section 4(a)(2) of the Securities Act of 1933. The recipients of such securities were our employees, directors or bona-fide consultants and received the securities under the 2011 Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about the Company.

Common stock

On April 4, 2011, 2,800,000 shares of common stock were issued at $0.001 par value. These shares were issued to the founders in exchange for services rendered in organizing the company. On November 10, 2012, we issued 150,000 shares of common stock upon exercise of stock options by three former directors. These exercises were exempt under Rule 701. We have not sold any other shares of Common Stock.

Series A Preferred Stock.

We sold the Series A Preferred Stock on April 15, 2011 to accredited investors for $600,000 in a private placement. We relied on the exemption provided by Section 4(a)(2) of the Securities Act of 1933. As of May 1, 2013, there were 600,000 shares of Series A Preferred Stock outstanding.

The Series A Preferred Stock has the following terms:

- annual dividend of $0.066664 cumulative dividend per share;
- dividends accrue but are not payable unless declared by the Board of Directors or unless dividends are to be paid on common stock;
- liquidation preference of $0.8333 per share with priority over common stock;
- convertible into common stock at $0.119047 per share for a total of 4,200,000 shares;
- voting rights equal to common stock on an as-converted basis; convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 4,200,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes.

Series B Preferred Stock.

We sold the Series B Preferred Stock in October 28, 2011 to accredited and under 35 non-accredited investors for $3,000,000 in a private placement. We relied on the exemptions provided by Section 4(a)(2) of the Securities Act of 1933 and Rules 505 and 506 of Regulation D promulgated thereunder. As of May 1, 2013, there were 1,500,000 shares of Series B Preferred Stock outstanding.

The Series B Preferred Stock has the following terms:

- annual dividend of $0.16 cumulative dividend per share;
- dividends accrue but are not payable unless declared by the Board of Directors or unless dividends are to be paid on common stock;
- liquidation preference of $2.00 per share with priority over common stock;
- convertible into common stock at $2.00 per share for a total of 1,500,000 shares;
- voting rights equal to common stock on an as-converted basis;
- convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 1,500,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes.

Series C Preferred Stock. We sold the Series C Preferred Stock in August 6, 2012 to accredited investors and under 35 non-accredited investors for $1,520,000 in a private placement. We relied on the exemptions provided by

Section 4(a)(2) of the Securities Act of 1933 and Rules 505 and 506 of Regulation D promulgated thereunder. As of May 1, 2013, there were 760,000 shares of Series C Preferred Stock outstanding.

The Series C Preferred Stock has the following terms:

- annual dividend of $0.16 cumulative dividend per share accrues and is payable quarterly;
- liquidation preference of $2.00 per share with priority over common stock;
- convertible into common stock at $2.00 per share for a total of 760,000 shares;
- voting rights equal to common stock on an as-converted basis;
- convertible at any time at the option of the owner of the preferred stock; and
- automatically converts to 760,000 shares of common stock upon the closing of a "qualified IPO" with gross proceeds of $5,000,000 or upon payment in full of the outstanding senior secured promissory notes and the senior subordinated promissory notes.

Plan-Related Issuances

From March 29, 2011 through May 1, 2013, we granted options to purchase 1,210,500 shares of our common stock, exercisable at $2.00 per share, to our directors, officers, employees, consultants and other service providers under our Equity Compensation Plan, of which 38,500 have been subsequently forfeited.

All option issuance were granted in reliance upon Rule 701, as applicable, and/or Section 4(a)(2) of the Securities Act of 1933.

Performance Options

On April 15, 2011, we granted performance options to purchase 1,400,000 shares of our common stock exercisable at $0.057 per share under certain circumstances. These options were not issued under the Equity Compensation Plan. On June 21, 2012, we granted performance options to purchase 40,000 shares of our common stock exercisable at $2.00 per share under certain circumstances. All these options were granted in reliance upon Section 4(a)(2) of the Securities Act of 1933.

Senior Secured Promissory Notes

On May 23, 2013, we issued Senior Secured Promissory Notes in the aggregate principal amount of $1,000,000 to seven accredited investors. Each promissory note bears interest at 12% per annum which is payable monthly beginning on the issuance date of the notes. The promissory notes are due and payable on September 15, 2013.

Item 16. Exhibits

(a) Exhibits

Exhibit Number	Description
2.1**	Asset Purchase Agreement dated April 15, 2011
3.1**	Third Amended and Restated Certificate of Incorporation of the registrant
3.2**	Amended and Restated By-laws of the registrant
4.1**	Specimen of Common Stock Certificate
5.1***	Opinion of The Law Office of Ronald N. Vance & Associates, P.C.
10.1**	Form of Senior Secured Promissory Note (part of a $1.5 million series of notes that were paid off in August 2012)
10.2**	Giles Performance Option Grant Notice dated April 15, 2011
10.3**	Form of Investors' Rights Agreement
10.4**	Form of Pledge Agreement
10.5**	Giles Consulting Agreement dated April 15, 2011
10.6**	Form of HeatwurxAQ Right of First Refusal and Co-Sale Agreement dated April 15, 2011
10.7**	Form of HeatwurxAQ Right of Voting Agreement dated April 15, 2011
10.8**	HeatwurxAQ Subordinated Security Agreement dated April 15, 2011
10.9**	HeatwurxAQ Subordinated Note dated April 15, 2011
10.10**	Amended and Restated 2011 Equity Incentive Plan
10.11**	Form of Stock Option Agreement Under 2011 Equity Incentive Plan
10.12**	Form of Grant Notice under 2011 Equity Incentive Plan
10.13**	Lease between Heatwurx, Inc. and Syracuse Hill II LLC dated July 18, 2012
10.14**	Conformed Copy of Settlement and Mutual Release Agreement among Heatwurx, Inc. and Larry Griffin and David Eastman
10.15***	Senior Loan Agreement dated May 22, 2013, with forms of Senior Secured Promissory Note and Senior Security Agreement attached
10.16***	Subordination Agreement dated May 22, 2013, with Richard Giles
14.1**	Code of Ethics and Business Conduct
23.1***	Consent of The Law Office of Ronald N. Vance & Associates, Inc., P.C. – see exhibit 5.1
23.2***	Consent of Hein & Associates LLP, Independent Registered Public Accounting Firm
24.1**	Power of Attorney

** Previously filed.
*** Filed herewith.

(b) Financial Statement Schedules - schedules have been omitted because they are not required, they are not applicable or the information is already included in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

    i. To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

    ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

    iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

    That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

2. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of this offering.

3. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

4. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance under Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

5. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Greenwood Village, State of Colorado, on May 23, 2013.

Heatwurx, Inc.

By /s/ Stephen Garland
Stephen Garland
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on May 23, 2013.

Signature	Title
/s/ Stephen Garland Stephen Garland	Chief Executive Officer, President and Interim Chairman (principal executive officer)
/s/ Allen Dodge Allen Dodge	Chief Financial Officer (principal financial and accounting officer)
* Gus Blass III	Director
* Reginald Greenslade	Director
* Donald Larson	Director

* By:

/s/ Stephen Garland
Attorney-in-Fact

EXHIBIT INDEX

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24.1**	Power of Attorney

** Previously filed

*** Filed herewith.

THE LAW OFFICE OF
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May 22, 2013

Stephen Garland, CEO
Heatwurx, Inc.
6041 South Syracuse Way
Suite 315
Greenwood Village, CO 80111

Re: Registration Statement on Form S-1

Dear Mr. Garland:

I have acted as counsel for Heatwurx, Inc., a Delaware corporation (the "**Company**") in connection with the Company's Registration Statement on Form S-1, as amended (the "**Registration Statement**") filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended.

I have reviewed the Registration Statement, including the prospectus (the "**Prospectus**") that is a part of the Registration Statement. The Registration Statement registers the offering and sale by certain selling stockholders (the "**Selling Stockholders**") of the Company (the "**Secondary Offering**") of the securities set forth below (all of which are collectively referred to herein as the "**Securities**"):

(a) up to an aggregate of 4,200,000 shares of the Company's common stock, par value $0.0001 per share (the "**Common Stock**") issuable upon conversion of the Series A Preferred Stock, up to 1,500,000 shares of Common Stock issuable upon conversion of the Series B Preferred Stock, and up to 760,000 shares of Common Stock issuable upon conversion of the Series C Preferred Stock, all of which are to be offered and sold by Selling Stockholders in the Secondary Offering (the "**Preferred Convertible Shares**"); and

(b) up to an aggregate of 1,750,000 shares of Common Stock (the "**Selling Stockholder Shares**") to be offered and sold by the Selling Stockholders in the Secondary Offering.

In connection with this opinion, I have reviewed originals or copies (certified or otherwise identified to my satisfaction) of the Company's Certificate of Incorporation, the Company's Bylaws, resolutions adopted by the Company's Board of Directors, the Registration Statement, the exhibits to the Registration Statement, and such other records, documents, statutes and decisions, and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such inquiries of such officers and representatives, as I have deemed relevant in rendering this opinion.

In such examination, I have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents.

The opinions expressed below are limited to the laws of the State of Delaware (including the applicable provisions of the Delaware Constitution applicable judicial and regulatory decisions interpreting these laws and applicable rules and regulations underlying these laws) and the federal laws of the United States.

Based on the foregoing and in reliance thereon and subject to the assumptions, qualifications and limitations set forth herein, I am of the opinion that pursuant to the corporate laws of the State of Delaware, including all relevant provisions of the state constitution and all judicial interpretations interpreting such provisions:

(i) the Securities have been duly authorized for issuance by all necessary corporate action by the Company;

(ii) the Preferred Convertible Shares, when issued by the Company and sold by the Selling Stockholders in accordance with and in the manner described in the Registration Statement, will be validly issued, fully paid and non-assessable; and

(iv) the Selling Stockholder Shares are validly issued, fully paid and non-assessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my firm's name in the related Prospectus under the heading "Legal Matters."

Very truly yours,

/s/ Ronald N. Vance

Consent of Independent Registered Public Accounting Firm

We consent to the use in this Registration Statement on Amendment No. 5 to Form S-1of Heatwurx, Inc. of our report dated March 14, 2013, relating to our audits of the financial statements of the predecessor carve-out entity of Heatwurx, Inc. and the financial statements of Heatwurx, Inc., appearing in the Prospectus, which is a part of such Registration Statement. Our report dated March 14, 2013, relating to the financial statements includes an emphasis paragraph relating to an uncertainty as to the Company's ability to continue as a going concern.

We also consent to the reference to our firm under the caption "Experts" in such Prospectus.

/s/ Hein & Associates LLP

Irvine, California
May 23, 2013

SENIOR LOAN AGREEMENT

This Senior Loan Agreement (the " **Agreement**") dated May 22, 2013, is by and among Justin Yorke, as the lenders' representative, (the "Lenders' Representative"), and the lenders listed on Exhibit 1 attached hereto (with the Lenders' Representative, collectively, the " **Lenders**") on the one hand, and **Heatwurx Inc.**, a Delaware corporation ("**Borrower**"), on the other hand.

Recitals

WHEREAS, HWX is in the business of Asphalt Preservation and Repair Equipment; and

WHEREAS, the Lenders are investors in Borrower and want to provide Borrower with a bridge loan to meet its short-term capital needs; and

WHEREAS, Borrower has indicated that it would like to borrow $1,000,000 and will secure the Indebtedness with a senior lien on certain of the Company's assets; and

WHEREAS, the parties desire that the Lenders will loan Borrower money to be used to meet its capital needs as set forth in Exhibit 2, which is attached hereto, subject to certain terms.

THEREFORE, in consideration of the foregoing recitals, mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as set forth below.

1. Principal. FOR VALUE RECEIVED, Borrower promises to unconditionally pay to the order of Lenders, their successors or assigns the principal amount of One Million Dollars ($1,000,000.00 USD)(the "**Loan Amount**"), together with interest pursuant to this Loan Agreement and the corresponding promissory notes documenting the Loan Amount. Lenders shall wire the Loan Amount to Borrower on or before 5:00pm EST on Thursday, May 23, 2013.

2. Interest Rate. The rate of interest for the Loan Amount shall be TWELVE PERCENT (12%) per annum and promissory notes similar to the sample attached hereto ("**Note**") will be due on September 15, 2013 (the " **Maturity Date**"). Interest shall be calculated on the basis of a year of 365 days applied to the actual days on which there exists an unpaid balance under each Note.

3. Origination Fee. Within 10 days of the date of this Agreement, Borrower shall pay to each of the Lenders an origination fee of one and one-half percent (1.5%) by check to the Lenders at the address specified for the Lenders in Borrower's corporate records. The aggregate amount of the origination fee is $15,000.

4. Principal and Interest Repayments. Interest on each Note shall be payable monthly on the first day of each month. In addition, Borrower shall repay the entire principal of the Loan Amount as well as all accrued interest according to the terms of this Agreement and the individual Notes on the Maturity Date.

5. Default Notice. Upon the occurrence of a breach of this Agreement, the defaulting party is entitled to receive written notice specifying the breach. Such notice shall be sent immediately upon discovery of the breach. The defaulting party shall then be entitled to fifteen (15) days in which to cure the problem. Events of Default are defined in the Notes and the Security Agreement, which are incorporated herein by this reference.

6. Rights and Remedies upon Default. The credit extended under the $1,000,000 loan shall be secured by the assets of Borrower, except for certain equipment Borrower has financed through CAT Financial which has a security interest in such assets, and Lenders shall be entitled to file a UCC lien (or a similar document) to secure its loans. In the event that Borrower is unable to repay, after written notice of default and the expiration of the 15-day cure period, Lenders may foreclose on its collateral in accordance with the terms of the Senior Security Agreement of even date herewith.

7. Non-Waiver. No course of dealing between the parties hereto, or any failure or delay on the part of a party in exercising any rights or remedies hereunder, shall operate as a waiver of any rights or remedies of that party under this or any other applicable instrument. No single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder.

8. Notices. All notices or communications under this Agreement shall be mailed, postage prepaid, or delivered to the following addresses (or to such other address as shall at any time be designated by any party in writing to the other party). All notices required to be given hereunder shall be delivered to the other in writing by hand or by US mail to the following parties at the following addresses:

If to Borrower:
Stephen Garland, Chief Executive
Heatwurx Inc.
6041 Syracuse Way, Suite 315
Englewood, CO 80112
If to Lenders:
Justin Yorke, Lenders' Representative
4 Richland Place
Pasadena, CA 91103

Rejection or other refusal to accept, or the inability to deliver because of a changed address of which no notice was given, shall not affect the effectiveness or the date of delivery for any notice sent in accordance with the foregoing provisions.

9. Binding Agreement; Survival. This Agreement shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

10. Entire Agreement; Integration Clause. This Agreement sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Agreement supersedes and nullifies all other agreements made between the parties hereto. The Senior Security Agreement and the sample Note are exhibits to this Agreement and are incorporated into the Agreement as if set forth fully herein.

11. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

12. Governing Law; Jurisdiction; Venue. This Agreement, and all matters arising directly and indirectly herefrom (the "***Covered Matters***"), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Note. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

13. Successors and Assigns. This Note shall be binding upon the successors or assigns of the Company and shall inure to the benefit of the successors and assigns of the Holder.

14. Attorneys' Fees. In the event of any suit or action to enforce or interpret any provision of this Agreement or otherwise arising out of this Agreement, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals. The determination of who are the prevailing party and the amount of reasonable attorney fees to be paid to the prevailing party will be decided by the arbitrator, before which the matter is tried, heard, or decided subject to this Section.

15. Severability. To the extent any provision herein violates any applicable law, that provision shall be considered void and the balance of this Agreement shall remain unchanged and in full force and effect.

16. Counterparts. This Agreement may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

EXECUTED AS OF THE ABOVE DATE

BORROWER

Heatwurx Inc.
a Delaware corporation

By:/s/ Stephen Garland
Name: Stephen Garland
Title: Chief Executive Officer

LENDERS

JMW FUND, LLC, SAN GABRIEL FUND, LLC,
AND RICHLAND FUND, LLC

By:/s/ Justin Yorke
Name: Justin Yorke
Title: Lenders' Representative, and Manager of JMW Fund, LLC, San Gabriel Fund, LLC, and Richland Fund

/s/ Daryl Monday
DARYL MONDAY

/s/ Gus Blass, III
GUS BLASS III

CAPITAL PROPERTIES LLC

By:/s/ Gus Blass III
Name: Gus Blass III
Title: Manager

/s/ Gus Blass II
GUS BLASS II

Exhibits:

Exhibit 1 Lender Information
Exhibit 2 Use of Proceeds
Exhibit 3 Sample Promissory Note
Exhibit 4 Form of Senior Security Agreement

Exhibit 1

List of Lenders

JMW Fund, LLC	$100,000
San Gabriel Fund, LLC	$100,000
Richland Fund, LLC	$50,000
Darryl Monday	$250,000
Gus Blass III	$125,000
Capital Properties LLC	$125,000
Gus Blass II	$250,000

Exhibit 2

Use of Proceeds

Use of Proceeds		
Purpose	**Amount**	**Percent**
Employee and Consulting Costs	$500,000	50.00%
General Working Capital	$210,000	21.00%
Interest, Lease and Loan Payments (1)	$102,000	10.20%
Marketing	$68,000	6.80%
Offering Costs	$50,000	5.00%
Demo Team and Corporate Travel	$53,000	5.30%
Patent and R&D	17,000	1.70%
Total	$1,000,000	100.00%

(1) - Note that the Company has an obligation to pay accrued dividends on its Series C Preferred Shares. This payment may be in either stock or cash, at the Company's election. As of 4/30/13, the accrued dividend is approximately $89,000. This amount is not reflected in the use of proceeds listed above. If the dividend is paid in cash, this would reduce the amount available for general working capital.

Exhibit 3

Sample Note

THIS NOTE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS. IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION OR QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE BORROWER THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED PURSUANT TO AN EXEMPTION UNDER SUCH ACT AND SECURITIES LAWS.

SENIOR SECURED PROMISSORY NOTE

$________ May 23, 2013

Greenwood Village, Colorado

FOR VALUE RECEIVED, HEATWURX, INC. (the "**Borrower**"), hereby unconditionally promises to pay to the order [NAME OF HOLDER] (the "**Holder**"), the principal sum of [AMOUNT OF LOAN] Thousand U.S. Dollars (the "**Principal Amount**"), together with accrued and unpaid interest thereon (as provided below).

This Senior Secured Promissory Note (the "**Note**") is made by the Borrower in favor of Lender for purposes of providing ongoing working capital funding to Borrower, and is secured by the collateral described in that certain Senior Security Agreement dated concurrently herewith by and between the Borrower and the Lender (the "**Security Agreement**").

This Note is one of a series of senior secured notes in the aggregate principal amount of $1,000,000, each of like tenor and ranking without priority over one another (collectively, the "**Notes**"), made by the Company in favor of certain lenders (the "**Lenders**"), issued by the Company pursuant to the terms of a Loan Agreement between the Borrower and the Lenders dated May 22, 2013 (the "**Loan Agreement**"). Any payments made by the Company with respect to this Note or any of the other Notes shall be made to each of the Lenders on a ***pro rata*** basis in accordance with the aggregate principal and interest owing under each of the Notes then outstanding. To the extent any Lender of a Note receives any payment in excess of its ***pro rata*** share of such payment, such amount shall be held in trust and delivered over to the Purchasers then entitled to receive such amounts.

In no event shall any interest charged, collected or reserved under this Note exceed the maximum rate then permitted by applicable law and if any such payment is paid by the Company, then such excess sum shall be credited by the Holder as a payment of principal.

1. **Interest Rate and Repayment of Principal Amount.** The Principal Amount outstanding under this Note shall accrue interest at the rate of TWELVE PERCENT (12%) per annum beginning on May 23, 2013 ("**Issuance Date**"). Interest will be payable in equal monthly installments on the first day of each month, commencing on the first day of the month following the Issuance Date and ending on the Maturity Date (as defined in the Loan Agreement). Interest shall be calculated on the basis of a year of

365 days applied to the actual days on which there exists an unpaid balance under this Note. The Principal Amount and all then-accrued and unpaid interest shall be payable on the Maturity Date.

2. **Repayment Extension.** If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of Delaware are required or permitted to be closed, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest under this Note.

3. **Manner and Application of Payments.** All payments due hereunder shall be paid in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, in immediately available funds, without offset, deduction or recoupment. Any payment by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless the amount due is actually received by the Holder. Each payment shall be applied first to the payment of any and all costs, fees and expenses incurred by or payable to the Holder in connection with the collection or enforcement of this Note, second to the payment of all unpaid late charges (if any), third, to the payment of all accrued and unpaid interest hereunder and fourth, to the payment of the unpaid Principal Amount, or in any other manner which the Holder may, in its sole discretion, elect from time to time.

4. **Security Interest**. The full and prompt repayment of the Obligations (as defined below), including this Note, is secured by collateral pursuant to the terms of the Security Agreement. The Borrower agrees to take any and all actions reasonably necessary and/or appropriate in order for the Holder to secure its rights under the Security Agreement. The term "**Obligations**" shall mean the full and punctual observance and performance of all present and future duties, covenants and responsibilities due to the Holder by the Borrower of any nature whatsoever, including all past, present and future indebtedness and liabilities of the Borrower to the Holder for the payment of money (extending to the Principal Amount and all interest, fees, late charges, expense payments, liquidation costs, and attorneys' fees and expenses), whether similar or dissimilar, related or unrelated, matured or unmatured, direct or indirect, contingent or noncontingent, primary or secondary, alone or jointly with others, now due or to become due, now existing or hereafter created, and whether or not now contemplated.

5. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part, at any time or from time to time, without premium, penalty or prior written notice to the Holder.

6. **Events of Default; Remedies.**

(a) **Events of Default.** Each of the following events shall constitute an "**Event of Default**" under this Note if such event has not been cured within 15 days of written notice of such event to the Borrower: (i) failure of the Borrower to pay any principal or other amount due hereunder when due, or failure of the Borrower to comply with the other terms, covenants or conditions contained in this Note;; (ii) the commencement, whether voluntary or involuntary, of a case under the laws of the United States, or any other proceeding or action seeking reorganization, liquidation, dissolution or other relief under bankruptcy or insolvency statutes or similar laws, or the appointment of a receiver, trustee or custodian for the Borrower or all or a material portion of the Borrower's assets or property; or (iii) the dissolution, liquidation, or winding-up of the Borrower. Notwithstanding the foregoing, a merger or consolidation approved in advance in writing by the Holder with a company that assumes responsibility for all obligations of the Borrower under this Note, and is approved in writing in advance of such event by the Holder, shall not constitute an Event of Default.

(b) **Remedies.** Upon the occurrence of an Event of Default, and without demand or notice of any kind: (i) all outstanding amounts under this Note (including the outstanding Principal

Amount plus any accrued and unpaid interest less any principal payments previously made) shall become immediately due and payable; and (ii) the Holder may exercise any and all rights and remedies available to it at law, in equity or otherwise, including enforcement of its security interest under the Security Agreement.

(c) **Remedies Cumulative.** Each right, power and remedy of the Holder hereunder shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Holder of any or all such other rights, powers or remedies. No failure or delay by the Holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof or preclude the Holder from exercising any such right, power or remedy. By accepting full or partial payment after the due date of any amount of principal of or interest on this Note, or other amounts payable on demand, the Holder shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal of or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

(d) **Costs of Collection.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, the Borrower agrees to pay to the Holder upon demand all reasonable costs and expenses, including, without limitation, all reasonable attorneys' fees and court costs incurred by the Holder in connection with the enforcement or collection of this Note (whether or not any action has been commenced by the Holder to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by the Borrower contesting the Holder's right to collect the outstanding Principal Amount and/or interest thereon. The obligation of the Borrower to pay all such costs and expenses shall not be merged into any judgment by confession against the Borrower. All of such costs and expenses shall bear interest at the higher of the rate of interest provided herein from the date of payment by the Holder until repaid in full.

7. **Miscellaneous.**

(a) **Jurisdiction and Venue.** THE BORROWER AND HOLDER HEREBY AGREE THAT ANY FEDERAL COURT IN THE STATE OF DELAWARE OR ANY STATE COURT LOCATED IN NEW CASTLE COUNTY, DELAWARE SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE BORROWER AND HOLDER PERTAINING DIRECTLY OR INDIRECTLY TO THIS NOTE. THE BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS. FURTHER, THE BORROWER HEREBY WAIVES THE RIGHT TO ASSERT THE DEFENSE OF FORUM NON CONVENIENS AND THE RIGHT TO CHALLENGE THE VENUE OF ANY COURT PROCEEDING COMMENCED PURSUANT TO THIS SECTION 6(a).

(b) **Amendment and Waivers.** No delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No modification, amendment or waiver of any provision of this Note or consent to departure therefrom shall be effective unless in writing and signed by the Borrower and the Holder. The Borrower hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note.

(c) **Assignment.** This Note is not assignable by either party unless such assignment is consented to in writing by the other party, except that the Holder may assign its rights hereunder to any

of its Affiliates (as defined in the Exchange Agreement) after giving the Borrower written notice at the time of such assignment stating the name and address of the assignee, and provided that such assignee expressly agrees in writing with the Borrower to be bound by and to comply with all of the terms and conditions of this Note. Anything contained herein to the contrary notwithstanding, the Holder (and its permitted assignees) shall not, without the consent of the Borrower, be permitted to assign any rights and/or benefits hereunder to a person that is then actively engaged in a business that is directly competitive with the business then primarily and actively conducted or engaged in by the Borrower. Subject to the foregoing, this Note and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors or permitted assigns.

(d) **Governing Law.** This Note shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

(e) **Titles and Subtitles.** The titles and subtitles used in this Note are used for convenience only and are not to be considered in construing or interpreting this Note.

(f) **Notices.** Any notice to be given hereunder shall be in writing, and shall be sent to Holder or the Borrower, as the case may be, at the addresses set forth below each party's signature hereto and shall be deemed received (i) on the earlier of the date of receipt or the date that is five business days after deposit of such notice in the United States mail, if sent postage prepaid, certified mail, return receipt requested, (ii) one business day after dispatch if sent for overnight delivery by a nationally recognized overnight courier, (iii) on the day of transmission if sent by facsimile with electronic receipt of transmission; or (iv) when actually received, if personally delivered.

(g) **Maximum Rate of Interest.** All payment obligations arising under this Note are subject to the express condition that at no time shall the Borrower be obligated or required to pay interest at a rate which could subject the Holder to either civil or criminal liability as a result of being in excess of the maximum rate which the Borrower is permitted by law to contract or agree to pay. If by the terms of this Note, the Borrower is at any time required or obligated to pay interest at a rate in excess of such maximum rate, the applicable rate of interest shall be deemed to be immediately reduced to such maximum rate, and interest thus payable shall be computed at such maximum rate, and the portion of all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of principal.

(h) **Subsequent Holders.** This Note is not transferrable by its holder, except with the written consent of the Borrower, which consent shall not be unreasonably withheld. In the event that any holder of this Note transfers this Note for value, the Borrower agrees that except with respect to subsequent holders with actual knowledge of a claim or defense, no subsequent holder of this Note shall be subject to any claims or defenses which Borrower may have against a prior holder (which claims or defenses are not waived as to prior holders), all of which are waived as to the subsequent holder, and that all such subsequent holders shall have all of the rights of a holder in due course with respect to the Borrower even though the subsequent holder may not qualify, under applicable law, absent this paragraph, as a holder in due course.

(i) **Failure or Indulgence Not Waiver.** No failure or delay on the part of the Holder hereof in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

(j) **<u>Severability</u>.** It is the desire and intent of the parties that the provisions of this Note be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any provision of this Note would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Note. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Note. In addition, the parties understand and agree that notwithstanding any of the above provisions of this <u>Section 7(j)</u>, no such severability shall be effective if it materially changes the economic benefit of this Note to any party.

(k) **<u>Entire Agreement</u>.** This Note, together with the Security Agreement and the Exchange Agreement, constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof and thereof.

[*Signature page follows*]

SIGNATURE PAGE TO NOTE

IN WITNESS WHEREOF, the undersigned have executed this Note as of the date first written above.

BORROWER:

HEATWURX, INC.

By:

Stephen Garland, President and CEO

Notice address:

Stephen Garland, President and CEO
Heatwurx, Inc.
6041 South Syracuse Way, Suite 315
Greenwood Village, CO 80111

HOLDER:

[NAME OF HOLDER]

By:

Notice address:

Telephone:

E-mail:

Exhibit 4

Form of Senior Security Agreement

SENIOR SECURITY AGREEMENT

THIS SENIOR SECURITY AGREEMENT dated as of May 22, 2013 (this "**Agreement**") is executed by Heatwurx, Inc., a Delaware corporation (together with its successors and assigns, the "**Debtor**"), and ____, as representative of the Senior Lenders listed on Exhibit 1 attached hereto (collectively, the "**Secured Party**").

RECITALS:

WHEREAS, in order to induce the Secured Party to allow the Company to borrow up to $1,000,000 of Senior Secured Notes, the Debtor has agreed to enter into this Agreement and to grant to the Secured Party the security interest in the Collateral described below.

AGREEMENT:

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Debtor hereby agrees with the Secured Party as follows:

1. **Definitions and Interpretation**

When used in this Agreement, the following terms have the following respective meanings:

(a) "***Collateral***" shall have the meaning given to that term in Section hereof.

(b) "***Lien***" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction; provided, however, that Lien shall not be deemed to include any Permitted Liens (as defined herein).

(c) "***Obligations***" shall mean the Senior Secured Notes and all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Debtor to the Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Loan Documents, including, all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by the Debtor hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

(d) "***Permitted Liens***" shall mean (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established or Liens for delinquent tax obligations as of the date hereof; (b) Liens in respect of property or

assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and mechanic's Liens, carrier's Liens and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance and return of money bonds and other similar obligations, incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or contractual arrangements; (d) Liens in favor of the Secured Party; (e) Liens upon any equipment acquired or held by the Debtor or any of its subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (f) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default (as defined in the Senior Secured Notes) under the Senior Secured Notes; (g) Liens which constitute rights of setoff of a customary nature or banker's liens, whether arising by law or by contract; (h) leases or subleases and licenses or sublicenses granted in the ordinary course of the Debtor's business; (i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods; and (j) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums.

(e) "***Person***" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

(f) "***UCC***" means the Uniform Commercial Code as in effect in the State of Delaware from time to time. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. **Grant of Security Interest**

As security for the Obligations, the Debtor hereby pledges to the Secured Party, and grants to the Secured Party, a security interest in all right, title and interest of the Debtor in and to the Collateral. "**Collateral**" shall mean and include all right, title, interest, claims and demands of the Debtor in and to each and every asset, tangible and intangible, in which the Debtor has any right, title, interest, claim or demand, including, but not limited to, equipment, fixtures, real and personal property, patents, trademarks, copyrights, trade secrets, confidential information and any other proprietary or intellectual property rights, whether now owned or hereafter acquired, together with all substitutions, renewals or replacements of and additions, improvements, replacement parts and accumulations to any and all of such assets. Notwithstanding the above, Collateral shall not include certain equipment Debtor has financed through CAT Financial which has a security interest in such assets.

3. **General Representations and Warranties**

(a) The Debtor represents and warrants to the Secured Party that:

(a) The Debtor is the owner or authorized user of the Collateral (or, in the case of after-acquired Collateral, at the time Debtor acquires rights in the Collateral, will be the owner or authorized user thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the

time the Debtor acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens;

(b) Upon the filing of UCC-1 financing statements in the appropriate filing offices, the Secured Party has (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights therein, will have) a perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for Permitted Liens; and

(c) The originals of all documents evidencing all accounts receivable and payment intangibles of the Debtor and the only original books of account and records of the Debtor relating thereto are, and will continue to be, kept at the chief executive office of the Debtor as the same may be changed only upon prior written notice to the Secured Party.

4. **Covenants Relating to Collateral**

The Debtor hereby agrees:

(a) To perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to the Secured Party therein and the perfection and priority of such Lien by filing, except for Permitted Liens;

(b) Not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral;

(c) To pay prior to delinquency all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral, other than Liens for delinquent taxes outstanding as of the date hereof, except as may be subject to good faith contest or as to which a bona fide dispute may arise;

(d) Without prior written notice to the Secured Party, (i) not to change the Debtor's name or place of business (or, if the Debtor has more than one place of business, its chief executive office), or the office in which the Debtor's records relating to accounts receivable and payment intangibles are kept and (ii) not to change the Debtor's state of formation;

(e) To procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings reasonably deemed necessary or appropriate by the Secured Party to perfect, maintain and protect its Lien hereunder and the priority thereof and to deliver promptly upon the request of the Secured Party all originals of Collateral consisting of instruments;

(f) Not to surrender or lose possession of (other than to the Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; *provided* that the Debtor may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business consisting of (i) the sale of inventory, (ii) sales of worn-out or obsolete equipment, (iii) non-exclusive licenses and similar arrangements for the use of the property of the Debtor and (iv) escrows of software or other intellectual property entered into by the Debtor in the ordinary course of Debtor's business;

(g) To comply with all material requirements of law relating to the production, possession, operation, maintenance and control of the Collateral; and

(h) To permit the Secured Party and its representatives the right, at any time during normal business hours, upon reasonable prior notice, to visit and inspect the properties of the Debtor and its corporate, financial and operating records, and make abstracts therefrom, and to discuss the Debtor's affairs, finances and accounts with its directors, officers and independent public accountants.

5. **Authorized Action by the Secured Party**

The Debtor hereby irrevocably appoints the Secured Party as its attorney-in-fact (which appointment is coupled with an interest) and agrees that the Secured Party may perform (but the Secured Party shall not be obligated to and shall incur no liability to the Debtor or any third party for failure so to do) any act which the Debtor is obligated by this Agreement to perform, and to exercise such rights and powers as the Debtor might exercise with respect to the Collateral, including the right to:

(a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;

(c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral;

(d) insure, process and preserve the Collateral;

(e) pay any indebtedness of the Debtor relating to the Collateral; and

(f) file UCC financing statements and execute other documents, instruments and agreements required hereunder;

provided, however, that the Secured Party shall not exercise any such powers granted pursuant to subsections (a) through prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. The Debtor agrees to reimburse the Secured Party upon demand for any reasonable costs and expenses, including attorneys' fees, the Secured Party may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as the Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in the Secured Party's possession; *provided, however*, that the Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

6. **Litigation and Other Proceedings.**

(a)

(a) The Debtor shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect any of the patents, trademarks, copyrights, mask works or trade secrets.

(b) Upon the occurrence and during the continuation of an Event of Default, the Secured Party shall have the right but not the obligation to bring suit or institute proceedings in the name of the Debtor or the Secured Party to enforce any rights in the Collateral, including any license thereunder, in which event the Debtor shall at the request of the Secured Party do any and all lawful acts and execute any and all documents reasonably required by the Secured Party in aid of such enforcement. If the Secured Party elects not to bring suit to enforce any right under the Collateral, including any license thereunder, the Debtor agrees to use all reasonable measures, whether by suit, proceeding or other action, to cause to cease any infringement of any right under the Collateral by any Person and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement.

7. **Default and Remedies**

(a) **Default**.

(a) The Debtor shall be deemed in default under this Agreement upon the occurrence and during the continuance of an Event of Default (as defined in the Senior Secured Notes).

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, the Secured Party shall have the rights of a secured creditor under the UCC, all rights granted by this Agreement and by law, including the right to: (i) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party; and (ii) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Secured Party deems appropriate. The Debtor and the Secured Party each hereby agrees that thirty (30) days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of the Secured Party's rights hereunder, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license, exercisable without royalty or other payment by the Secured Party, and only in connection with the exercise of remedies hereunder upon an Event of Default, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which the Debtor now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by the Secured Party at the time of, or received by the Secured Party after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party;

(ii) Second, to the payment to the Secured Party of the amount then owing or unpaid on the Secured Party's Senior Secured Notes (applied first to any accrued but unpaid interest and thereafter to outstanding principal amounts);

(iii) Third, to the payment of other amounts then payable to the Secured Party under any of the Loan Documents (applied first to any accrued but unpaid interest and thereafter to outstanding principal amounts); and

(iv) Fourth, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

8. **Miscellaneous**

(a) **Notices**.

(a) All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or mailed by registered or certified mail (return receipt requested) or send via facsimile (with confirmation of receipt) to the parties at the address for such party set forth below (or at such other address for a party as shall be specified by like notice):

(i) If to the Secured Party:

(ii) If to the Debtor:

Stephen Garland, Chief Executive Officer
Heatwurx, Inc.
6041 S. Syracuse Way, Ste. 315
Greenwood Village, Co 80111

Notice given by facsimile shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which notice is to be given to it by giving notice as provided above of such change of address.

An electronic communication ("***Electronic Notice***") shall be deemed written notice for purposes of this Section if sent with return receipt requested to the electronic mail address specified by the receiving party in a signed writing in a nonelectronic form. Electronic Notice shall be deemed received at the time the party sending Electronic Notice receives verification of receipt by the receiving party. Any party receiving Electronic Notice may request and shall be entitled to receive the notice on paper, in a nonelectronic form ("***Nonelectronic Notice***") which shall be sent to the requesting party within ten (10) days of receipt of the written request for Nonelectronic Notice.

(b) Termination of Security Interest. Upon the payment in full of all Obligations, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Debtor. Upon such termination, the Secured Party hereby authorizes the Debtor to file any UCC termination statements necessary to effect such termination and the Secured Party will execute and deliver to the Debtor any additional documents or instruments as the Debtor shall reasonably request to evidence such termination.

(c) Waivers and Amendments. This Agreement and the obligations of the Debtor and the rights of the Secured Party under this Agreement may be amended, waived, discharged or terminated (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) with the written consent of (i) the Debtor (which shall not be required in connection with a waiver of rights by the Secured Party), and (ii) the Secured Party. Any amendment, waiver, discharge or termination effected in accordance with this Section shall be binding upon the Secured Party and the Debtor.

(d) Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware, without regard to conflicts of law principles.

(e) Attorneys' Fees. In the event of any dispute involving the terms hereof, the prevailing parties shall be entitled to collect legal fees and expenses from the other party to the dispute.

(f) Entire Agreement. This Agreement together with the Loan Documents constitute and contain the entire agreement among the Debtor and the Secured Party and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(g) Successors and Assigns. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto.

(h) Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Secured Party, upon any breach or default of the Debtor under this Agreement shall impair any such right, power, or remedy of the Secured Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Agreement or by law or otherwise afforded to the Secured Party, shall be cumulative and not alternative.

(i) Titles and Subtitles. The titles of the paragraphs and subparagraphs of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

(j) Telecopy Execution and Delivery. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

(k) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.

(l) Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the language used in this Agreement has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Agreement.

(m) Cumulative Rights. No delay on the part of the Secured Party in the exercise of any power or right under this Agreement or under any other instrument executed pursuant to this Agreement shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

(n) Payments Free of Taxes, Etc. All payments made by the Debtor under the Loan Documents shall be made by the Debtor free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. In addition, the Debtor shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Agreement. Upon request by the Secured Party, the Debtor shall furnish evidence satisfactory to the Secured Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

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

(p) Other Interpretive Provisions. References in the Loan Documents to any document, instrument or agreement (a) includes all exhibits, schedules and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “include” and “including” and words of similar import when used in this Agreement shall not be construed to be limiting or exclusive.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of date first above written.

DEBTOR:

Heatwurx, Inc.

By:
Name:
Title:

AGREED:

SECURED PARTY:

, as Lenders' Representative

By:
Name:
Title:

Exhibit 1

List of Lenders

JMW Fund, LLC	$100,000
San Gabriel Fund, LLC	$100,000
Richland Fund, LLC	$50,000
Darryl Monday	$250,000
Gus Blass III	$125,000
Capital Properties LLC	$125,000
Gus Blass II	$250,000

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("**Subordination Agreement**") is made this 22nd day of May, 2013, under the laws of the State of Delaware, between JUSTIN YORKE, as the representative of the bridge lenders (the "**Senior Lenders' Representative**") listed on Exhibit A attached hereto (the "**Senior Lenders**"), whose legal address is 4 Richland Place, Pasadena, California 91103 and RICHARD GILES, whose legal address is 6300 Sagewood Drive, Suite 400, Park City, Utah 84098 (the "**Junior Lender**").

Recitals:

A. Junior Lender owns and holds a senior subordinated promissory note in the principal amount of $1,000,000 dated April 15, 2011 (the "**Subordinated Note**") made by Heatwurx, Inc. (the "**Company**").

B. The Company is in need of bridge financing of $1,000,000. As a condition to the financing, the Senior Lenders require that the Secured Party execute and deliver this Subordination Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Subordination of Junior Lender's Interest.

Junior Lender agrees that its security interest and all of Junior Lender's rights thereunder shall at all times be inferior and subordinate to the Senior Lender's security instrument and the Collateral stated therein, including any extensions, renewals, or modifications up to a maximum amount of $1,000,000, plus interest and all costs and expenses related thereto. Junior Lender consents without possibility of revocation, and accepts all provisions, terms and conditions of the Senior Lender's "**Security Instruments**," which include the Security Agreement and Secured Promissory Note of even date herewith.

2. Assignment.

This Subordination Agreement shall be binding upon and inure to the benefit of the Junior Lender and Senior Lenders, and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees.

3. Governing Law.

This Subordination Agreement shall be governed by the laws of the State of Delaware.

4. **Reliance.**

This Subordination Agreement can be relied upon by all persons having an interest in the Collateral or in the Senior Lender's "**Security Instrument**."

5. **Notice**.

Any notice or other communication to be provided under this Subordination Agreement shall be in writing and sent to the parties at the addresses set forth herein, or at such other addresses as the parties may designate in writing from time to time.

6. **Entire Agreement.**

This Subordination Agreement and any related documents represent the complete and integrated understanding between Junior Lender and Senior Lenders pertaining to the terms and conditions of this Subordination Agreement. Any waiver, modification, or novation of this agreement must be in writing, executed by the Senior Lender's Representative, or its successors or assigns, or Junior Lender, or its successors or assigns.

7. **Waiver or Jury Trial.**

Junior Lender and Senior Lenders hereby waive any right to trial by Jury in any action arising out of, or based upon this Subordination Agreement.

8. **Acceptance.**

Senior Lenders and Junior Lender acknowledge that they have read, understand, and agree to the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

JUNIOR LENDER:

/s/ Richard Giles
Richard Giles

SENIOR LENDERS' REPRESENTATIVE

/s/ Justin Yorke
Justin Yorke

THE LAW OFFICE OF
RONALD N. VANCE & ASSOCIATES, P. C.
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EMAIL: brian@vancelaw.us

May 23, 2013

Amanda Ravitz, Assistant Director
Division of Corporation Finance
U.S. Securities and Exchange Commission
Washington, D.C. 20549

Re: Heatwurx, Inc.
Amendment No. 5 to Registration Statement on Form S-1
Filed May 24, 2013
File No. 333-184948

Dear Ms. Ravitz:

Attached for filing is the fifth amendment to the registration statement on Form S-1/A (the "Registration Statement") of Heatwurx, Inc. (the "Company"). In connection with your comment letter dated May 21, 2013, to the Registration Statement filed on May 15, 2013, I have been authorized to provide you with the following responses to the comments contained in your letter:

Registration Fee Table

1. We note that footnote (4) as written appears to exceed the scope of Rule 416; specifically, we note your reference to "other anti-dilution adjustments." Please revise the footnote to track the language of Rule 416.

RESPONSE:

This footnote, which was incorrectly designated as footnote (4) in the courtesy copy of the prior amendment, has been revised as footnote (3) in the attached amendment and removes the reference to "other anti-dilution adjustments."

Prospectus Cover Page

2. We note your disclosure that the selling stockholders will sell at $3.00 per share until your shares "are quoted on the OTC Markets quotation service and thereafter at prevailing market prices...." Please revise to clarify the specific OTC Market tier on which your shares will become quoted.

RESPONSE:

The Company proposes to apply for quotation of its common stock on the OTCQB Marketplace, operated by OTC Markets Group, and language designating this tier has been included on the prospectus cover page.

Prospectus Summary, page 1

3. In your Summary, where you discuss the need to raise additional funds, please revise to highlight that you anticipate the need to secure $4 million over the next 12 months to meet your cash flow requirement and repay your secured debt, and that you have approximately $422,000 cash on hand and are spending approximately $250,000 per month, as you disclose on page 5. Further, this information should be disclosed at least as prominently as your disclosure concerning the proceeds raised in the preferred stock offerings in 2011 and 2012. Please revise accordingly.

RESPONSE:

The Company has included language in the first page of the Prospectus Summary similar to what is included in the first risk factor on page 5. In addition, management felt that the information would be material to persons reading the MD&A section of the prospectus and has included similar language in that section under the Liquidity heading.

Exhibit 5.1

4. We note your state of incorporation is Delaware. Please file an opinion that is not qualified to the corporate laws of the state of Nevada.

RESPONSE:

The legal opinion has been corrected and as revised has been included as an exhibit with this amended filing.

In addition to the above, we have included the following updating information in this amended Registration Statement:

- Since the filing of the last amendment to the Registration Statement, the company has entered into a Senior Loan Agreement and has issued promissory notes thereunder in the aggregate amount of $1,000,000. This transaction has been disclosed in Prospectus Summary and the MD&A section. The first risk factor on page 5 has also been revised to reflect the obligation to repay these loans. Information in regard to the unregistered sale of the notes is included in Item 15 of Part II. A copy of the Senior Loan Agreement, with the forms of the Senior Secured Promissory Note and the Senior Security Agreement, has been included as Exhibit 10.15 and is filed with this amendment. Each of the note investors is a shareholder of the Company and the promissory notes are not convertible into equity securities of the Company.

- In connection with this new note issuance, the Company has obtained a subordination agreement from Mr. Giles, the holder of a $1,000,000 note which was secured by the Company's assets. Management deems this a material amendment to an existing material agreement and has therefore included it as Exhibit 10.16 in this filing. Disclosure of this subordination agreement has also been included in the Prospectus Summary and Certain Relationships and Related Transactions section where the original transaction is disclosed.

- The Company has added footnote 10, Subsequent events, to the unaudited interim financial statements to disclose the $1,000,000 note financing referenced immediately above.

- Minor corrections to the Registration Statement have been made which management believes are not material to the document. For example, the explanatory note for the prior filing has been removed; some minor corrections to the Exhibits Table and the Exhibits Index have been made.

In connection with the recent sale of the promissory notes referenced above, the Company evaluated the issue of whether or not the sale of the notes would be integrated with any other offering of securities by the Company such that it would adversely affect the ability of the Company to rely upon a valid exemption from the registration requirements under the Securities Act. Based upon the review of the interpretive guidance provided by the Commission, management determined that the sale of the notes would not be integrated with any other offering.

Management understands that promissory notes are securities as defined in Section 2(a)(1) of the Securities Act. The most obvious concern by the Company in the sale of these notes is the current Registration Statement which initially contained a proposed primary underwritten offering of common stock and warrants and a secondary offering by selling stockholders. The registration statement was subsequently amended to remove the primary offering. Management understands that there may be situations whereby the filing of a registration statement could be deemed a general solicitation or advertising for a concurrent non-public offering. However, management is also aware that as disclosed in the Commission's Release 33-8828, "the filing of a registration statement does not, per se, eliminate a company's ability to conduct a concurrent private offering…" (Release 33-8828, August 3, 2007, page 55). The release continues by providing the key determination whether the registration statement would be considered to be a general solicitation. This determination is "based on a consideration of whether the investors in the private placement were solicited by the registration statement or through some other means that would otherwise not foreclose the availability of the Section 4(2) exemption" (*ibid*).

In the present instance, each of the investors in the promissory notes was a prior shareholder of the Company and was not identified or contacted through the prior proposed public offering and did not independently contact the Company as a result of the general solicitation by means of the registration statement. Each potential investor in the private note offering was solicited by management based upon the substantive, pre-existing relationship between management and the potential investor, and each investor was contacted by the Company outside of the public offering. Based upon the representations of the investors and to the knowledge of management, the Company believes that the offering of the promissory notes would be exempt under Section 4(a)(2) and Rule 506 promulgated thereunder. Each investor was an accredited investor as defined in Rule 501(a) of Regulation D, no form of general solicitation was used in connection with the offering, and each investor acknowledged the restricted nature of the securities.

Management has also analyzed integration under the provisions of Rule 502(a) of Regulation D. Except for options granted in reliance on Rule 701 and issued under the Company's equity plan, no sales of securities have occurred within the six months prior to the issuance of these promissory notes. In addition, management believes that the fact that no proceeds will be realized by the Company from the sale of common shares by the selling stockholders is a distinguishable financing plan. Further, type of security to be sold by the selling stockholders and the note holders is clearing different. The promissory notes are not convertible into common stock of the Company and are secured by the assets of the Company. Management believes that the debt financing nature of the private offering represents a materially different purpose under the five-part test in Rule 502(a).

Based upon the above, management believes, and I concur, that the sale of the promissory notes would not be integrated with the prior proposed primary offering of units as previously provided in the Registration Statement, the proposed secondary offering of common shares by selling stockholders, or any prior sale of securities by the Company.

Please feel free to contact me if further information is required.

Sincerely,

/s/ Ronald N. Vance

cc: Mary Beth Breslin, SEC
Stephen Garland, CEO
Allen Dodge, CFO
Hein & Associates LLP